



Northamptonshire County Council Pension Fund Annual Report Year Ended 31st March 2021

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Chairperson's Foreword

It gives me great pleasure to introduce the Northamptonshire Pension Fund Annual Report and Statement of Accounts for 2020-21. It has been a year like no other, but that has not stopped the Pension Fund in continuing to deliver its high service.

I would like to thank our previous Chairs, for their hard work and dedication to the Fund over the last year, as well as all the current and previous members of the Pension Committee.

I'd also like to take this opportunity to thank the staff of the Northamptonshire Pension Fund and the Employers within the Fund for their work over the last year which has seen all of them adapt to the new situation of working from home, and despite this they continue to deliver their high service standards to our customers.

The local authorities in Northamptonshire have seen change in the form of converting into two unitary authorities, West Northamptonshire Council and North Northamptonshire Council. The key stakeholders are our scheme members, and the local government reorganisation led to a mass communication exercise for the Northamptonshire Pension Fund to make sure that members understood the important decisions they needed to make about their pension as a result of being transferred to one of the new authorities.

Our members increased to over 73,000 active, pensioner and deferred members of the scheme from the previous year's figure of over 69,000. They rely on us to look after their valuable pension rights and we have taken steps to ensure that our scheme members continue to receive the same experience as they have in previous years.

Initiatives designed to increase member engagement saw an increase in the number of members registering for their online pension account of 22% from December 2020 (16,151) to June 2021 (19,767), enhancing both

the members' ability to manage their pension and our ability to communicate with members quicker and more securely through their online account.

The transition from annual to monthly data provision by scheme employers has been a key focus and 97.88% of employers now provide us with a monthly return, improving the timeliness of data provision, allowing members to see more up to date information about their pension through their online account, and improving our ability to administer the Fund in an efficient manner.

Following the impact of the Covid-19 pandemic on the 2019-20 financial accounts we have seen a resurgence in valuation of the Fund from £2.40bn as at the 31st March 2020 to £3.10bn on 31st March 2021. This figure not only sees growth of 29.2% on the previous year, but also sees growth on our pre-pandemic valuation of 2.51bn on 31st March 2019 of 23.5%.

The Fund continues its commitment to the ACCESS asset pool with 73% of its assets pooled, and this figure will continue to rise in the coming years. This has been a successful year for the Fund and I would also like to thank the hard work of the Investment Sub-Committee, members of the Local Pension Board, the Chief Finance Officer, the Head of Pensions and all staff involved in the administration and management of the Fund.

Councillor Malcolm Longley

Chairman of the Northamptonshire Pensions Committee.

Statement of Responsibilities

Introduction

This Annual Report and Statement of Accounts sets out the arrangements by which the Local Government Pension Scheme operates, reports changes which have taken place and reviews the investment activity and performance of the Northamptonshire County Council Pension Fund ("Fund") during the year.

The Statement of Accounts has been prepared in accordance with the CIPFA/LASAAC Code of Practice for Local Authority Accounting in the United Kingdom 2020-21.

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Pension Committee members. The accounts do not take account of the obligation to pay future benefits which fall due after year end. The actuarial position of the Fund which takes into account these obligations is available on the Fund's website, [Northamptonshire Pension Fund Valuation Report](#)

The Council's Responsibilities in respect of the Pension Fund

The Northamptonshire County Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Executive Director of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts which form part of the Council's Statement of Accounts.

The Executive Director of Finance Responsibilities

The Executive Director of Finance is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code)*.

In preparing this statement of accounts, the Executive Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that were reasonable and prudent; and
- Complied with the Code.

The Executive Director of Finance has also:

- Kept proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of Accounts

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Pension Fund at 31 March 2021 and of its income and expenditure for the year 2020-21, and authorise the accounts for issue.








Mr M Henry

Executive Director of Finance
(Section 151 Officer)















Dated: 17 January 2024

Scheme Management, Advisors and Partners

Partners

 ACCESS Effective • Collective • Investment	 BARCLAYS		HYMANS ROBERTSON 	 Empower Results®
ACCESS (Pension Pool)	Barclays (Bank)	Ernst & Young (Auditors)	Hymans Robertson (Actuary)	AON (Consultants)
 LGSS Law Ltd.	 Mercer	 NORTHERN TRUST	SQUIRE PATTON BOGGS 	David Crum (Independent Advisor)
LGSS Law (Legal Advisors)	Mercer (Investment Consultants)	Northern Trust (Custodian)	Squire Patton Boggs (Legal Advisors)	

Asset Managers

 Adams Street	Allianz 	AMPCAPITAL 	 BAILLIE GIFFORD	CATAPULT  Ventures
Adams Street Partners	Allianz Global Investors	AMP Capital	Baillie Gifford & Co*	Catapult
 CBRE	HARBOURVEST 	 ifm investors	J.P.Morgan	LINK  Group
CBRE Global	HarbourVest Partners (UK)	IFM Investors	JP Morgan	Link Fund Solutions (ACCESS)
LONGVIEW PARTNERS	 M & G	MAJEDIE  Asset Management	 NEWTON Investment Management	 UBS
Longview Partners*	M&G Investments	Majedie Asset Management*	Newton*	UBS Asset Management
 BlueBay Asset Management	*Subfunds managed by Link Fund Solutions in the ACCESS Pool (page 28)			
BlueBay Asset Management				

AVC Providers

 PRUDENTIAL	Standard Life 
Prudential	Standard Life

Scheme Management & Key Officers

The Key Officers of the Fund during the year were:

Mark Whitby – Head of Pensions

Ben Barlow – Fund Accounting Manager

Paul Tysoe – Investment Accounting Manager

Richard Sultana – Operations Manager

Cory Blose – Employer and Systems Team Manager

Joanne Kent – Governance and Regulations Manager

Fiona Coates – Pension Services Financial Manager

Richard Perry – Pension Services Financial Manager

Further information regarding the accounts and investments can be obtained from:

Ben Barlow

Fund Accounting Manager, Pensions Service

Email: Ben.Barlow@westnorthants.gov.uk

Telephone: 07917 197467



Enquiries relating to management and administration should be directed to:

Mark Whitby

Head of Pensions, Pensions Service

Email: Mark.Whitby@westnorthants.gov.uk

Telephone: 07990 556197



Registered Pension Scheme Number: 10079143

Scheme Administration

Introduction

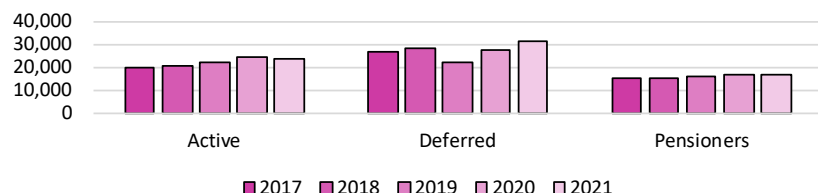
Northamptonshire County Council is responsible for administering the Northamptonshire Pension Fund, which is available to employees of the County Council, organisations with a statutory right to be in the scheme (scheduled bodies) and organisations, such as charities, which the County Council has admitted under its discretionary powers (admitted bodies). As well as organisations that can admit their employees to the LGPS by passing their resolution (nominate employees for access to the LGPS).

The Fund is a qualifying scheme under the automatic enrolment regulations and can be used by employers to automatically enroll eligible employees, and every three years re-enrol anyone who opts out of the scheme.

Membership

Membership of the Fund increased by 1.8% from the previous year.

On 31 March 2021 there were 23,868 active, 32,164 deferred and 17,046 pensioner members in the Fund. The deferred figure is inclusive of 8,203 open cases that may change status (undecided leavers).



Pension Fund Administration

A shared service partnership between Cambridgeshire County Council and Northamptonshire County Council provides pension administration services to the Northamptonshire Pension Fund.

There are 77 staff members (74.42 full time equivalent) within the Pensions Team, providing all aspects of service to both the Cambridgeshire and Northamptonshire Funds, with an average staff to member ratio of 1:2,183 (total members for Northamptonshire and Cambridgeshire Pension Funds divided by full time equivalent staff members).

Internal audit perform risk based audit procedures to assess the effectiveness and efficiency of administration services, and the Pensions Team have been awarded the national standard for excellence in customer service (CSE) since 2016.

The requirements of the General Data Protection Regulations (GDPR) are recognised and feature in the design of the Fund's administration processes. The Fund has in place a GDPR compliant privacy notice, conducts privacy impact assessments for all new activities involving personal data and has in place a Register of Processing Activities and Information Asset Register.

Unitary Authority

As of the 1st April 2021 Northamptonshire County Council will cease to exist and will be replaced by the West Northamptonshire and North Northamptonshire unitary authorities. West Northamptonshire Council will become the administering authority for the Northamptonshire Pension Fund.

Scheme Administration Tools

The Pensions website contains detailed information for all the Fund's stakeholders and has dedicated pages for both members and employers. There is a comprehensive suite of forms and factsheets for members, prospective members and employers.

Support for members and employers can be accessed via the website or by contacting the Helpline on 01604 366537.

[Member Self Service](#) is an online platform which allows members to securely access their records, amend their personal information, perform benefit projections and view their annual benefits statement.

[Employer Self Service](#) is available to all employers in the scheme and gives access to the pension database remotely and securely, allowing them to view, create and amend their employees' data, run reports and perform benefit calculations.

i-Connect is a system used which allows employers to securely upload monthly payroll data into the pension database, improving efficiency and accuracy of data and ensuring timely record maintenance.

Scheme Administration (continued)

Scheme Framework

The Local Government Pension Scheme is a statutory funded pension scheme. The operation of the Northamptonshire County Council Pension Fund is principally governed by the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) which have been made within the context of the primary legislation of the Public Service Pensions Act 2013.

The Scheme covers eligible employees of the County Council, the Police Authority, Police and Crime Commissioner, Unitary, District and Borough Councils and Academies within the county area other than teaching staff, police officers and fire-fighters for whom separate statutory arrangements exist. A number of other bodies are also members of the scheme.

Employers' contribution rates are set by the Fund's Actuary every three years following the valuation of the Fund, in order to maintain the solvency of the Fund. The last valuation took place as at 31 March 2019. The results of the valuation were a funding level of 93% (31 March 2016: 28%) and an average primary employer contribution rate of 19% (31 March 2016: 17.1%). The primary rate includes an allowance of 0.8% (31 March 2016: 0.7%) of the pensionable pay for the Fund's expenses. The average employee contribution rate is 6.3% (31 March 2016: 6.3%) of pensionable pay.

On 1 April 2014, the new Local Government Pension Scheme 2014 came into effect, allowing more flexibility around paying into the scheme and drawing benefits in comparison to the 2008 scheme. Normal pension age is linked to the state pension age but benefits can be drawn earlier or later, between age 55 and 75. The normal retirement age is the age a member can access their pension in full; if it is accessed before that date benefits will usually be reduced and if accessed after normal retirement age benefits may increase. All service built up to 31 March 2014 in the LGPS is fully protected and will continue to be based on a member's final year annual pay when the individual leaves the LGPS (2008 scheme).

Benefits built up before April 2014 also retain their protected Normal Pension Age, which for most members is 65, although certain members have a retirement age of 60 for all or part of their membership. There is an additional protection known as the 'underpin' for members who were active on 31 March 2012 and were within ten years of their Protected Normal Pension Age on 1 April 2012. These members will get a pension at least equal to the pension they would have received in the LGPS had it not changed on 1 April 2014, subject to meeting certain criteria.

In December 2018 the Court of Appeal ruled against the Government in the two linked cases of Sargeant and McCloud (which for the purposes of the LGPS has generally been shortened to "McCloud"), relating to the Firefighter unfunded pension schemes and the Judicial pension arrangements.

In essence, the Court held that the transitional protections, which were afforded to older members when the reformed schemes were introduced in 2015, constituted unlawful age discrimination. It was announced on the 27th June 2019 that the Government has been denied the right to appeal.

It was subsequently announced that any remedy resulting from the McCloud case would also apply to the LGPS in the form of a small increase in benefits for some members. A MHCLG consultation on the required amendments to the LGPS regulations was issued on 16th July 2020 for a period of 12 weeks. It is anticipated that amendments to members benefits will not commence until the earliest of 1 April 2021.

Scheme Administration (continued)

The below table compares the 2008 and the 2014 schemes.

	LGPS 2008	LGPS 2014
Basis of Pension	Final Salary	Career Average Revaluated Earnings (CARE)
Accrual Rate	1/60 th	1/49 th
Revaluation Rate	Based on Final Salary	Consumer Prices Index (CPI)
Pensionable Pay	Pay excluding non contractual overtime and non pensionable additional hours	Pay including non-contractual overtime and additional hours
Employee Contribution Rates	Between 5.5% and 7.5%	Between 5.5% and 12.5%
Contribution Flexibility	No	Option to pay 50% contributions for 50% of pension benefit
Normal Pension Age	65	Equal to individuals state pension age
Lump Sum Trade Off	Trade £1 of pension for £12 lump sum	Trade £1 of pension for £12 lump sum
Death in Service Lump Sum	3 x Pensionable Pay	3 x Pensionable Pay
Death in Service Survivor Benefits	1/160 th accrual based on Tier 1 ill health pension enhancement	1/160 th accrual based on Tier 1 ill health pension enhancement
Ill Health Provision	Tier 1 – Immediate payment with service enhanced to Normal Pension Age (65)	Tier 1 – Immediate payment with service enhanced to Normal Pension Age
	Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age (65)	Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age
	Tier 3 – Temporary payment of pension for up to 3 years	Tier 3 – Temporary payment of pension for up to 3 years
Indexation of Pension in Payment	CPI (RPI for pre-2011 increases)	CPI
Vesting Period	3 months	2 years

Scheme Administration (continued)

Pension Committee and Local Pension Board Membership

The following table shows the attendance of Committee and Board members at applicable Pension Committee, Investment Sub-Committee and Local Pension Board meetings during 2020-21, training undertaken in year, including; Training days, Conferences and Strategic Workshops.

Councillor/Member Name	Committee/Board	Meetings Attended	Training Undertaken (Virtual)
Councillor Jonathon Ekins - Chairman	Pensions Committee Investment Sub-Committee	4 meetings of 5 4 meetings of 4	3 Sessions
Councillor Bill Parker – Vice Chairman	Pensions Committee Investment Sub-Committee	5 meetings of 5 4 meetings of 4	4 Sessions
Councillor Bob Scott	Pensions Committee Investment Sub-Committee	5 meetings of 5 4 meetings of 4	5 Sessions
Councillor Malcolm Waters	Pensions Committee Investment Sub-Committee	5 meetings of 5 3 meetings of 4	5 Sessions
Peter Borley-Cox	Pensions Committee Investment Sub-Committee	5 meetings of 5 3 meetings of 4	5 Sessions
Damian Pickard (retired Jan 21)	Pensions Committee Investment Sub-Committee	2 meetings of 4 1 meeting of 3	4 Sessions
Robert Austin	Pensions Committee Investment Sub-Committee	3 meetings of 5 2 meetings of 4	4 Sessions
Councillor Stephen Legg	Pensions Committee	5 meetings of 5	1 Sessions
Councillor Anjona Roy (May 2019)	Pensions Committee	5 meetings of 5	1 Sessions
Councillor Richard Lewis	Pensions Committee	5 meetings of 5	3 Sessions
Councillor Richard Micklewright	Pensions Committee	4 meetings of 5	1 Sessions
Janet Blunden	Pensions Committee	3 meetings of 5	0 Sessions
Councillor Annabel De Capell Brooke	Pensions Committee	0 meetings of 5	0 Sessions
Andy Langford (Substitute)	Pensions Committee Investment Sub-Committee	4 meetings of 5 0 meetings of 4	3 Sessions
Paul Evans – Chairman	Local Pension Board	2 meetings of 3*	1 Sessions
Councillor Allan Matthews – Vice Chairman	Local Pension Board	3 meetings of 3*	3 Sessions
Martin Hammond	Local Pension Board	3 meetings of 3*	2 Sessions
Kevin Standishday	Local Pension Board	3 meetings of 3*	2 Sessions
Julie Petrie	Local Pension Board	2 meetings of 3*	4 Sessions
Councillor Athur McCutcheon	Local Pension Board	1 meeting of 3*	1 Sessions

Scheme Administration (continued)

Policies and Strategy Statements

Information about the Fund's policies and procedures can be found on the Fund's website:

[Northamptonshire Pension Fund Key Documents](#)

The following policies were in place during the financial year

[Administering Authority Discretions](#)

[Administration Strategy](#)

[Admitted Bodies Scheme Employers and Bulk Transfers Policy](#)

[Annual Business Plan & Medium Term Strategy 2020-21](#)

[Anti-Fraud and Corruption Policy](#)

[Cash Management Strategy](#)

[Communications Plan](#)

[Communications Strategy](#)

[Conflict of Interest Policy for Northamptonshire Pension Fund Board](#)

[Data Improvement Policy](#)

[Funding Strategy](#)

[Governance Policy and Compliance Statement](#)

[Investment Strategy Statement](#)

[Northamptonshire Pension Fund Training Strategy](#)

[Overpayment of Pension Policy](#)

[Payment of Pension Contributions Policy](#)

[Pension Fund Objectives](#)

[Reporting Breaches of the Law to the Pensions Regulator Policy](#)

[Risk Register](#)

[Risk Strategy](#)

Statement/Policy Changes in 2020-21

The following strategies and policies have been reviewed and updated accordingly in 2020-21:

- Business Plan and Medium Term Strategy 2020-21
- Communications Strategy
- Administration Strategy
- Data Improvement Policy
- Investment Strategy Statement

Management and Financial Performance

The Team

The Pensions Service is based in Northampton and consists of the following teams:

- **Operations** – maintain member records, calculate benefits and pensions payable.
Email: Pensions@westnorthants.gov.uk
- **Employers** – contact point for employers of the scheme and those wanting to join. Deliver training sessions to employers and payroll providers covering the systems available to assist them in efficiently participating in the Fund.
Email: PenEmployers@westnorthants.gov.uk
- **Systems** – ensure internal systems are operating efficiently and provide support to maintaining accurate member records.
Email: PenSystems@westnorthants.gov.uk
- **Investments** – oversee the governance of Fund assets and support the Investment Sub-Committee.
Email: PenInvestments@westnorthants.gov.uk
- **Governance** – support all Committees in governing the Fund effectively, develop and monitor policies and practices to improve data quality and ensure regulatory compliance.
Email: Pensions@westnorthants.gov.uk
- **Accounting** – record and reconcile contributions paid into the Fund and accounts for fund expenses. Provide financial monitoring and reporting of functions such as debt management and cash requirements and investment accounting.
Email: PenContributions@westnorthants.gov.uk

Complaints

Should you have a complaint about the service, we will do our best to put things right. To access support, please email Pensions@westnorthants.gov.uk, telephone 01604 366537, or write to:
Pensions Service– Governance Team
One Angel Square,
Angel Street
Northampton
NN1 1ED

Appeals

The LGPS regulations provide Internal Dispute Resolution Procedures (IDRP), details of which can be accessed via the [website](#).

Stage 1 disputes are heard by the Employer if the complaint concerns an Employer decision or Head of Pensions if an administering authority decision. At Stage 2, the complaint is considered by Northamptonshire County Council's Monitoring Officer, and if the complainant is still unhappy with the decision they may refer the case to The Pensions Ombudsman. At any stage a scheme member has the right to direct their complaint to The Pensions Ombudsman. More information can be found on the [Pensions Ombudsman](#) website.

The following formal disputes have arisen and/or been resolved during the year:

Nature of dispute	Stage 1	Stage 2
Inability to transfer out on employment ending at age 55+ with immediate entitlement to payment of benefits	Not upheld (June 2020)	Not upheld (March 2021)
Failure to provide correct annual benefit statement	Not upheld (November 2020)	N/A
Lump sum paid less than quoted	Partially upheld (November 2020)	N/A
Seeking reinstatement/compensation for two deferred pensions being transferred to a Qualifying Recognised Overseas Pension Scheme in 2014	Not upheld (March 2021)	In progress
Inability to have pension trivially commuted	Not upheld (April 2020)	N/A

Management and Financial Performance (continued)

Managing Decision Making

Northamptonshire County Council has established a Pension Committee (PC) and Investment Sub-Committee (ISC) having strategic and operational investment decision making powers, respectively.

Membership of both bodies consist of elected members, and non-elected employer and scheme member representatives. All members of the ISC sit on the PC.

The PC's business covers all Fund matters with the exception of non-strategic investment issues, which are delegated to the ISC. Officers across the operations, investment, transactions, corporate and governance functions support the PC and ISC as required. All meetings of the PC and ISC are duly minuted.

PC members and ISC members are required to attain a desired level of skills and knowledge, to ensure decisions being made on behalf of Northamptonshire County Council Pension Fund are made with full understanding of the impact and therefore mitigating the risk of unfounded decisions.

The Committee members must at all times be conscious of their accountability to stakeholders. The PC is responsible for determining the nature and extent of any significant risks taken on by the Administering Authority in the pursuit of its strategic objectives. Risk management should be dynamic and comprehensive, considering operational, reputational and environmental, social and governance (ESG) risks in addition to financial risks.

The Northamptonshire Full Council acknowledged the establishment of the ACCESS Joint Committee (AJC) delegating powers to this body in response to the Government's pooling agenda. The Chairman of the PC represent the Fund on the AJC, supported by Fund officers working in the ACCESS Officers Working Group (OWG).

The Local Pension Board (LPB) was established on 1 April 2015, providing an additional layer of governance for the Fund. The LPB is non-decision making but has the responsibility of assisting the Administering Authority to:

- Secure compliance with the Local Government Pension Scheme (LGPS) regulations and other legislation relating to the governance and administration of the LGPS and also the requirements imposed by the Pensions Regulator in relation to the LGPS; and
- Ensure the effective and efficient governance and administration of the LGPS.

The LPB has provided a separate annual report of its activities to Council for this financial year.

Management and Financial Performance (continued)

Risk Management

The Northamptonshire Pension Fund has both a risk strategy and a risk register in place to identify, evaluate, mitigate and monitor risks associated with the activities that the Fund carries out. Risk is managed through regular reporting to both the Pensions Committee and Local Pension Boards which have appropriate authorisation from the Northamptonshire County Council's Monitoring Officer and Section 151 Officer. This ensures that risks are integrated within the governance structure of Northamptonshire County Council and all follow a consistent approach.

Identified risks are recorded in the Risk Register, a copy of which can be found at: [Risk Register](#)

The aim of the Risk Register is to ensure that an informed decision can be made on whether a risk can, or should be accepted. Risk appetite is informed by an understanding of any existing controls and will also be influenced by the expected reward or outcome. Once risks have been identified the Fund assesses the impact and likelihood of a risk to enable effective decision making.

Risks recorded in the Risk Register are linked and managed in line with the Pension Fund objectives to ensure relevance and are reviewed by the Pension Committee twice a year and the Local Pension Board quarterly. New risks are therefore identified promptly and current risks are monitored on a regular basis, with risk ratings revised where necessary. The accompanying Risk Strategy is reviewed on an annual basis to ensure it remains relevant to support the Risk Register.

Third party risks are managed through the Risk Register and associated policies, such as the Payment of Pension Contributions Policy. Mitigations are put in place to minimise third party risks and, in particular, the risks associated with Scheme Employers and effective covenant monitoring.

Investment Risk

The Fund's Investment Strategy Statement, which is reviewed annually, sets out the Fund's investment strategy which incorporates evaluation of key investment risks.

In addition the Statement of Accounts section of this document, provides further information about Investment risks and how they apply to the Investment Assets held by the Fund.

There are many risks inherent in investments. The Fund addresses these in the following ways:

Market Risk – investments will reduce in value due to fluctuations in prices, interest rates, exchange rates and credit spreads.

The Fund invests in different markets across the world and in different types of investment to reduce the risk of the portfolio reducing in value due to adverse market conditions and to smooth returns.

Price Risk – investments may be incorrectly valued due to price fluctuations or estimates used in pricing.

Investments are valued at published prices, where available. Investments that are not sold on a market are valued by specialist Investment Managers. Notes 16, 17 and 18 in the Statement of Accounts gives information about how investments are valued and gives an indication of the value of investments subject to an element of estimation.

At year end all Investment Managers, including Link Fund Solutions who are the operator of the ACCESS pool (page 28), are required to provide ISAE 3402 (Service Organization Control Reports) which are made available to external audit.

Risk Assurance

The objective of an internal audit is to educate management and employees about how they can improve business operations and efficiencies while giving reliability and credibility to the financial reports that go to Pension Committee and the Local Pension Board. Internal audit awarded the Fund substantial assurance following its testing within the year.

Management and Financial Performance (continued)

Financial Performance

The financial performance of the Fund is monitored against budgeted performance on a regular basis throughout the year by the Pension Fund Committee.

Performance Indicators	2020-21 Forecast £000	2020-21 Actual £000
Contributions	-109,000	-116,311
Transfers in from other funds	-6,100	-7,759
Total Income	-115,100	-124,070
Benefits payable	95,000	96,190
Payments to and for leavers	7,200	8,958
Total Benefits	102,200	105,148
Surplus of contributions over benefits	-12,900	-18,922
Management Expenses		
Administrative Costs	2,318	2,372
Investment Management Expenses	1,025	10,928
Oversight and Governance Costs	803	708
Total Management Expenses	4,146	14,008
Total Income less Expenses	-8,754	-4,914
Investment Income	-42,000	-23,433
Taxes on Income	0	14
(Profit)/loss on disposal and changes in market value of investments	-54,000	-670,914
Net return on investments	-96,000	-694,333
Net (increase)/decrease in assets during the year	-104,754	-699,247

Management expenses per active member are shown below:

	2019-20	2020-21
Active Members	25,049	23,868
Administrative Cost	£78.89	£99.38
Investment Management Expenses	£359.85	£457.85
Oversight and Governance Costs	£39.72	£29.66

Variance Analysis

- Investment Management expenses forecast is understated as this does not include pooled fees deducted from market value.
- The 2020-21 forecast for profit/loss on disposal and changes in market value of investments assumed the actuaries target would be achieved. The actual market experience is explained in the independent investment advisors report on page 34.

Details of non-investment assets and liabilities of the Fund can be found in the Statement of Accounts in Notes 21 to 22.

Management and Financial Performance (continued)

Performance Indicators

The Fund has developed a number of Key Performance Indicators (KPIs) to monitor service delivery, these KPIs are reviewed internally on a monthly basis to monitor and inform where delivery is met or remedial action is required. The Pension Fund Committee receives quarterly performance updates within a Business Plan update.

The below table shows the number and trend of the top 7 types of scheme administration cases demonstrating both workload and efficiency in meeting internal KPI and external legal requirements.

	Cases completed in the year	Cases completed within KPI target	% of Cases completed within KPI target
Deaths – initial letter acknowledging death of member <i>KPI: 5 working days, Legal requirement: 2 months</i>	714	714	100%
Deaths – letter notifying amount of dependant’s pension <i>KPI: 5 working days, Legal requirement: 2 months</i>	368	360	98%
Estimates – letter notifying estimate of retirement benefits to employee <i>KPI: 15 working days, Legal requirement: 2 months</i>	529	495	94%
Retirements – process and pay pension benefits on time <i>KPI: 5 working days, Legal requirement: 2 months</i>	334	320	96%
Deferment – calculate and notify deferred benefits <i>KPI: 15 working days, Legal requirement: N/A</i>	1823	1711	94%
Transfers in – Letter detailing transfer in (actual) <i>KPI: 10 working days, Legal requirement: 2 months</i>	306	290	95%
Transfers out – letter detailing transfer out (quote) <i>KPI: 10 working days, Legal requirement: 3 months</i>	393	366	93%

Management and Financial Performance (continued)

Contributions

The Fund works closely with employers to collect contributions on time.

The following table shows the amount of regular employee and employer contributions paid during the year and the value and percentage of which were paid both on time and after the deadline of the 19th day of the month following deduction.

Contributions	Total Paid in 2020-21 £000	Total Paid On Time £000	% Paid On Time	Total Paid Late £000	% Paid Late
Employer	92,880	92,120	99.18%	760	0.82%
Employee	23,431	23,173	98.90%	258	1.10%
Total	116,311	115,293	99.12%	1,018	0.88%

The Fund did not apply any additional charges or levies in respect of contributions received late, and no reports were made to The Pensions Regulator in respect of late contributions during the year.

Recovery of Overpayments of Pension

The Fund participates in the National Fraud Initiative which is a biennial process undertaken in conjunction with the Audit Commission. The necessary recoveries arising from identified overpayments are being pursued.

Annual Pensioner Payroll ¹	£70,637,037
Total write off amount	£40,701
Write offs amount as % of payroll	0.06%

¹Excludes additional pension awarded by the employer.

The following tables show the analysis of pension overpayments that occurred during the last five years:

Year	Overpayment	Recovered/in progress	Written Off
2016-17	£55,519	£21,033	£14,542
2017-18	£74,764	£55,518	£17,518
2018-19 ²	£516,269	£379,396	£136,873
2019-20	£136,830	£47,180	£89,650
2020-21	£45,998	£5,297	£40,701

²Overpayments in 2018-19 appear particularly high, as in addition to usual activity, the Fund undertook a significant reconciliation project during the year in which a number of overpayments were identified.

Overpayments identified from 2018-19 with a value of under £250 are automatically written off, in line with the Fund's Overpayments Policy.

Management and Financial Performance (continued)

Contributors to the Fund

Active Employers as at 31 March 2021

Type Of Body	Number of Active Employers
Administering (AA)	1
Scheduled (S)*	301
Admitted (Ad)	56
Total	358

LEA schools are included within Scheduled Bodies, and in table below are shown in Body column as S

The table, left, shows the number of employers in the Fund as at 31 March 2021. The breakdown of contributions by employer shown in the table below will show a different number of employers when compared to the statement of accounts, as employers joined and left the fund throughout the year. An active or ceased column has been added to show this movement. Where contributions exist for ceased employers, these represent prior year adjustments that have been made within 2020-21, or contribution receipts recorded within the period.

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Abbey CofE Acad (Daventry)	7,422	24,881	32,304		S
Abbeyfield School (Academy)	47,081	157,169	204,250		S
Abington Vale Primary (Academy)	27,381	102,414	129,795		S
ABM Catering (Duston Eldean Primary School)	639	2,975	3,614		Ad
ABM Catering (Lyncrest Primary)	474	2,208	2,682		Ad
ABM Catering (St Mary's CE Primary)	992	5,200	6,192		Ad
ABM Catering Limited (Innovate MAT)	1,023	3,403	4,426		S
ABM Catering Limited - 2016 PDET	2,377	10,632	13,009		Ad
ABM Catering Limited (2018 PDET)	1,098	4,411	5,509		Ad
ABM Catering Limited (Magdalen)	18	73	91	Y	Ad
ABM Catering Limited (Montsaye Academy)	2,741	9,044	11,785		Ad
ABM Catering Limited 2015 PDET	65	292	357	Y	Ad
Alfred Street Junior School	7,807	35,352	43,160		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
All Saints CofE VA Primary School	16,886	76,444	93,330		S*
Alliance in Partnership Limited (Magalen College School)	532	2,187	2,720		S
Amey Ltd	12,964	46,451	59,415		Ad
Ashby Fields Primary School	23,234	89,375	112,609		S
Aspens - DSLV Academy (Dantre & Southbrook)	1,355	8,208	9,563		S
Aspens (Wootton Park)	103	321	424	Y	Ad
Aspens Services Ltd (Southfield School for Girls Kettering)	611	2,355	2,967		Ad
Badby Primary Academy	12,254	72,963	85,216		S
Balfour Beatty-St Lighting	6,273	14,305	20,578		Ad
Barby & Olney Parish Council	700	3,355	4,055		S
Barby Academy	5,043	19,619	24,661		S
Barry Road Primary	31,656	138,609	170,264		S*
Beanfield Primary (Academy)	52,368	203,717	256,085		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Billing Brook Academy	90,274	287,369	377,643	S
Bishop Stopford Academy	56,613	198,519	255,132	S
Blackthorn Primary (Academy)	19,649	71,010	90,659	S
Blakesley CE Primary	5,589	22,964	28,553	S
Boddington C of E Primary Academy	2,724	10,697	13,421	S
Boothville Primary School (NCC)	37,501	178,756	216,257	S*
Boughton Primary Academy	10,184	33,213	43,397	S
Bozeat Community Primary Academy	8,267	34,895	43,162	S
Bracken Leas Academy	6,321	27,201	33,522	Y S
Brackley Town Council	18,400	70,016	88,416	S
Brambleside Primary School	15,229	57,183	72,412	S
Braunston Academy	9,371	34,885	44,256	S
Briar Hill Primary Academy	16,078	58,326	74,404	S
Bridgewater Primary School	43,169	196,870	240,039	S*
Bright Ltd	391	1,465	1,856	Ad
Brington Primary school	6,222	27,297	33,519	S*
Brixworth CEVC Primary Sch. (NCC)	26,289	118,121	144,410	S*
Brixworth Parish Council	1,652	6,456	8,108	S
Brooke Weston Academy	125,094	308,549	433,643	S
Broughton Primary School (NCC)	13,238	59,837	73,075	S*
Bugbrooke Comm Primary Sch. (NCC)	18,553	85,137	103,690	S*
Byfield Academy	7,309	23,702	31,012	S
Campion Academy	69,117	235,202	304,319	S
Caroline Chisholm (Academy)	84,972	269,146	354,118	S
Castle Primary Academy	31,859	105,858	137,717	S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Caterlink Ltd (The Grange Academy)	508	2,067	2,575	S
Cedar Road Primary (Academy)	12,889	47,410	60,299	S
Chacombe CEVA Primary Academy	7,153	26,665	33,818	S
Change-Grow-Live	2,258	8,895	11,153	Ad
Chenderit School (Academy)	36,535	122,963	159,498	S
Chipping Warden Primary Academy	5,402	22,705	28,107	S
Churchill Contract Services (Campion)	95	525	620	Y S
Cleantec (Grange Primary Academy)	232	944	1,176	Ad
Clipston Primary School (NCC)	8,302	25,239	33,541	S*
Collingtree C of E Primary School	4,474	17,408	21,882	S
Compass (The Abbey Primary School & Standens Barn Primary School)	1,369	6,023	7,393	Ad
Complementary Education (Academy)	52,059	184,619	236,679	S
Consortium Audit (Warks)	2,058	5,067	7,125	Ad
Corby Borough Council	672,984	3,278,454	3,951,438	S
Corby Business Academy	66,386	185,400	251,786	S
Corby Old Village Sch (NCC)	12,683	58,189	70,873	S*
Corby Primary Academy	25,156	78,769	103,926	S
Corby Technical School	35,337	109,798	145,135	S
Cottingham CoE Primary Academy	5,912	21,959	27,871	S
Cranford CoE Academy	4,798	16,761	21,558	S
Croughton All Saints CE Primary (NCC)	6,597	29,391	35,987	S*
Croyland Nursery (NCC)	26,362	111,155	137,517	S*
Croyland Pri (Well'boro) (NCC)	39,940	183,571	223,511	S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
CSN Resourcing Ltd	81,867	235,142	317,009	S
Culworth C of E Primary Academy	5,554	23,484	29,038	S
Danesholme Infants Academy	16,985	67,904	84,889	S
Danesholme Junior Academy	14,288	64,956	79,244	S
Danetre & Southbrook Learning Village	38,382	125,537	163,919	S
Daventry District Council	451,640	2,288,569	2,740,210	S
Daventry Hill School	54,433	166,846	221,279	S
Daventry Norse Limited	23,625	106,207	129,832	Ad
Deanshanger Parish Council	1,284	5,624	6,908	S
Deanshanger Primary	22,103	100,587	122,691	S*
Delapre Primary School	33,796	153,058	186,854	S*
Denfield Park Primary (NCC)	28,609	129,339	157,949	S*
Denton Primary School	10,748	48,595	59,343	S*
Desborough Town Council	2,191	8,562	10,754	S
Duston Eldean Primary	22,610	104,095	126,705	S*
Duston Parish Council	10,899	43,179	54,078	S
Earls Barton Parish Council	1,365	6,033	7,398	S
East Hunsbury Parish Council	4,388	30,513	34,901	S
East Hunsbury Primary Academy	30,249	120,133	150,383	S
East Midlands Leadership Centre	-	153,553	153,553	Y Ad
East Northamptonshire District Council	384,947	1,794,468	2,179,415	S
Eastfield Academy	11,677	36,666	48,343	S
Easy Clean Contractors Limited (St Thomas More Catholic Primary)	202	882	1,084	Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Easy Clean Contractors Ltd (St Brendan Pri)	600	3,050	3,651	Ad
Ecton Brook Primary (Academy)	41,531	157,015	198,545	S
Ecton Village Academy	4,416	18,442	22,858	S
Elizabeth Woodville Academy	52,071	192,982	245,052	S
emPSN Services Ltd	22,901	59,600	82,500	Ad
Exeter - a learning community	42,110	136,701	178,811	S
Fairfields Special (NCC)	61,339	282,580	343,919	S*
Falconers Hill Academy	10,972	42,870	53,843	S
Falconers Hill Infant School	14,025	51,917	65,941	S
Farthinghoe Primary School	3,057	11,316	14,374	S
Finedon Infants School	10,206	38,464	48,670	S
Finedon Mulso CEVA Junior School	10,957	40,538	51,495	S
Finedon Town Council	3,101	7,655	10,756	S
Freemans Endowed Church of England Junior School	11,617	39,717	51,334	S
Fresh Start Catering Limited	1,407	6,059	7,466	Ad
Friars Academy	39,912	140,392	180,305	S
Futures Housing Group	27,917	320,497	348,414	Ad
G4S	14,318	33,054	47,372	Y Ad
Gateway School (NCC)	28,152	123,076	151,229	S*
Glaphorn Church of England Primary School	7,220	27,061	34,281	S
Grange Community Sch Acad (Kettering)	18,004	69,472	87,476	S
Grange Park Parish Council	1,959	7,423	9,383	S
Great Addington CEVA Academy	3,349	12,855	16,203	S
Greatwell Homes	30,795	7,532	38,327	Ad

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Green Oaks Academy	14,207	52,394	66,601	S
Greenfields Primary School and Nursery	21,070	72,490	93,560	S
Greenfields Sch & Sports College	53,859	195,470	249,329	S
Greens Norton Primary School	8,330	31,784	40,114	S
Gretton Primary (Academy)	6,919	26,616	33,535	S
GSO Limited (Prince William and Stimpson Avenue)	1,049	4,693	5,742	Ad
Guilsborough CEVA Primary School	8,051	30,475	38,526	S
Guilsborough School (Academy)	60,145	192,613	252,758	S
Hall Meadow Primary Academy	17,935	57,968	75,903	S
Hardingstone Academy	11,965	41,879	53,843	S
Harlestone Primary School (NCC)	4,663	21,705	26,368	S*
Hartwell Primary (Academy)	9,400	31,467	40,867	S
Havelock Infants	14,954	54,670	69,624	S
Havelock Junior	17,102	64,250	81,352	S
Hawthorn Community Primary	12,710	47,402	60,112	S
Hazel Leys Primary & Nursery School	16,533	70,166	86,698	S
Headlands Primary (Academy)	46,501	176,524	223,025	S
Henry Chichele Primary School (NCC)	17,829	82,030	99,860	S*
Higham Ferrers Junior School (NCC)	17,024	76,680	93,704	S*
Higham Ferrers Nur & Inf sch (NCC)	13,625	61,622	75,247	S*
Higham Ferrers Town Council	3,265	12,196	15,461	S
Highfield Nursery (NCC)	9,920	43,122	53,041	S*
Hopping Hill Primary (NCC)	33,902	105,697	139,599	S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Hospital and Outreach Education PRU	15,349	55,325	70,673	S
Hunsbury Park Primary	23,032	105,014	128,046	S*
Huxlow Science Academy	50,883	190,131	241,013	S
IDVerde	46,867	152,481	199,347	Ad
Irchester Primary	23,931	98,591	122,522	S
Irthlingborough Junior School	26,384	98,478	124,862	S
Irthlingborough Nursery & Infants School	16,124	61,434	77,558	S
Irthlingborough Town Council	7,245	29,356	36,602	S
Isebrook College Academy	86,891	284,200	371,091	S
Isham CE Primary Academy	4,445	20,607	25,053	S
Islip Parish Council	-	2,500	2,500	Y S
Just Ask Estate Services Limited	6,698	29,448	36,146	Ad
Kettering Borough Council	1,012,996	4,116,706	5,129,703	S
Kettering Buccleuch Academy	85,494	253,689	339,183	S
Kettering Park Infants School	14,677	72,379	87,056	S
Kettering Park Junior School	22,744	92,355	115,100	S
Kettering Science Academy (including Compass Primary)	85,842	238,327	324,169	S
Kier (May Gurney Fleet & Passenger)	26,242	95,056	121,298	Ad
Kier (May Gurney Ltd)	34,284	48,808	83,093	Ad
Kier (May Gurney Nordis)	15,661	47,615	63,276	Ad
Kilsby Academy	6,146	21,977	28,122	S
Kings Heath Primary Academy	19,050	61,973	81,023	S
Kings Sutton Primary Academy	9,745	33,847	43,592	S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Kingsley Primary School	19,941	79,837	99,777		S
Kingsley School (Academy)	60,701	221,908	282,609		S
Kingsthorpe College Academy	71,009	240,641	311,649		S
Kingsthorpe Grove P (NCC)	35,851	165,804	201,655		S*
Kingswood Catering (Bridgstock Lathams)	343	1,597	1,940		Ad
Kingswood Catering (Little Harrowden Primary)	353	1,186	1,539		Ad
Kingswood Primary Academy	15,287	61,846	77,133		S
Kingswood Secondary Academy	71,400	285,716	357,116		S
Kislingbury CE Primary Academy	7,170	28,583	35,753		S
Latimer Arts College (NCC)	46,926	207,968	254,894		S*
Legacy Leisure Ltd	885	4,763	5,649		Ad
LGSS Law Ltd (NCC)	98,155	300,036	398,191		S
Lings Primary (Academy)	21,459	69,428	90,888		S
Little Harrowden Community Primary School	10,266	34,507	44,773		S
Loatlands Primary Academy	23,325	86,797	110,122		S
Loddington CE Primary School	6,928	22,146	29,074		S
Lodge Park Academy	39,910	149,893	189,803		S
Longtown Outdoor Learning Trust	2,887	61,609	64,495	Y	Ad
Lumbertubs Primary Academy	12,933	46,973	59,906		S
Magdalen College (Academy)	64,498	244,305	308,803		S
Malcolm Arnold Academy	32,442	101,771	134,213		S
Malcolm Arnold Prep (DRET)	15,102	47,800	62,902		S
Manor School (Academy)	47,248	150,027	197,275		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Maplefields Academy	44,411	153,184	197,594		S
Mawsley Primary School	15,104	68,287	83,391		S*
Maxim Facilities Management Ltd	1,930	7,253	9,183		Ad
Meadowside Primary School	24,818	111,551	136,369		S*
Mears Ashby C of E Endowed School	3,934	12,893	16,827		S
Middleton Cheney Academy	19,804	69,398	89,202		S
Millbrook Infant School (NCC)	14,906	67,375	82,281		S*
Millbrook Junior School (NCC)	26,728	121,445	148,173		S*
Milton Parochial Primary School	4,234	18,079	22,313		S
Montsaye Academy	62,644	192,499	255,143		S
Moulton College	227,795	808,170	1,035,965		S
Moulton Parish Council	8,745	32,019	40,764		S
Moulton Primary School (NCC)	28,405	127,531	155,935		S*
Moulton School and Science College	66,533	214,946	281,479		S
Naseby Academy	3,261	11,741	15,002		S
Newnham Primary Academy	5,126	20,892	26,018		S
Newton Road School (formerly Risdene Academy)	28,903	93,834	122,737		S
Nicholas Hawksmoor (Academy)	38,553	129,712	168,265		S
Northampton Academy (ULT)	76,247	216,075	292,322		S
Northampton Borough Council	712,226	5,645,057	6,357,283		S
Northampton College	362,262	1,294,647	1,656,910		S
Northampton High School (Girls' Day School Trust)	21,378	135,501	156,879		Ad
Northampton International Academy	53,297	198,995	252,292		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Northampton Partnership Homes Ltd	534,631	3,000,365	3,534,996		S
Northampton School for Boys	80,723	268,001	348,724		S
Northampton School for Girls Academy	61,183	233,898	295,081		S
Northampton Theatres Trust Ltd	14,221	150,273	164,494		Ad
Northamptonshire Carers	5,202	19,615	24,817		Ad
Northamptonshire County Council	6,688,164	25,953,888	32,642,052		AA
Northamptonshire Fire & Rescue Service	156,209	421,420	577,629		S
Northamptonshire Sport	18,745	46,993	65,738		Ad
Northants Chief Constable	1,728,178	5,438,377	7,166,555		S
Northants Music & P/A Trust	4,219	3,162	7,381		Ad
Northants Police & Crime Commissioner	121,059	340,805	461,864		S
Northgate Sch Arts (Academy)	97,131	335,622	432,753		S
NSL Ltd	3,559	-	3,559		Ad
Oakley Vale Academy	16,358	50,103	66,461		S
Oakway Academy	24,817	99,618	124,435		S
Old Stratford Primary School	10,396	42,178	52,574		S
Olympic Primary School Academy	17,408	64,189	81,597		S
Oundle CE Primary School	19,261	65,737	84,998		S
Oundle Town Council	3,786	14,896	18,683		S
Our Lady of Walsingham	22,396	77,184	99,580		S
Our Lady's Catholic Primary School	23,487	106,850	130,337		S*
Overstone Primary School	7,654	34,913	42,567		S*
Park Junior School	20,578	92,419	112,998		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Parklands Primary School	12,879	48,138	61,017		S
Parkwood Leisure Ltd	1,330	5,367	6,696		Ad
Paulerspury CoE Primary (NCC)	9,846	29,466	39,312		S*
Pboro Diocese Ed. Trust (HQ)	47,504	122,730	170,234		S
Pineham Barns Primary School (Free School)	12,612	40,889	53,500		S
Pitsford Primary School	3,029	14,101	17,130		S*
Places For People Leisure Management Ltd	5,484	443	5,927		S
Polebrook Church of England Primary	615	3,332	3,946		S
Polebrook CofE Primary (NCC)	3,328	16,115	19,443	Y	S*
Preston Hedge's Primary (Acade)	26,231	84,374	110,604		S
Prince William Academy	18,425	90,138	108,563		S
Priors Hall – A Learning Community	21,338	76,743	98,080		S
Prospects Services	8,131	-	8,131		Ad
Purple Oaks Academy	27,628	106,655	134,283		S
Pytchley Endowed CEVA Primary School	5,691	26,568	32,260		S
Queen Eleanor Primary Academy	15,803	61,920	77,724		S
Raunds Park Infant School Academy	7,390	33,797	41,187		S
Raunds Town Council	4,635	25,047	29,682		S
Rectory Farm Primary Academy	15,516	56,607	72,123		S
Redwell Primary School (NCC)	32,262	145,948	178,210		S*
Ringstead CofE Primary Academy	6,312	25,278	31,590		S
Road Primary School	14,811	67,306	82,117		S*
Rockingham Forest Trust	4,658	10,027	14,685		Ad

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Rockingham Primary Academy	14,709	53,512	68,221	S
Rothwell Junior School	15,530	58,111	73,642	S
Rothwell Town Council	1,036	4,160	5,196	Ad
Rothwell Victoria Infants School	15,255	56,104	71,359	S
Rowan Gate Primary (NCC)	79,050	353,882	432,932	S*
Rushden Academy	42,599	149,225	191,824	S
Rushden Primary Academy	16,541	58,865	75,406	S
Rushden Town Council	18,072	67,103	85,175	S
Rushton Primary Academy	5,880	22,056	27,936	S
Ruskin Infant School and Nursery	4,810	19,407	24,217	S
Ruskin Junior Academy	14,694	60,189	74,883	S
Shaw Healthcare	8,913	266	9,179	Ad
Silverstone CE Primary Academy	7,626	37,642	45,267	S
Silverstone UTC	29,666	73,264	102,930	S
Simon de Senlis Primary Academy	22,170	87,432	109,602	S
Sir Christopher Hatton Academy	66,467	204,729	271,195	S
South End Infant Rushden (NCC)	19,553	88,884	108,437	S*
South End Junior Rushden (NCC)	27,059	85,263	112,322	S*
South Northants Council	459,305	2,187,391	2,646,695	S
South Northants Homes	91,404	445,596	536,999	Ad
Southfield Primary Academy	10,230	44,410	54,640	S
Southfield School for Girls Academy (Kettering)	38,217	133,100	171,317	S
Sponne School (Academy)	80,762	260,679	341,441	S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Spratton CE Primary School	2,630	10,519	13,148	S
Spring Lane Primary Academy	19,986	73,174	93,160	S
Spurgeons (Northampton North)	656	2,517	3,173	Y Ad
St Andrews Primary Academy	19,436	65,408	84,844	S
St Barnabas	11,502	44,968	56,470	S
St Brendan's Catholic Primary School	11,392	51,398	62,790	S
St Edwards Catholic Primary	10,929	46,841	57,770	S
St Gregory's Catholic Primary School	24,821	93,527	118,348	S
St James CE Primary School	37,713	137,128	174,841	S
St James Infant School	14,270	48,629	62,899	S
St Loy C of E Primary Academy	3,851	15,616	19,467	S
St Luke Academies Trust HQ staff	19,797	60,869	80,666	S
St Lukes CEVA Primary School Academy	17,704	70,765	88,469	S
St Marys Catholic Primary School	11,754	45,690	57,444	S
St Mary's CEVA Pri Acad Kettering	17,161	65,364	82,525	S
St Mary's Pri Acad, Burton Latimer	19,335	72,183	91,518	S
St Patrick's Primary (NCC)	15,333	68,622	83,955	S*
St Peters's C of E Academy	9,286	34,175	43,462	S
St Thomas More Catholic Primary School (NCC)	10,118	43,395	53,513	S
Standens Barn Primary School Academy	19,743	74,972	94,715	S
Stanwick Parish Council	1,083	4,743	5,826	S
Stanwick Primary School	8,789	37,714	46,504	S
Staverton CofE Pri Academy	5,854	26,628	32,482	S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Stimpson Avenue Primary Academy	17,032	65,811	82,843		S
Studfall Infant School & Nursery Academy	24,856	102,959	127,815		S
Studfall Junior School Academy	27,468	119,070	146,539		S
Sunnyside Primary (Academy)	11,429	48,366	59,795		S
Sywell CEVA Primary	4,829	22,249	27,078	Y	S
Taylor Shaw (The Ferrers School)	5,264	19,927	25,191		Ad
The Abbey Primary School Academy	15,348	57,495	72,842		S
The Arbours Primary (Academy)	16,963	54,594	71,557		S
The Avenue Infants School (NCC)	14,102	63,413	77,515		S*
The Bramptons Primary School	4,503	20,799	25,302		S*
The Childrens Trust	743,522	2,259,533	3,003,055		S
The Coombs Catering Partnership (The Good Shepherd Primary Academy)	584	2,618	3,202		Ad
The Duston School (Academy)	74,051	237,949	312,001		S
The Ferrers School Academy	43,346	152,732	196,078		S
The Good Shepherd Catholic Primary Academy	14,160	59,884	74,044		S
The Parker E-ACT Academy	169,819	397,951	567,770	Y	S
The Radstone Primary School	4,115	11,794	15,909	Y	S
The Red Kite Academy	45,245	141,240	186,485		S
The Spires Academy	11,795	44,171	55,966		S
The University of Northampton	1,089,102	3,992,109	5,081,211		S
Thomas Becket Catholic Academy	26,568	111,360	137,928	Y	S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Thorplands Primary (Academy)	19,670	72,404	92,073		S
Thrapston Primary School (NCC)	29,329	132,133	161,462		S*
Thrapston Town Council	2,803	10,471	13,274		S
Towcester CE Primary School (Acad)	15,468	73,380	88,848		S
Towcester Town Council	5,655	23,081	28,735		S
Trinity CE Primary School	5,916	23,476	29,392		S
TTC 2000 Limited	1,439	4,493	5,932		Ad
Uni of Northampton Enterprises	27,463	64,883	92,346		Ad
Unity Leisure Trust	52,556	-	52,556		Ad
Upton Meadows	27,678	111,553	139,231		S
Upton Parish Council	993	4,622	5,615		S
Veolia UK Ltd	61,695	246,965	308,660		Ad
VERNON TERRACE PRIMARY (NCC)	22,337	97,563	119,899		S*
Victoria Primary Academy	24,390	82,282	106,671		S
Voice for Victims and Witnesses Ltd	21,853	78,477	100,329		Ad
Walgrave Primary School	8,025	37,475	45,500		S*
Warwick Primary Academy	18,066	59,932	77,998		S
Waynflete Infants' (Academy)	7,159	33,594	40,753		S
Weavers Academy	63,269	226,598	289,867		S
Weedon Bec Academy	20,858	75,158	96,016		S
Weedon Bec Parish Council	1,290	5,648	6,938		S
Weldon Parish Council	-	506	506	Y	S
Weldon Primary Academy	8,389	37,935	46,324		S
Welford, Sibbertoft and Sulby Endowed School	3,599	15,532	19,131		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Borough Council of Wellingborough	237,285	1,861,990	2,099,276	S
Wellingborough Norse Limited	67,860	-	67,860	Ad
Welton C of E Primary (Academy)	5,975	20,157	26,132	S
West Haddon Parish Council	2,051	9,410	11,461	S
Weston Favell Academy	59,010	203,140	262,151	S
Weston Favell Primary (Academy)	29,340	105,492	134,832	S
Whitefriars Primary School	22,978	103,754	126,733	S*
Whitehills Primary (NCC)	18,739	86,178	104,916	S*
Wilbarston Primary Academy	6,475	19,392	25,867	S
Windmill Primary School Academy	19,697	74,715	94,412	S
Wollaston Primary Academy	12,386	46,332	58,717	S
Wollaston School (Secondary)	54,166	220,219	274,385	S
Woodford CofE Primary School Academy	4,815	20,135	24,949	S
Woodford Halse CE Primary Academy	14,957	50,986	65,943	S
Woodland View Primary Academy	18,960	73,307	92,268	S
Woodnewton - a learning community	58,188	178,703	236,891	S
Woodvale Primary (Academy)	21,155	69,956	91,111	S
Wootton Parish Council	6,592	27,951	34,542	S
Wootton Park School	48,886	137,825	186,710	S
Wootton Primary (Academy)	21,212	77,922	99,134	S
Wren Spinney Community Academy	32,468	143,219	175,687	S
Wrenn School Academy	65,183	239,512	304,695	S
WSP Management Services Ltd	45,029	-	45,029	Ad
Yardley Hastings Primary School	7,731	35,990	43,721	S*
Grand Total	23,431,037	92,880,326	116,311,363	

Investment Policy and Performance

Introduction

The Fund's approach to its investment arrangements is set out in its Investment Strategy Statement, (ISS) as required by Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations") that requires the Fund to create and maintain an approach to investments that includes, amongst other things:

- a) a requirement to invest fund money in a wide variety of investments;
- b) the Fund's assessment of the suitability of different types of investments;
- c) the Fund's approach to risk, including the ways in which risks are assessed and managed;
- d) the Fund's approach to pooling investments;
- e) the Fund's policy on how social, environmental and corporate governance considerations are taken into account; and
- f) the Fund's policy on the exercise of the rights (including voting rights) attaching to investments.

The Pensions Committee (PC) approves investment policies and strategy and an Investment Sub-Committee (ISC), which is supported by the Fund's Advisors, to implement these investment policies and strategy, which includes the appointment and dismissal of Investment Managers and monitoring of performance.

The Fund adopts a long-term perspective, focussing its investment strategy to generate sustainable returns on a risk adjusted basis to grow the Fund's assets to reflect its equally long-term future liabilities. Over the last year the Pensions Committee, Local Pensions Board, Fund officers and professional advisors have worked together to carry out a review of the Fund's existing ISS. As part of this wide-ranging review, a specific focus was placed on the topic of responsible investment, including the responsible investment

responsible investment beliefs of the Pensions Committee and Local Pension Board members and the opportunity has been taken to propose a strengthening of the Fund's responsible investment beliefs and policies with respect to Climate change. The review led to the development of an enhanced and expanded Responsible Investment Policy, which has been included in the new draft ISS. The Fund is running a consultation with relevant stakeholders regarding the revised ISS and expect the final version to be approved and published later in 2021.

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF), which is a voluntary association of LGPS funds that seeks to protect and enhance the value of its members' shareholdings by way of shareholder engagement, by action on corporate governance issues and by seeking to promote the highest standards of corporate social responsibility at the companies in which LAPFF members invest. Through LAPFF, the Fund exercises its belief that engagement with company management to promote improvements in SRI practices is more powerful than divesting from the company's shares.

The Fund supports the principles of the UK Stewardship Code (the "Stewardship Code") and will be working with the Fund's Advisors to assess the impact of the "apply and explain" Principles of the revised 2020 UK Stewardship Code.

Information about Investment Manager voting is available at [Northamptonshire Pension Fund Key Documents](#)

Role of Investment Managers

Each Investment Manager relationship is governed by an Investment Management Agreement, which sets out how much they can invest, the asset class in which the Fund has employed them to invest, the expected target return and how much the Fund will pay for this service.

Investment Policy and Performance (continued)

Active focus

The Fund with the exception of the passive Global Equity mandate and passive index-linked bonds, favours “active” briefs to outperform agreed specific benchmarks.

Custodian

The Fund’s Custodian is Northern Trust. The Custodian is responsible for ensuring that the Fund has good title to all investments, that all trades instructed by Investment Managers are settled on time and that all income due to the Fund is received and recorded accurately. Northern Trust also maintain the investment accounting records for the Fund.

Asset Pooling

The Fund is working with ten like-minded LGPS funds to implement the ACCESS asset pool in response to the Government’s LGPS reform agenda. The main aim is to encourage LGPS Funds to work together to form asset pools to “pool investments to significantly reduce costs, while maintaining investment performance.” Individually, the participating funds have a strong performance history and potential for substantial benefits for a group of successful, like-minded authorities collaborating and sharing their collective expertise. Collectively as at 31st March 2021, the ACCESS Pool has significant scale with assets of £56bn (of which 57% has been pooled) serving 3,400 employers with 1.1 million members including 300,000 pensioners.

The roles and decision-making relationship between the eleven funds is informed by an Inter Authority Agreement. The ACCESS pool is governed by the ACCESS Joint Committee (AJC) comprising the Chairmen of the eleven constituent funds. The AJC have appointed Link Fund Solutions Ltd (Link) as operator of the pool and the LF ACCESS Authorised Contractual Scheme (ACS).

The Fund’s passive equity investments are invested with UBS Asset Management under a collaborative arrangement with fellow ACCESS funds, which has generated significant fee savings for the Fund.

At 31 March 2021, the Northamptonshire Fund had invested £1,287m in sub-funds of the ACCESS Authorised Contractual Scheme and £971m in the UBS passive arrangement resulting in £2,258m of assets under pool management representing 73.1% of the Fund’s assets.

During 2021-22 the Fund expects to invest in fixed income sub-funds of the ACS when they become available. The focus for ACCESS in 2021-22 is to continue work performed in 2020-21 to develop a pooled solution for Alternative asset classes.

The ACCESS Support Unit (ASU) has been created to manage the Operator contract against specified KPIs and provide technical and secretariat support services to the AJC and Officer Working Group (OWG).

In addition to the savings in Investment Management fees due to the reduction in manager numbers and an increase in mandate size, there are other tangible benefits from pooling including a governance dividend (potential for reduced risk due to manager diversification achieved at pool level) and tax savings for funds moving from pooled funds to segregated mandates in the pool’s tax transparent ACS. For some asset classes such as global equities tax savings alone are material relative to additional costs of implementing pooling.

More information about the ACCESS asset pool can be found on their website: [ACCESS Pool](#) . The ACCESS Annual Report can be found at Appendix A to the Annual Report.

Investment Policy and Performance (continued)

The Costs of Pooling

The costs of the pool are collected by a nominated ACCESS authority and re-charged in equal shares to the eleven ACCESS funds.

Northamptonshire's share of costs is reported within Oversight and Governance Costs in Note 12 to the Statement of Accounts and comprises the following:

Operational Costs	2020-21 £000	2015-16 to 2020-21 Cumulative £000
Strategic & Technical	26.4	129.0
Legal	13.4	97.0
Project Management	0.0	81.1
ACCESS Support Unit	34.7	115.6
Other	3.9	26.7
Total Operational Costs	78.4	449.4

Cost Savings

The fee savings for the 2020-21 financial year resulting from the asset pooling agenda exceed £1.443m.

Cost Transparency

The analysis below shows the investment expenses incurred during financial year 2020-21 between expenses incurred in respect of Pooled Assets held in the ACCESS Pool and those assets held outside of the pool. Direct costs include: invoiced costs and costs deducted from the value of fund, or from income generated, in accordance with the fee agreement in place with each manager and explicit transaction costs. Indirect costs include: implicit costs and third party fees and charges. These are indicative estimates provided by Investment Managers as the reporting practices for the Cost of Transparency are still evolving.

Cost Transparency - continued

	Asset Pool			Non- Asset Pool			Fund Total	
	Direct	Indirect	Total	Direct	Indirect	Total		
	£000	£000	£000	£000	£000	£000	£000	£000
Investment Management Fee	4,376	-413	3,963	3,294	1,236	4,530		8,493
Performance Fee	0	0	0	1,539	320	1,859		1,859
Transaction taxes	0	0	0	406	89	495		495
Broker commissions	0	154	154	76	90	166		320
Other explicit costs	0	214	214	31	160	191		405
Implicit/indirect transaction costs	0	5,976	5,976	60	2,348	2,408		8,384
Administration	136	95	231	552	259	811		1,042
Governance and Compliance	0	16	16	271	135	406		422
Other	126	-88	38	61	2,347	2,408		2,446
Total	4,638	5,954	10,592	6,290	6,984	13,274		23,866

Investment Policy and Performance (continued)

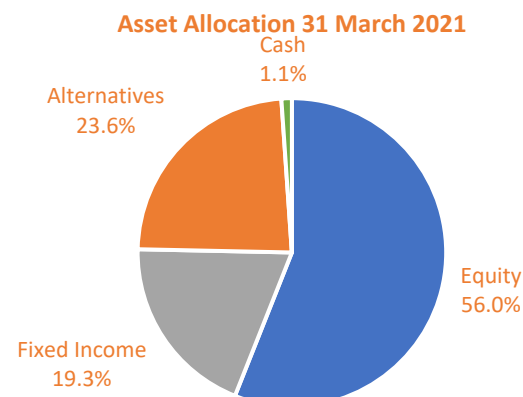
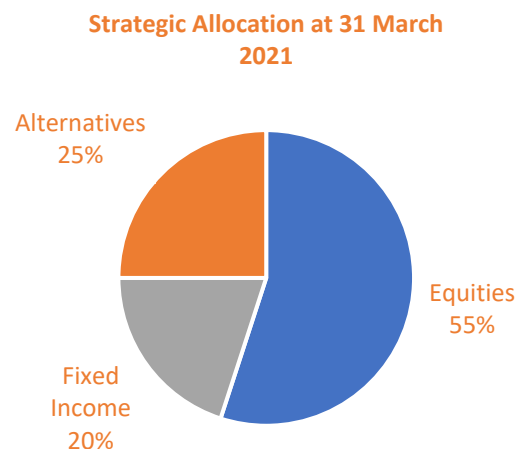
Investment Allocation and Performance

The Pension Fund Committee is responsible for approving the Strategic Asset Allocation proposed by the Investment Sub-Committee (ISC). The ISC performed a full review of the Strategic Asset Allocation during 2018-19 in conjunction with the Fund's Investment Consultants, Mercer Ltd and independent Investment Advisor. The review assessed the appropriateness of the current strategy and any changes necessary to increase the likelihood of meeting the Fund's objectives, namely:

- To reach full funding and be in a position to pay benefits as they fall due; and
- To ensure contributions remain affordable to employers

The strategy approved by the Pension Committee in December 2018 aimed to reduce the Fund's reliance upon, and the associated risks, of a large allocation to equities whilst retaining sufficient exposure to growth assets. The strategy focused on a reduction in equities and an increase in Alternative assets (such as Private equity and Infrastructure) and a flexible allocation to fixed income. The ISC subsequently reviewed the regional mix within the equity allocation and as a result reduced the exposure to UK Equities in conjunction with the roll-out of sub-funds offered by the ACCESS pool ACS.

The charts below show the Strategic Asset Allocation at the close of the financial year compared to the actual allocation of assets at 31 March 2021.



Investment Policy and Performance (continued)

Value of Investments held by each of the Fund's Investment Managers on 31 March 2020 and 31 March 2021:

Manager	£million	31 March 2020 % of Total	£million	31 March 2021 % of Total
Majedie UK Equity	179.3	7.5	278.3	9.0
UBS UK Passive Equity	19.2	0.8	24.5	0.8
Newton Global Equity	207.9	8.7	284.1	9.2
Baillie Gifford - Long Term Global Growth	244.8	10.2	259.5	8.4
Longview Global Equity	184.0	7.7	250.7	8.1
UBS Passive Global Equity	454.4	19.0	634.7	20.5
UBS Index Linked Gilts	259.7	10.9	311.8	10.1
BlueBay	-	-	143.1	4.6
M&G Alpha Opportunities	-	-	142.3	4.6
Wellington	177.9	7.4	-	-
CBRE Property	202.1	8.4	204.5	6.6
UBS Property	0.3	0.0	-	-
Baillie Gifford – Diversified Growth	260.2	10.9	214.4	7.0
M&G Residential Property	44.3	1.9	44.5	1.4
HarbourVest	29.4	1.2	68.9	2.2
Adams Street	19.5	0.8	44.0	1.4
AMP Capital	35.2	1.5	38.1	1.2
Allianz	17.1	0.7	20.1	0.7
IFM Infrastructure	46.7	2.0	48.1	1.6
JP Morgan	-	-	45.6	1.5
Catapult	0.3	0.0	0.5	0.0
Cash	10.4	0.4	33.8	1.1
Total	2,392.7	100.0	3,091.5	100.0

Investment Policy and Performance (continued)

Total Fund Performance

The total investment return for the Fund over the financial year was 27.0% net of fees compared with a weighted benchmark return of 22.9%. In the previous year the total investment return was -4.7% compared with a weighted benchmark of -4.5%. The Fund's total investment return was 9.1% p.a over the three years to 31 March 2021, 10.2% p.a over the five years to 31 March 2021, and 8.6% p.a over the ten years to 31 March 2021.

Performance of Managers

The ISC continues to monitor the Investment Managers' performance against their benchmark at their quarterly meetings. All managers are measured against market-based performance benchmarks with bespoke outperformance targets set for active managers which are expected to be met over a three to five year period. Net of fees performance of each manager compared to benchmark over one, three and ten years is shown in the table below.

Asset Class /Manager	1 year (% p.a)			3 year (% p.a)			10 year (% p.a)		
	Return	Benchmark	Variance	Return	Benchmark	Variance	Return	Benchmark	Variance
Majedie UK Equity	32.2	26.7	5.5	2.6	3.2	-0.6	7.9	6.0	1.9
Newton – Global Equity	36.2	38.9	-2.7	14.9	12.7	2.2	12.1	10.8	1.3
Baillie Gifford - Long Term Global Growth	85.0	38.9	46.1	n/a	n/a	n/a	n/a	n/a	n/a
Longview Global Equity	35.9	38.4	-2.5	n/a	n/a	n/a	n/a	n/a	n/a
UBS – Passive Global Equity	39.0	38.9	0.1	12.0	12.0	0.0	10.0	n/a	n/a
UBS – Index-Linked Gilts	-2.7	-2.6	-0.1	2.5	2.5	0.0	n/a	n/a	n/a
Baillie Gifford – DGF	17.8	3.6	14.2	2.7	4.1	-1.4	n/a	n/a	n/a
CBRE – Property	-1.4	2.5	-3.9	0.7	2.4	-1.7	6.4	7.4	1.0
M&G – Residential Property	0.3	6.0	-5.7	n/a	n/a	n/a	n/a	n/a	n/a
HarbourVest – Private Equity	10.8	39.1	-28.3	10.8	14.0	-3.2	n/a	n/a	n/a
Adams Street – Private Equity	40.5	39.1	1.4	22.0	14.0	8.0	n/a	n/a	n/a
AMP Capital – Infrastructure Debt	0.0	10.0	-10.0	0.7	10.0	-9.3	n/a	n/a	n/a
Allianz – Infrastructure Debt	12.6	4.0	8.6	n/a	n/a	n/a	n/a	n/a	n/a
IFM Infrastructure	3.0	10.0	-7.0	n/a	n/a	n/a	n/a	n/a	n/a

n/a = Not invested for the full period therefore no meaningful performance measure is available

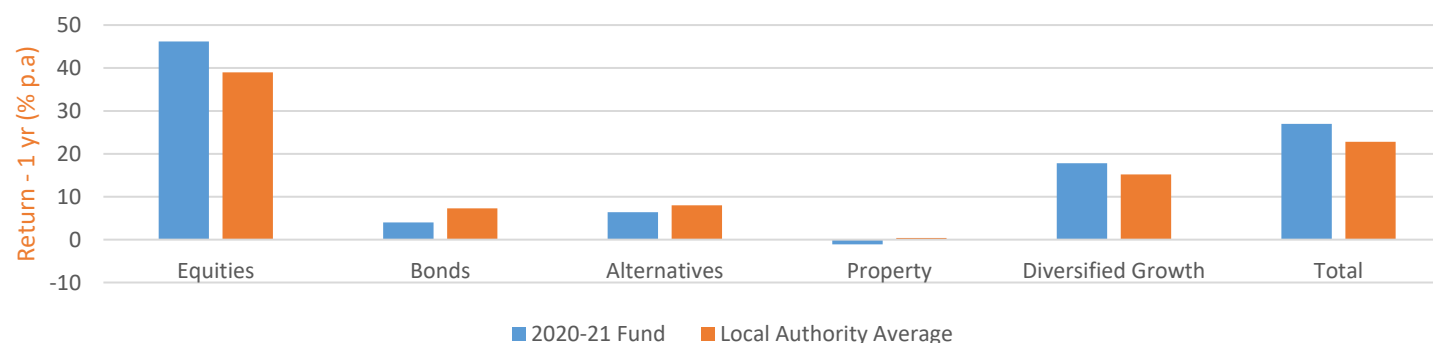
Investment Policy and Performance (continued)

Performance in Comparison with Local Authority Universe

The Local Authority Universe is a national scheme consisting of 64 pension funds collated by PIRC Ltd that provides benchmarking of local authority pension funds investment performance.

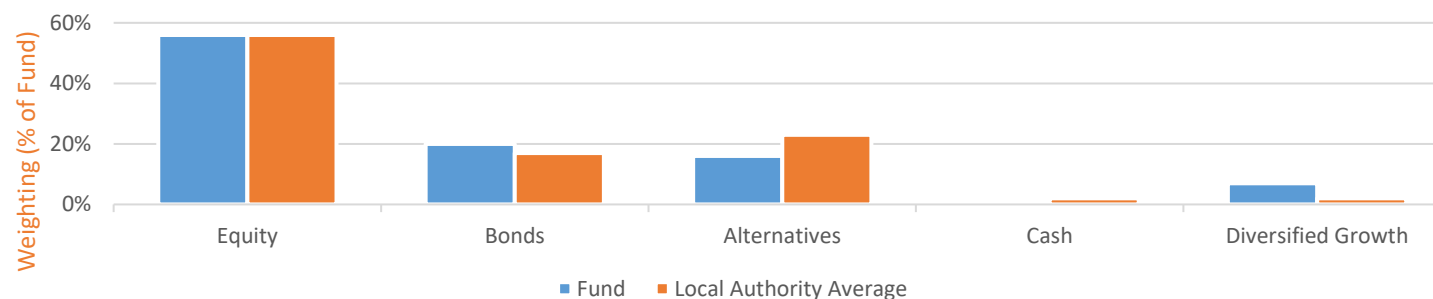
In 2020-21 the Fund's performance of 27.0% net of fees over the financial year was ranked 33rd percentile out of the 64 Funds participating in the Universe. The investment return achieved was influenced by the Fund's holding of a higher proportion of Global Equities.

Investment Return compared to Local Authority Universe



The Fund's current strategy has a equal allocation to Equities and a lower allocation to Alternatives when compared to the Local Authority Universe, however the revised investment strategy, for which implementation started during 2019-20, will change the profile of the Fund's assets resulting in an increased allocation to Alternatives.

Investment Allocation compared to Local Authority Universe



Investment Policy and Performance (continued)

Investment Review – Financial Year to 31st March 2021

“If history repeats itself, and the unexpected always happens, how incapable must Man be of learning from experience.” George Bernard Shaw

Despite previously having had a global health crisis in the form of the Spanish Flu pandemic of 1918, and a more recent reminder in the form of the SARS outbreak in Asia in 2003, the current Covid-19 pandemic caught almost every person, business and government by surprise. Setting aside the tragic human cost – which continues to grow in certain parts of the world, notably India – the financial cost has also been significant to those same people, businesses and governments.

The near shutdown of the global economy at the end of the Fund’s previous financial year was only the beginning of the widespread turmoil associated with trying to deal with the many-faceted global health crisis. However, stock markets have – for the most part – rebounded close to their pre-Covid levels; indeed the FTSE 100 Index is currently sitting at just less than 10% off its highest level of pre-Covid 2020, which reflects a relatively rapid turnaround from the 30% drop it experience in March 2020.

Region	Index	12 month % return GBP
UK	FTSE All Share	26.7
Europe	FTSE Europe X UK	34.9
US	S&P 500	40.5
Japan	TOPIX	24.8
Asia	MSCI AC Asia ex Japan	41.4
Emerging Markets	MSCI Emerging Markets	42.3

Source: Thomson Reuters Datastream

The US market rallied even more strongly and more quickly than that, with the S&P 500’s journey from a record high to a bear market (defined as a drop of 20% or more), back to a new record high taking just 126 trading days, the fastest-ever such climb. There are any number of possible reasons behind the fastest-ever swoon and recovery in the US, but high economic hopes, ‘tech’ stock dominance and the return of retail stock investors - confined to their homes during lockdown and looking for stimulation - are three of the more persuasive ones.

One possible reason for the better-than-anticipated performance of global equity markets in general was the apparent lack of en-masse equity selling by institutional investors as the crisis unfolded. Alternatives for equity investors caught in the pandemic-induced market falls were hard to find, as

- government bonds remained relatively expensive in historic terms;
- corporate bonds recovered relatively quickly, closing the Covid-created credit spread over government debt;
- real estate suffered from systemic illiquidity and the disastrous effect of lockdown on the retail sector; and
- commodities such as oil took a beating from the worldwide collapse in demand.

A combination of these factors saw most equity investors sit tight, having no attractive, immediately-accessible alternative home for their capital. As a result, there was no obvious panicked fire sale of listed assets; so, supply did not swamp demand and place investor-driven downward pressure on already wobbly equity market prices. The Fund, quite rightly, demonstrated a steady hand on the tiller in turbulent waters, sticking to its long term investment strategy – a decision which can already been seen to be very wise, given the ultimate equity returns for the year.

Investment Policy and Performance (continued)

Pandemic Winners and Losers

The pandemic shone a spotlight on the 'disaster recovery' plans of all organisations; the contingency plans (previously made on the remote chance that an event would pose a significant operational hindrance to companies) became activated, and it quickly became clear that companies that conducted a significant amount of their work and commerce in a digital manner were well placed to get back up and running more quickly than their peers that for the most part operated in the 'real' world.

Dealing with a global pandemic changed our shared version of the world in any number of ways, some big and some small. The previously-mentioned tech companies were the highest profile beneficiaries, as more people worked from home, needing laptops, webcams and Zoom (online video conferencing) subscriptions. Lockdowns around the world also helped markedly improve the fortunes of companies that had e-commerce capabilities – with the biggest beneficiary, arguably, being Amazon, which recently announced a tripling of profits as the pandemic significantly accelerated the already growing trend for online shopping.

The main losers were companies that operated in the real (as opposed to the digital) world, with the biggest brunt of pandemic-induced restrictions being borne by the 'bricks and mortar' retail, hospitality and travel sectors. Shops, pubs and restaurants were closed for extended periods, hotels lay empty and global commercial air travel all but ground to a halt. One particularly depressing effect of Covid-19 on these sectors was the impact it had on casual, seasonal and part-time low paid employees, who have arguably been hit harder than any other socio-economic group.

Desperate Measures

In the UK, the Government introduced a furlough scheme to help companies pay their employees and therefore prevent a massive rise in unemployment - and also provided additional funding via a range of schemes to businesses to help them stay afloat.

All of this additional spending from the Government had to come from somewhere; the Office for Budget Responsibility (OBR) - which keeps tabs on government spending – recently said that Government borrowing for the year to April 2021 would be £355 billion, which is the highest figure ever seen outside wartime. As a result public sector net debt was £2,141.7 billion at the end of March 2021 - or around 97.7% of the UK's gross domestic product (GDP), maintaining a level not seen since the early 1960s.

Asset Type	Index	12 month % return
UK Government Bonds	FTSE A Over 15 Year Gilts Index	(10.4)
UK Index Linked Bonds	FTSE A Over 5 Year Index Linked Gilts Index	2.6
Global Bonds	Merrill Lynch Global Broad Market index	(7.0)
UK Property	MSCI All Balanced Property Funds Index	2.5

Source: Thomson Reuters Datastream

Opening the world back up relies heavily on the global Covid-19 vaccination programme, and incredible progress has been made in the last year, from a standing start, by a number of countries inoculating their citizens (the UK with 23% of the population fully vaccinated, Israel with 56% and Chile with 36%). However, there are many countries that are struggling with access to vaccinations, and the logistics of getting them to their citizens. There is a real danger that developed nations will be the 'winners', in terms of opening up first; it is, however, important to remember that mutations of the virus can occur anytime and anywhere, and the longer it takes to vaccinate everyone, the greater the risk that we might go through all of this pain again.

Main Street vs Wall Street

An unexpected pandemic winner/loser combination hit the headlines in the US at the turn of the year; the battle between hordes of retail investors and Wall Street hedge funds over the fate of a bricks and mortar retailer, GameStop. This conflict generated some of the year's most memorable financial

Investment Policy and Performance (continued)

reporting, with the day traders (predominantly operating on the Robinhood online trading platform) winning the battle, causing losses of close to \$13 billion for the hedge fund short sellers of GameStop. The latter had hoped the stock price would go down, to make their returns, but instead the former pushed demand for the stock to stratospheric levels, driving the price up from \$12 a share on 12th January to almost \$350 just 15 days later.

Then came a great furore around Robinhood's subsequent decision to stop clients trading GameStop stock for a period (which was reportedly due to regulatory capital issues, rather than the rumoured pressurising of Robinhood by the hedge funds to restrict trading), which caused significant losses for some of the retail investors, and ended with hearings on the matter by the House Financial Services Committee of the US Congress.

Ultimately, it remains to be seen if this was more than just a limited action, facilitated in part by the pandemic lockdown. It did, however, neatly demonstrate the power of social media – particularly the Reddit platform – in facilitating co-ordinated action between disparate groups of investors. It is unlikely that retail investors would win any 'war' against the larger asset managers and banks, but many will feel that the pain experienced by Wall Street in this battle was payback for the absence of pain it alone felt after the 2008 financial crisis.

Brexit

The UK formally left the European Union on 31st January 2021, bringing to a close the 'end of the beginning' in the departure process. Having now finally left, a period of relative calm initially descended. Many of the worst case predictions – 7,000 lorries queuing on motorways, food rotting at border posts, the flow of critical medicines being disrupted – failed to materialise.

With the issue of Brexit having been ongoing since June 2016 (when the result of the public referendum was announced), financial markets have been reacting to it on an ongoing basis, following every twist and turn of the negotiations between the UK and the EU, and pricing in a lot of bad news. Indeed Sterling's decline against the Dollar caused (arguably) by Brexit is almost of the same magnitude as its fall against the Dollar in the Global Financial Crisis of 2008.

Whatever one's personal views, it is clearly too soon to tell whether Brexit will ultimately be good or bad for the UK. Recriminations over the AstraZeneca Covid-19 vaccine supply delay to the EU, the continued uncertainty over the border situation between Northern Ireland and the Republic of Ireland, and protesting French fishermen off the coast of Jersey are indicators that things are going to be tense for the foreseeable future. Sadly for all concerned, the Brexit saga is not over – indeed, it might actually just truly be starting.

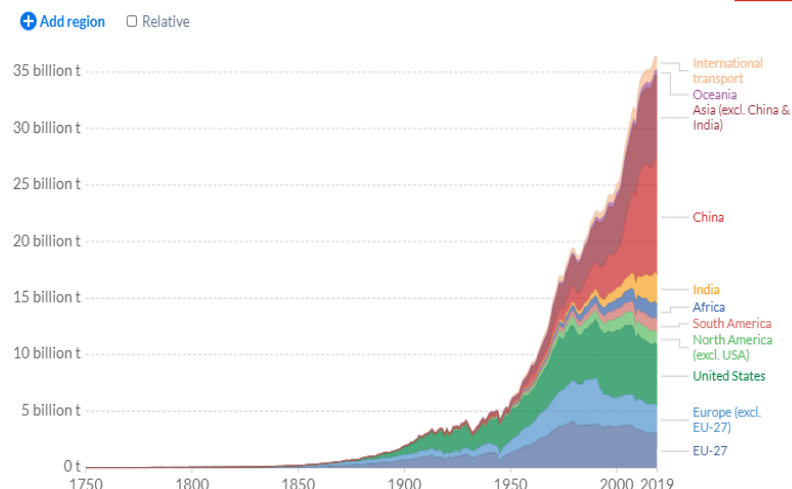
Climate Action?

With the arrival of President Biden in the White House in January 2021 following his successful election win in November 2020, a more positive overall tone was set by his Administration, in stark contrast to his predecessor. The 'America First' doctrine of President Trump was replaced by immediate signs of America re-engaging with the world. One of the first acts carried out by President Biden was for the US to re-join the Paris Climate Agreement – the very same agreement from which his predecessor withdrew barely 2 months beforehand. And whilst the US represents 'only' around 15% of global greenhouse gas emissions, reengaging on the climate change issue was very significant for investors such as the Fund with significant sums invested in US companies – who are notorious laggards when it comes to acknowledging, let alone starting to quantify and address, their impact on the planet's climate.

At a (virtual) meeting of the UN General Assembly in September 2020, Chinese President Xi Jinping said the country planned "to have CO2 emissions peak before 2030 and achieve carbon neutrality before 2060". This was Beijing's first formal announcement of a long-term plan to lower carbon emissions within a fixed timeline, and is arguably more important to all of us than the US re-joining the Paris Agreement. Given China's extensive use of coal fired power stations and significant heavy industry sector, this step has the potential to be very significant in terms of the global move to a low carbon global economy. However – as with all commitments made by nations to lower carbon emissions – no immediate meaningful action was proposed. And, despite the reduction of global carbon emissions due to the pandemic, the human race continues to pump billions of tonnes of carbon into the earth's atmosphere.

Investment Policy and Performance (continued)

Annual total CO₂ emissions, by world region



Source: Our World in Data based on the Global Carbon Project
Note: This measures CO₂ emissions from fossil fuels and cement production only – land use change is not included. Statistical differences (included in the GCP dataset) are not included here.

Responsible Investing

Climate change and ‘ESG’ – Environmental, Social and Governance – factors became increasingly prominent in the minds of institutional investors in the last year, with the topic gathering pace and increasing further in importance for investors with long-term time horizons such as the Fund. Almost all long term investors – including Northamptonshire – are devoting increasing time and effort to identifying and addressing these ESG issues, for the long term financial benefit of scheme beneficiaries. During the year, the Pensions Committee, Investment Sub-Committee and Officers worked on developing a new Responsible Investment (‘RI’) policy for the Fund, which sets out how ESG factors such as climate change will be addressed in the investment arrangements of the Fund. The new policy is currently out for consultation, and will be submitted for approval by the Pensions Committee later in 2021.

Fund Investment Performance

	1 Year Performance	3 Year Performance (p.a.)	5 Year Performance (p.a.)
Northamptonshire Pension Fund	27.0%	9.1%	10.2
Fund Benchmark	22.9%	8.2%	9.6

The Fund returned 27% for the year to 31st March 2021, outperforming the benchmark return of 22.9%. This outperformance was primarily due to the Fund’s equities investments delivering strong bounce-back returns, and within the equity allocation two of the Fund’s managers – Majedie and Baillie Gifford – delivered above benchmark returns, with the latter having a particularly outstanding year.

The Fund’s fixed interest allocation also delivered above-benchmark returns, with the newly appointed M&G performing well from the start of their mandate. The Fund’s exposure to Alternatives saw mixed results across different areas; the Adams Street private equity investments performed strongly but CBRE’s property investments had a tough time, with Covid lockdowns being a particularly strong negative performance factor.

On the whole, it is pleasing to report that the Fund is performing ahead of its benchmark over the 1, 3 and 5 year time periods.

Investment Strategy

Readers of the Fund’s previous Annual Reports may recall that the Fund undertook a formal review of its investment strategy in the 2018/19 financial year. These reviews occur every three years, following on from the triennial Actuarial Valuation, and present opportunities for ‘tweaks’ to the Fund’s long-term investment strategy, rather than requiring radical surgery. The investment approach taken by the Fund has evolved over time to reduce dependency on equities (which, as the last year has proven, can be very volatile), and to allocate some of that capital to other asset classes. The current investment strategy represents a sensible diversification of investment risk, whilst keeping the need to generate sufficient returns to pay the benefits in mind and being mindful of the long term nature of investing.

Investment Policy and Performance (continued)

Outlook

If your only source of information were the financial markets, you would almost certainly have formed the view that the world had successfully tackled the Covid-19 pandemic, and is almost back to business as usual. As someone who experienced the 'Dot Com Bubble' of 2000, and the Great Financial Crisis of 2008 whilst working as an investment professional, the current market levels after such a market shock seem unwarranted. Whilst many companies have done relatively well – despite the pandemic – and in some instances are sitting on cash piles, many have not. 'Back to normal' is, in my opinion, not something we have as yet achieved.

There are many potential stumbling blocks ahead in the short term – virus mutations, more lockdowns, continuing restrictions on movements of people and goods around the world, and slow or non-existent vaccination programmes being the ones that come to mind in relation to the pandemic. Looking beyond that - Chinese policy towards Hong Kong, US-China relations, Russia's ongoing cyber meddling, Brexit (still), UK Government debt of 98% of GDP, Europe's double dip recession, potentially rising inflation.....

The benefit of being a long term investor like the Fund is that it has the capacity to ride out market shocks, and it has an investment strategy that does not seek to put all of its eggs in one basket. As a new member of the Fund's Investment Sub Committee, it has been heartening to come on board to find things in very good shape. The outgoing Pensions Committee, Investment Sub Committee, previous Independent Investment Advisor and Officers should be thanked for doing a good job in difficult times. I look forward to contributing to the on-going good stewardship of the Fund.

David Crum ASIP, May 2021

Actuarial Information

Northamptonshire Pension Fund (“the Fund”) Actuarial Statement for 2020-21

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority’s Funding Strategy Statement (FSS), dated March 2020. In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members’/dependants’ benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to return their portion of the Fund to full funding over 20 years if the valuation assumptions are borne out. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is still at least a 70% likelihood that the Fund will return to full funding over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2019. This valuation revealed that the Fund’s assets, which at 31 March 2019 were valued at £2,502 million, were sufficient to meet 93% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2019 valuation was £176 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers’ contributions for the period 1 April 2020 to 31 March 2022 were set in accordance with the Fund’s funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2019 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Actuarial Information (continued)

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2019 valuation were as follows:

Financial assumptions	31 March 2019
Discount rate	3.9%
Salary increase assumption	2.8%
Benefit increase assumption (CPI)	2.3%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's Vita Curves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.5 years	23.7 years
Future Pensioners*	22.3 years	25.1 years

*Aged 45 at the 2019 Valuation.

Copies of the 2019 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund.

Experience over the period since 31 March 2019

Markets were severely disrupted by COVID 19 in March 2020, but in the 2020-21 year they recovered strongly. As a result, the funding level of the Fund as at 31 March 2021 is likely to be an improvement to that reported at the previous formal valuation.

The next actuarial valuation will be carried out as at 31 March 2022. The Funding Strategy Statement will also be reviewed at that time.

Robert McInroy FFA

6 May 2021

For and on behalf of Hymans Robertson LLP

Actuarial Information (continued)

Extract from the Actuarial Valuation Report

Executive Summary

We have carried out an actuarial valuation of the Northamptonshire Pension Fund ("the Fund") as at 31 March 2019. The results are presented in this report and are briefly summarized below.

Funding Position

The table below summarizes the financial position of the Fund at 31 March 2019 in respect of benefits earned by members up to this date (along with a comparison at the last formal valuation at 31 March 2016).

Valuation Date	31 March 2016 (£m)	31 March 2019 (£m)
Past Service Liabilities	2,388	2,679
Market Value of Assets	1,871	2,502
Surplus/(Deficit)	(517)	(176)
Funding Level	78%	93%

The improvement in funding position between 2016 and 2019 is mainly due to strong investment performance over the inter-valuation period, coupled with the positive impact on the liabilities of actual pay and benefit growth being lower than expect.

Contribution Rates

The table below summarizes the whole fund Primary and Secondary Contribution rates at this triennial valuation. The Primary rate is the payroll weighted average of the underlying individual employer primary rates and the Secondary rate is the total of the underlying individual employer secondary rates (before any pre-payment or capitalization of future contributions), calculated in accordance with the Regulations and CIPFA guidance.

The Primary rate also includes an allowance of 0.8% of pensionable pay for the Fund's expenses. The average employee contribution rate is 6.3% of pensionable pay.

The minimum contributions to be paid by each employer from 1 April 2020 to 31 March 2023 are shown in the Rates and Adjustment Certificate.

Primary Rate (% of pay)	Secondary Rate (£)		
1 April 20 – 31 March 23	2020-21	2021-22	2022-23
19%	£20,339,000	£20,463,000	£20,696,000

Robert McInroy FFA

Douglas Green FFA

31 March 2020

For and on behalf of Hymans Robertson LLP