

Cronfa Bensiynau Clwyd
Clwyd Pension Fund



FLINTSHIRE COUNTY COUNCIL

**Administering Authority for
Clwyd Pension Fund**

BUSINESS PLAN 2016/17 TO 2018/19

March 2016

Introduction

This is the business plan for the Clwyd Pension Fund, which is managed and administered by Flintshire County Council. The business plan details our priorities and areas of key focus in relation to the Clwyd Pension Fund for 2016/17, 2017/18 and 2018/19. This business plan was approved at the Clwyd Pension Fund Committee meeting on 22nd March 2016. The business plan is formally reviewed and agreed every year. However, throughout the year it is monitored and the Pension Fund Committee may be asked to agree to changes to it.

The purpose of the business plan is to:

- explain the background and objectives of Flintshire County Council for the management of the Clwyd Pension Fund
- document the priorities and improvements to be implemented by the pension service during the next three years to help achieve those objectives
- enable progress and performance to be monitored in relation to those priorities
- provide staff, partners and customers with a clear vision for the next three years.

In addition, this business plan includes a budget for expected payments to and from the Clwyd Pension Fund during 2016/17 including the resources required to manage the Fund.

Further Information

If you require further information about anything in or related to this business plan, please contact:

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Background to the Clwyd Pension Fund

The Clwyd Pension Fund ("CPF") is a £1.4bn¹ Local Government Pension Fund which provides death and retirement benefits for local government employees (other than teachers, police and firefighters) in North East Wales and employees of other qualifying bodies which provide similar services.

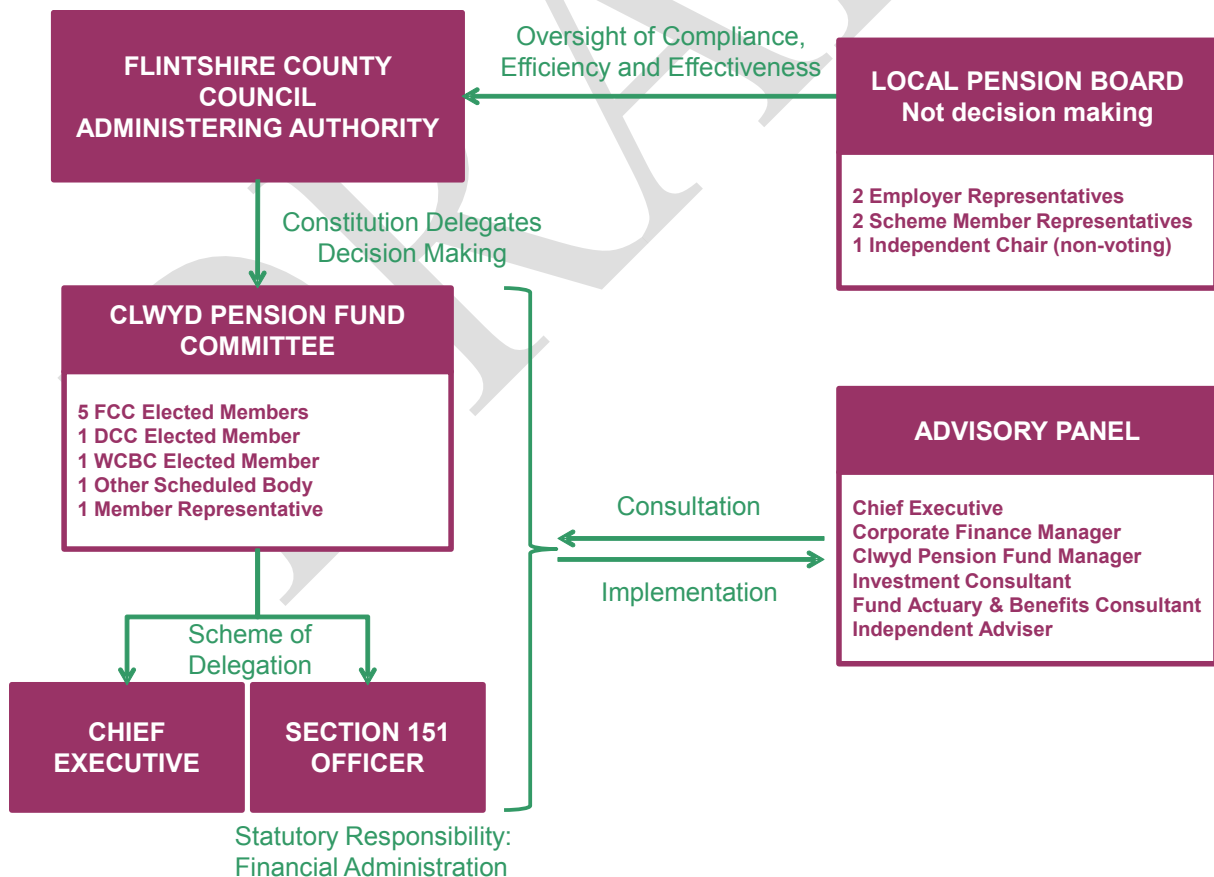
Total Fund membership is about 41,000 with about 16,000 active contributors from 29 contributing employers and about 26,000 retired members, widows and deferred members.

Governance and Management of the Fund

The key decision making and management of the Fund has been delegated by Flintshire County Council ("the Council") to a formal Pension Fund Committee ("PFC"), supported by a Pensions Advisory Panel ("AP"). Gary Ferguson, the Corporate Finance Manager is the Section 151 Officer and therefore has a statutory responsibility for the proper financial affairs of the Council including Fund matters. In addition, the Council has delegated specific responsibilities to the Chief Executive, Colin Everett. The Local Pension Board is in place to assist in:

- securing compliance of Fund matters and
- ensuring the efficient and effective governance and administration of the Fund.

This structure is illustrated below.



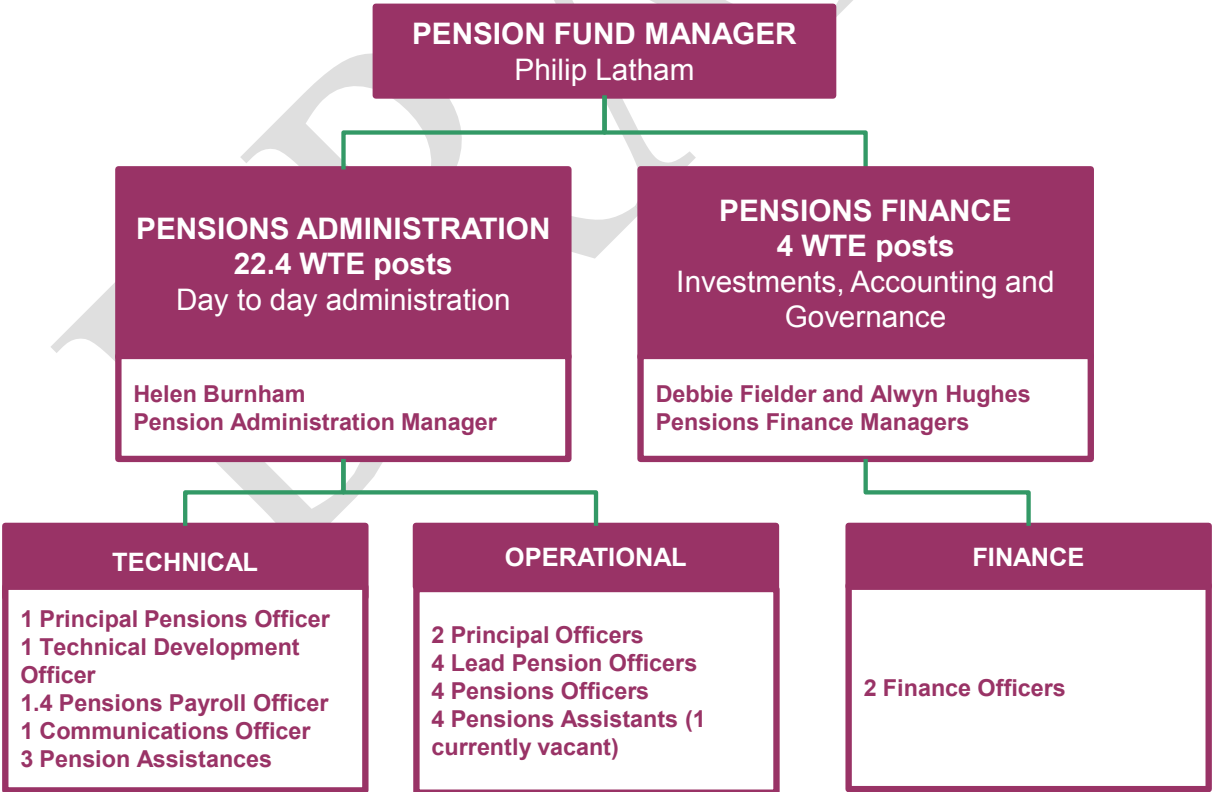
¹ Information correct as at February 2016.

The Pension Fund Management Team

The day to day operations of the Fund are managed by Philip Latham, the Pension Fund Manager. He is supported by two teams:

- The Pension Administration Section which is responsible for the day to day administration of pension benefits and is headed by Helen Burnham. The section is split between an Operational Team and a Technical Team. The Operational Team delivers a pensions service for approximately 41,000 scheme members and 29 employing bodies. This includes the calculation of various benefits, transfers in and out, refunds and maintenance of individual records. The Technical Team implements and maintains the pension software systems, reconciles employer records, provides a communication service for members and employers and a pensioner payroll service for 12,700 pensioners and dependents.
- The Pensions Finance Section which is responsible for accounting, investment and governance matters, headed by Debbie Fielder and Alwyn Hughes. The section is responsible for the day to day accounting and closure of the accounts. Additionally, the section is responsible for the monitoring of 8 core external fund managers as well as 42 non-core external fund managers responsible for around 100 separate funds². The Pension Finance Managers are involved with the appointment of new fund managers and are also responsible for sourcing and recommending new in-house investments.

The full structure as at March 2016 is illustrated below.



The pension fund management team and Pension Fund Committee are assisted by a range of specialist consultants, suppliers and fund managers.

² Information correct as at February 2016

Aims and Objectives for the Management of the Fund

Our Mission Statement is:

- to be known as forward thinking, responsive, proactive and professional, providing excellent customer focused, reputable and credible service to all customers.
- to have instilled a corporate culture of risk awareness, financial governance, and to provide the highest quality distinctive services within the resource budget.
- to work effectively with partners, being solution focused with a 'can do' approach.

Our key strategies and policies which guide the management of the Fund are listed below and can be found on our website at www.clwydpensionfund.org.uk.

- Governance Policy and Compliance Statement
- Training Policy, Conflicts of Interest Policy, Risk Management Policy and Reporting and Recording Breaches of the Law Procedure
- Statement of Investment Principles and Compliance Statement
- Funding Strategy Statement
- Administration Strategy
- Communications Strategy
- Employer Service Level Agreements

The key actions and areas of focus in our business plan (as shown in the appendix) are grouped into the five areas of governance, investments, funding, communications and administration, to align with the key aims and objectives of these strategies and policies. These aims and objectives are summarised below.

Governance

- Act in the best interests of the Fund's members and employers
- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- Understand and monitor risk
- Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- Clearly articulate our objectives and how we intend to achieve those objectives through business planning, and continually measure and monitor our success
- Ensure that the Fund is appropriately managed and that its services are delivered by people who have the requisite knowledge and expertise and that this knowledge and expertise is maintained within the continually changing Local Government Pension Scheme ("LGPS") and wider pensions landscape
- Ensure that those persons responsible for governing the Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, that their decisions are robust and well based, and that they appropriately manage any potential conflicts of interest.

Funding and Investments

- Achieve and maintain assets equal to 100% of liabilities within the 18 year average timeframe, whilst remaining within reasonable risk parameters
- Determine employer contribution requirements, whilst recognising the constraints on affordability and strength of employer covenant, with the aim being to maintain as predictable an employer contribution requirement as possible
- Recognising the constraints on affordability for employers, aim for sufficient excess investment returns relative to the growth of liabilities
- Strike the appropriate balance between long-term consistent investment performance and the funding objectives
- Manage employers' liabilities effectively through the adoption of employer specific funding objectives
- Ensure net cash outgoings can be met as/when required
- Minimise unrecoverable debt on employer termination.

Administration

- Provide a high quality, professional, proactive, timely and customer focussed administration service to the Fund's stakeholders
- Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund
- Ensure the correct benefits are paid to and the correct income collected from, the correct people, at the correct time
- Maintain accurate records and ensure data is protected and has authorised use only.

Communications

- Promote the Scheme as a valuable benefit and provide sufficient information to allow members to make informed decisions about their benefits
- Communicate in a clear and concise manner
- Ensure we use the most appropriate means of communication, taking into account the different needs of different stakeholders
- Look for efficiencies in delivering communications including through greater use of technology and partnership working
- Regularly evaluate the effectiveness of communications and shape future communications appropriately.

Business as usual

The appendix to this business plan highlights what our key priorities are for the next three years. This focusses on areas of change and project like tasks which are in addition to our day to day “business as usual” duties. On a day to day basis our focus is on the following key elements of Fund management:

- Paying pension benefits to all our beneficiaries, as prescribed by the LGPS regulations
- Communicating with our scheme members about their membership of the Fund
- Ensuring we receive all the pension contributions paid by active members of the Fund, again as prescribed by the LGPS regulations
- Ensuring all the employers in the Fund pay their pension contributions
- Safeguarding the money in the Fund (the Fund’s assets)
- Investing any Fund assets that are not currently needed to pay benefits
- Working with the actuary so, every three years, he determines how much employers need to pay into the Fund to ensure we have enough money to pay pension benefits in the future.

Managing this on a day to day basis involves a wide range of processes and procedures, some of which are outlined below and all of which have been designed around achieving our Fund’s objectives as outlined in our strategies and policies. The pension fund is large, complex and highly regulated. As such, these processes and procedures require expert knowledge and experience from both officers and external advisors in several diverse areas as illustrated below.

Governance

- Setting the agenda, reporting and presenting to the Pension Fund Committee, Local Pension Board and Advisory Panel
- Implementing and monitoring the achievement of other governance areas such as training policy, conflict of interest policy, risk management policy, breaches of law procedure and The Pension Regulator’s Code of Practice
- Ensuring we adhere to Council and legal requirements for procurement, health & safety and data protection
- Procurement of and payment for, advisers and other services
- Assisting internal audit in their role
- Replying to Freedom of Information requests.

Accountancy

- Preparing and publishing the Fund’s Annual Report
- Completing the Annual Accounts and assisting with external auditors
- Preparing and quarterly monitoring of the Annual Budget
- Preparation of statutory and non-statutory returns as required
- Monthly bank reconciliations
- Monthly cash flow and treasury management
- Monthly monitoring of income and expenditure including employer and scheme member contributions
- Monthly invoicing of employers for pensions strain and added years.

Funding

- Agreeing the funding strategy with the actuary every three years, consulting with employers and monitoring continued appropriateness annually
- Assisting the actuary with the triennial Actuarial Valuation by providing membership data and presenting results and explanations to employers of future employer contributions and deficit payments.
- Arranging through the Actuary data required by the Government Actuary Department (“GAD”)
- Monitoring the employer’s ability to pay contributions and managing any employers who wish to join or leave the Fund.

Investments

- Carrying out a fundamental review of the investment strategy every three years
- Appointing, monitoring and dismissing of fund managers
- Monthly monitoring and reporting on investment performance
- Monthly monitoring and reporting on the Fund’s funding position and implementation of our funding risk management strategy (‘Flight-path’) with annual ‘health checks’
- Monthly monitoring and implementation of the tactical asset allocation decisions.
- Procurement and monitoring of over 100 investments in private equity, property, infrastructure, agriculture and timber funds
- Working with other LGPS funds in Wales and nationally to pool investments.

Administration

- Providing ongoing information to scheme members and their beneficiaries as they join, leave or change their status in the Fund
- Calculating and notifying entitlement to pension and death benefits
- Providing quotations of retirement benefits including any additional costs to employers
- Providing information on how scheme members can increase their pension benefits
- Maintaining scheme member records
- Providing a scheme members’ help line for ad-hoc enquiries
- Administering the Fund’s Internal Dispute Resolution Procedure.

Payroll

- Calculating and paying monthly pensions to all pensioners and beneficiaries
- Issuing payslips (where net pay has changed)
- Issuing P60’s
- Investigating returned payments and dealing with any under or overpayment of pensions
- Updating and maintaining accuracy of pensioner member details.

Communication

- Providing Annual Benefit Statements to all active and deferred scheme members
- Providing information to members via one to ones, workshops and newsletters
- Maintaining the Fund's website
- Provide new employers with information about their Fund responsibilities
- Providing ongoing training and technical updates to employers
- Running an Annual Meeting for Employers and members reps.

Technical

- Maintaining and updating the pensions software system
- Providing guidance on changes in processes following legislation updates
- Developing reporting to provide information on progress against key performance indicators and daily work management
- Providing reports and extracts for the Fund Actuary and GAD
- Reporting and making payments to HMRC
- Processing bulk updates to data such as annual pensions increases and year end employer returns.

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The plan for the next three years

Key Challenges and Influences

This decade has seen and continues to see an unprecedented amount of external factors that impact or could impact the management of the Fund on top of major changes that have been implemented to the Fund in recent years, such as:

- Implementation of a new governance structure, including creation of a Pension Fund Committee, Advisory Panel and Local Pension Board
- A fundamental review of the investment strategy, to ensure a closer relationship with the funding strategy through implementation of a flight-path risk management plan
- The implementation of the new Local Government Pension Scheme from April 2014 and introducing innovative ways of working within the Administration Section.

This puts us in a strong position to meet the challenges ahead. The following are just some of the areas which will need to be managed or responded to, some of which may even necessitate a review of the aims, objectives and governance of the Fund:

- responding to and implementing the Government's review on the pooling of pension fund assets with other LGPS pension funds
- reviewing the Funding Strategy and managing the results of the 2016 triennial actuarial valuation of the Fund's liabilities, which might:
 - result in an increased deficit which could impact ongoing employer contribution costs
 - impact ongoing scheme member costs and/or benefits through the national cost management mechanism
 - result in a need to change our investment strategy
- achieving the objectives of the Fund's aspirational administration and communications strategy including how we work with employers
- completing a major data cleanse exercise to prepare for the cessation of contracting out status
- responding to any potential Welsh local government reorganisation.

These and other priorities for the next three years are articulated in more detail in the appendix to this business plan, split into three sections; governance, funding and investments, and administration and communications.

Budget

All the costs associated with the management of the Fund are a charge to the Fund and not to the Council. The following shows the expected income and expenditure to the Fund (cashflows) as well as the expected operating costs.

Cashflows projections for 2016/17

	Actual 2014/15 £000s	Budget 2015/16 £000s	Revised 2015/16 £000s	2016/17 £000s
Opening Cash	(30,520)	(43,735)	(43,735)	(10,053)
Payments				
Pensions	50,415	53,600	53,600	57,300
Lump Sums & Death Grants	17,317	18,000	17,000	20,000
Transfers Out	2,036	2,800	1,700	2,800
Expenses (including In House)	2,691	3,450	4,450	4,500
Support Services	219	250	167	250
Total Payments	72,678	78,100	76,917	84,850
Income				
Employer Contributions	(29,608)	(31,765)	(31,765)	(33,250)
Employee Contributions	(14,532)	(15,200)	(15,200)	(15,200)
Employer Deficit Payments	(28,079)	(27,320)	(27,560)	(28,500)
Transfers In	(2,347)	(4,000)	(2,000)	(4,000)
Pension Strain	(3,030)	(2,350)	(2,500)	(1,200)
Investment Income	(3,070)	(3,000)	(2,610)	(3,170)
Total Income	(80,666)	(83,635)	(81,635)	(85,320)
In House Investments				
Draw downs	40,212	44,376	34,000	40,955
Distributions	(59,824)	(61,606)	(60,000)	(71,043)
Net Expenditure /(Income)	(19,612)	(17,230)	(26,000)	(30,088)
Net Purchases/(Sales)	(615)	(600)	(300)	
Rebalancing Portfolio	15,000	40,000	64,700	30,000
Total Net Cash Flow	(13,215)	16,635	33,682	(558)
Closing Cash	(43,735)	(27,100)	(10,053)	(10,611)

Operating Costs Budget 2016/17

	Budget	
	2015/16 £000s	2016/17 £000s
Governance Expenses		
Employee Costs (Direct)	226	229
Support & Services Costs (Internal Recharges)	19	19
Premises	17	17
IT (Support & Services)	10	10
Other Supplies & Services)	56	56
Audit Fees	36	40
Actuarial Fees	192	304
Consultant Fees	341	389
Advisor Fees	156	188
Legal Fees	30	30
Performance Monitoring Fees	25	25
Total Governance Expenses	1,108	1,307
Investment Management Expenses		
Fund Manager Fees*	14,490	11,028
Custody Fees	34	34
Total Investment Management Expenses	14,524	11,062
Administration Expenses		
Employee Costs (Direct)	662	711
Support & Services Costs (Internal Recharges)	82	90
Outsourcing	800	1,240
Premises	75	75
IT (Support & Services)	250	250
Member Self Service	0	107
Other Supplies & Services)	70	70
Miscellaneous Income	0	0
Total Administration Expenses	1,939	2,543
Total Costs	17,571	14,912

*CIPFA have changed the elements that need to be included in Fund manager fees resulting in a reduction. Underlying fees are no longer required to be disclosed in the accounts.

Delivering the Business Plan

Monitoring and Reporting

In order to identify whether we are meeting our agreed business plan we will:

- continue to monitor progress of the key priorities and the agreed budgets on an ongoing basis within the pension fund management team and the Pension Fund Advisory Panel
- provide updates on progress against these key priorities on a quarterly basis to the Pension Fund Committee, which will be shared with the Pension Board
- as part of these quarterly updates:
 - highlight any areas where we are exceeding or failing to achieve our targets and the reasons why, and identify any changes to the planned priorities as a result of this
 - highlight any significant additional spend or underspend in relation to the agreed budget as it becomes apparent.

Key Risks

The Clwyd Pension Fund has embedded risk management into the governance of the Fund. The Committee has approved a Risk Management Policy and a detailed Risk Register is maintained. Changes to the level of risk are reported at each Committee.

The purpose of this statement is to summarise the main risks managed by the Fund and illustrate the level of risk expected, compared with the current position. Where the risk is both higher than expected, and is controllable, the Fund's Business Plan will include an action on how to mitigate that risk.

Key:

This is where there could be catastrophic consequences that are considered almost certain to happen
This is where there could be major consequences that are considered likely to happen
This is where there could be moderate consequences that are considered a possible occurrence
This is where there could be minor consequences that are considered unlikely to happen
This is where there could be insignificant consequences that are considered very unlikely to happen

Governance

▪ Main Risks

The Fund could consistently makes decisions or take actions which do not result in us achieving our aims and objectives; or are not transparent; or not legal; or do not follow best practice.

▪ What Could Increase Risk?

The risk of these outcomes would be increased by an inappropriate governance structure; poor training; poor attendance or engagement; insufficient resources; conflicts of interest; absence of governance policies; absence of performance measurement, scrutiny and challenge; absence of risk management; poor advice (all of which could be at PFC, PB or officer level) or the impact of externally led changes outside of our control.

▪ Our Target Risk

Managing governance risks are, in the main, within the control of the Fund, hence risks should be low. Albeit there will always be some external events outside the Fund's direct control.

▪ The Current Risk

An independent review of the Fund's governance showed that governance risks are being well managed and a recent review against The Pension Regulator's Code of Practice also makes positive reading. However, the governance structure is relatively new, still evolving, and further training is required. There are also some external risks from asset pooling and increasing complexity which may result in a review of governance arrangements. There are also some key risks around succession planning for officers which require consideration.

Funding & Investment

▪ Main Risks

Pension costs for employers could significantly increase and possibly become unaffordable; in the longer term there could be insufficient assets to pay for accrued pension liabilities.

▪ What Could Increase Risk?

A sustained fall in global markets; low interest rates; high inflation; inappropriate investment and funding strategy; failure of fund managers to meet investment targets; on-going austerity reducing employers budgets: employers changing their delivery models; the impact of externally led changes outside of our control.

▪ Expected Risk

There will always be economic, funding and investment risks that cannot be controlled by the Fund. However the aim is to mitigate these risks, as much as possible, through a diversified investment strategy and a prudent funding strategy.

▪ Current Risk

The current economic cycle has resulted in austerity, lower interest rates and the prospect of lower growth in the near term and hence investment returns going forward.

The Fund is in deficit with a probability that this will continue to be the case for a minimum of 10 years. However, through the Fund's diversified investment strategy and prudent funding strategy, including the risk management of interest rate and inflation risks (funding flight-path), it is hoped that the impact on employer contribution rates will be minimized. The impact of asset pooling, BREXIT and the US elections may also increase the investment risk.

Administration & Communication

- **Main Risks**

The service delivery might not meet legal requirements; or agreed local performance standards; or is seen by stakeholders as not being cost effective.

- **What Could Increase Risk?**

A lack of a trained workforce; an inappropriate organizational size, structure and culture; poor IT systems and reporting; poor communications; inefficient or inadequate procedures; poor engagement with employers or employers with insufficient resources to carry out their responsibilities; unexpected changes in scheme membership or numbers of employers; increasingly complex pension and taxation laws and regulations.

- **Expected Risk**

The majority of these risks can be managed locally by the Fund, hence the risks should be well managed and low. However, there will always be some external factors, such as the complexity and number of regulatory changes, which are less controllable.

- **Current Risk**

The service has had to manage through unprecedented change in recent years with new schemes in 2008 and 2014 and some impact on service delivery has been unavoidable from both a pension an employer point of view. Currently each Budget also sees some changes that impact on pension or taxation regulations. Much time has recently been invested in improving the organization structure, training and improving procedures. An aspirational Administration and Communication Strategy will commence from 1st April 2016 which, if successfully implemented, will significantly reduce risks over the next two years. A key part of this, however, depends on appropriate engagement from employers implementing system improvements

Appendix - BUSINESS PLAN 2016/17-2018/9 – Key Tasks

Governance

Ref	Key Action -Task	2016/7 Period				Later Years	
		Q1	Q2	Q3	Q4	2017/18	2018/19
G1	Review CPF Adviser Procurement Framework		x	x	x		
G2	Review constitution and delegations in relation to asset pooling		x	x	x		
G3	Review/Tender Investment Consultancy and Independent Adviser Contracts		x	x	x		
G4	Consider Key Person Risk			x	x		
G5	Induction Training for PC					x	
G6	Review/Tender Actuarial Contract					x	
G7	Review administration system contract					x	x
G8	Review of governance related policies					x	x
G9	Review/Tender Custodian Contract						x
G10	Impact of local government reorganisation in Wales						x

G1 – Review CPF Adviser Procurement Framework

What is it?

Clwyd Pension Fund's adviser procurement framework agreement ceases in 2016/7 and we will need to consider whether there is a need to renew it or take part in the national procurement framework. This needs to be completed prior to G3.

Timescales and Stages

Carry out review:

2016/17 Q2

Put in place new CPF procurement framework

2016/17 Q2-4

Resource and Budget Implications

To be confirmed.

G2 - Review constitution and delegations in relation to asset pooling

What is it?

It will be necessary to review the Council's delegations (within the Council's Constitution and the PFC's Scheme of Delegation) in relation to pension matters in relation to any changes being implemented as a result of asset pooling (see Funding and Investment section). In particular, the Administering Authority will need to determine what decisions will need to be made and by whom.

Timescales and Stages

Review and recommend updates to delegations: 2016/17 Q1/2

Resource and Budget Implications

To be led by Pension Fund Manager, liaising with Monitoring Officer and taking advice from Investment Consultant and Independent Adviser. There will be external adviser costs associated with this exercise but they are not expected to be significant.

G3 – Review/Tender Investment Consultancy and Independent Adviser Contracts

What is it?

The Fund's investment consultancy and independent Adviser contracts reach their initial break point on 31 March 2017 albeit they can be extended for up to 2 years. A decision should be made as to whether these are retendered or extended. The implications of the Government changes to investment regulations, including, pooling will need to be considered.

Timescales and Stages

Carry out review/decide whether to tender or extend existing contracts 2016/17 Q2
Pension Fund Committee agree way forward (27th September 2016) 2016/17 Q2/3
Potential tender if contracts are not extended 2016/17 Q4

Resource and Budget Implications

To be led by Pension Fund Manager within existing budget.

G4 – Consider Key Person Risk

What is it?

The Council needs to review any key person risk within the Pensions Finance team; it is recognised that there is also a potential risk for the Pensions Administration team. This is a particular concern for the Pensions Finance team due to its small size and age group concentration.

Timescales and Stages

Review risk and staffing levels: 2016/17 Q3/4

Resource and Budget Implications

To be led by Pension Fund Manager. All internal costs are being met from the existing budget albeit any necessary changes to staffing levels or numbers may impact on the budget.

G5 – Induction Training for PC

What is it?

The Fund's Training Policy details how the Fund will ensure that training is delivered, and how the required training is identified for each member of both the Clwyd Pension Committee and the Pension Board. Ongoing training to meet the requirements of this policy will take place. Although there is expected change at a minimal level with the PFC, Pension Board and officers, the Council elections in May 2017 could result in significant changes to membership, in which case intensive induction training will be required.

Timescales and Stages

Source and ensure delivery of induction training: 2017/18 Q1/2

Resource and Budget Implications

Training requirements to be determined by Pension Fund Manager with assistance from the Independent Adviser. Other advisers and external sources may be used for delivering training. There will be external adviser costs associated with this exercise.

G6 – Review/Tender Actuarial Contract

What is it?

The Council needs to review its current actuarial contract to ensure it is getting all the services it wants at the appropriate price and at what it considers to be value for money. This review should include Funding Risk Management and Benefit Consultancy Services. Following this review, and discussions with procurement, the Council needs to put the actuarial contract out to tender. Due to the upcoming triennial actuarial valuation of the Fund during 2016/17 this has been deferred to 2017/18.

Timescales and Stages

Review current actuarial contract and identify tender process: 2017/18 Q2
Conduct tender for actuarial services: 2017/18 Q3/4

Resource and Budget Implications

To be led by Pension Fund Manager. All internal costs are being met from the existing budget.

G7 - Review administration system contract

What is it?

The CPF has a rolling one year contract with Heywood in relation to their Altair administration system. It has not been subject to a full review through tender for a number of years and it would be good practice to carry this out in the near future. However, due to significant projects involving the administration system (e.g. 2016 actuarial valuation, implementing I-Connect and scheme/GMP reconciliation), it is better to defer this until 2018/9.

Timescales and Stages

Conduct tender for administration system : 2018/19

Resource and Budget Implications

To be led by Pension Administration Manager. All internal costs are being met from the existing budget.

G8 – Review of Governance Related Policies

What is it?

The CPF has a number of policies focussing on the good governance of the Fund, as follows:

- Conflicts of Interest Policy March 2015
- Procedure for Recording and Reporting Breaches of the Law – Nov 2015
- Training Policy – Nov 2015 (but original Nov 2014)
- Risk Policy – May 2015
- Governance Policy and Compliance Statement – May 2015

All of these policies are subject to a fundamental review at least every three years. Their last fundamental review was in 2015, when many of them were first developed, albeit many of them have had minor amendments since then. Given they are all closely related, it might be more efficient to carry out the review of these policies at the same time. This will be considered nearer the time.

Timescales and Stages

Fundamental review of governance related policies 2017/18 Q3/4+ 2018/19

Resource and Budget Implications

It is expected this will mainly involve the Pension Fund Manager taking advice from the Independent Adviser.

G9 – Review/Tender Custodian Contract

What is it?

The Council needs to review its current custodian contract to ensure it is getting all the services it wants at the appropriate price and at what it considers to be value for money. The introduction of asset pooling could also impact on the type and scope of service to be provided by the Fund's custodian. Following this review, and discussions with procurement, the Council needs to put the custodian contract out to tender.

Timescales and Stages

Review current custodian contract and identify tender process: 2018/19
Conduct tender for custodian services: 2018/19

Resource and Budget Implications

To be led by Pension Finance Manager(s). All internal costs are being met from the existing budget.

G10 – Impact of Local Government Reorganisation in Wales

What is it?

There is potential for the reorganisation of local authorities in Wales and this currently programmed to be implemented from 2020. This could result in changes to the local authorities who currently contribute in the Clwyd Pension Fund, and therefore, could result in transfers of assets and liabilities in or out of the Fund.

Timescales and Stages

Actual actions to be determined 2018/19

Resource and Budget Implications

Still to be determined.

Funding and Investments (including accounting and audit)

Ref	Key Action –Task	2016/17 Period				Later Years	
		Q1	Q2	Q3	Q4	2017/18	2018/19
F1a to j	Triennial Actuarial Valuation and associated tasks	x	x	x	x		
F2a to d	Asset Pooling	x	x	x	x	x	x
F3	Produce Investment Strategy Statement		x	x			
F4	Flight-path “Health check” Review			x	x	x	
F5	AVC Review			x	x	x	
F6	Review of Investment Strategy			x	x	x	x
F7	Implications of MIFID2					x	

F1a – Triennial Actuarial Valuation

What is it?

It is the formal actuarial valuation of the Fund detailing the solvency position and other financial metrics. It is a legal requirement of the LGPS Regulations. It determines the contribution rates payable by the employers to fund the cost of benefits and make good any existing shortfalls as set out in the separate Funding Strategy Statement.

Timescales and Stages

Effective date:	31 March 2016
Initial whole Fund results (expected):	Q1 2016/17
Individual Employer results (expected):	Q2&3 2016/17
Deadline for agreement of all contributions and sign-off:	31 March 2017

Resource and Budget Implications

Exercise will be performed by the Fund Actuary and it will determine contribution requirements for all participating employers from 1 April 2017. It is a major exercise for the Fund and will take a lot of input from the Administration and Investment teams. Employers will be formally consulted on the funding strategy as part of the process. The Fund Actuary's costs in relation to this exercise are included in the 2016/17 budget.

F1b – Review of Fund policy around employer risk management

What is it?

The Fund agreed a policy in 2013 relating to the admission of employers into the Fund and to how termination of participation is dealt with, the primary aim of the policy being to protect the Fund against incurring any unfunded liabilities as far as possible.

The policy has different requirements depending on the nature of the admitted employer but includes the use of pre-admission risk assessments, contingent security where deemed necessary, monitoring of the employer and termination funding. The detail and application of this policy should be regularly reviewed, especially in light of regulatory changes, to ensure it remains appropriate and is not exposing the Fund to funding risk. In addition as part of this review the Fund will look to implement a process to monitor covenant and funding risk for employers. The level of detail needed will depend on the specific employer type.

The Fund is subject to funding risks in respect of employers who cease to participate without the Fund being able to recover the full exit contributions due under the Regulations. This can be mitigated by increasing contributions and/or requesting a contingent bond or guarantee to be provided to protect against the possibility of an unrecoverable debt. A risk-monitoring framework would identify and monitor participating employers who may be more likely than average to pose such a risk. This would monitor funding positions and covenant strength on a proportionate basis to flag any potential issues at an early stage. The governance around the framework would include ensuring employers are aware they should inform the Fund of any significant changes in membership numbers or underlying demographics.

Timescales and Stages

Review existing policy: Q2 2016/17
Implement changes: Q3 2016/17

Resource and Budget Implications

Fund Actuary will liaise with the Fund to review policy and process, updating documentation appropriately as well as implementing the covenant monitoring where appropriate. The Fund Actuary's costs in relation to this exercise are included in the 2016/17 budget.

F1c – Further refine operational structure applying for admissions and terminations

What is it?

The admission and termination policies are in force but the administration team may need assistance when dealing with queries from employers or implementing the policies. In particular, a review of the admission and termination policies, any checklists and information provided to employers will be required.

Timescales and Stages

Review of Fund policies to be performed during 2016/17 alongside the drafting of the Funding Strategy Statement:
▪ Initial review Q2 2016/17

- Review commences 2016/17 Q2 and closes during Q3 2016/17
- The policies will be formally signed off Q4 2016/17

Ongoing assistance also provided as and when required.

Resource and Budget Implications

The Fund Actuary will carry out the review and will assist the administration team with any implementation requirements. The Fund Actuary's costs in relation to this exercise are included in the 2016/17 budget.

F1d – Consider funding impact of 2016 end of contracting out

What is it?

With effect from April 2016 contracting-out ceases and employers and employees will be required to pay higher National Insurance contributions (respectively by 3.4% and 1.4% of earnings between the Lower Earnings Limit and the Upper Accrual Point). Employers will be considering how to mitigate the additional employment cost. The LGA is negotiating with HMT on a national basis in terms of rebating some of the costs, given the LGPS benefit structure cannot be changed to offset the cost for employers.

In addition, consideration also needs to be given to whether the LGPS will pay Post 88 GMP pension increases for members who reach their State Pension Age after 5 April 2016. This will be considered and costed as part of the 2016 valuation process as it could have funding implications.

Timescales and Stages

Legislation effective	6 April 2016
Consider potential impacts/costs further as part of the 2016 triennial valuation as part of affordability considerations for employers	Q2 and Q3 2016/17.

Resource and Budget Implications

Budget implications for employers are potentially significant and will affect the affordability of normal pension Fund contributions. Employers are likely to also assess their own costs based on their total payroll, but may request information from the Fund. The Fund Actuary's costs in relation to this exercise are included in the 2016/17 budget.

F1e – Test data quality in advance of the valuation

What is it?

The formal actuarial valuation requires data to be of a high quality. The Fund's data will be compared against a number of checks to ensure that there are no areas of concern or areas that would significantly affect the results of the valuation. Any issues that arise will be highlighted to the Fund so that it can be rectified.

Timescales and Stages

Perform checks on Fund data (subject to software providers implementing the data extract facility).	Q4 2015/16 and Q1 2016/17
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Resource and Budget Implications

Exercise will be performed by the Fund Actuary in advance of 31 March 2016. The administration team will be required to provide the data extract and work with the Fund Actuary if there are any areas of improvement required with the data. Tests will also be performed to check that there are no problems with the data extract itself. The Fund Actuary's costs in relation to this exercise are included in the 2016/17 budget.

F1f – Consider the potential impact of Alternative Delivery Models (ADMs) on Fund profile and maturity

What is it?

As part of the 2016 valuation, the Fund will need to consider what impact ADMs (including those in the pipeline) have had i.e. on the Council that they have transferred from and on the Fund as a whole. As a result of ADMs, there will be more employers in the Fund and more resources required in the running of it.

Timescales and Stages

To be performed Q2 and Q3 2016/17
(alongside the 2016 actuarial valuation. In particular an analysis of cash flow projections will be performed in different scenarios.)

Resource and Budget Implications

Exercise will be performed by Fund officers and the Fund Actuary. The Fund Actuary's costs in relation to this exercise are included in the 2016/17 budget.

F1g – Review the Funding Strategy Statement

What is it?

The Fund is required to prepare a Funding Strategy Statement and this should be reviewed whenever there is a material change in either the policy on the matters set out in the FSS or the Statement of Investment Principles. The FSS will need to be updated to reflect any changes to policy that emerge as part of the actuarial valuation and also the updated results and assumptions.

Timescales and Stages

To be performed during 2016/17 alongside the 2016 actuarial valuation:

- The initial drafting of the strategy will take place Q2 2016/17
- The consultation will commence during Q2 and with close during Q3
- The strategy will be formally signed off by the Committee Q4 2016/17

Resource and Budget Implications

Exercise will be performed by Fund officers and the Fund Actuary. Employers will be formally consulted as part of the process. The Fund Actuary's costs in relation to this exercise are included in the 2016/17 budget.

F1h – Provide information required in relation to Section 13 of the Public Service Pensions Act 2013

What is it?

Section 13 of the Public Service Pensions Act 2013 provides for a review of the LGPS valuations and employer contribution rates to check that they are appropriate and requires remedial steps to be taken where it is considered appropriate. The Government Actuary's Department (GAD) will undertake this review based on Fund data received from each Scheme Actuary based on the results of the 2016 actuarial valuations. A report will be provided upon completion of the GAD analysis.

Timescales and Stages

The data request is expected to be received from GAD

Q4 of 2016/17

Resource and Budget Implications

Exercise will be performed by the Fund Actuary as part of the 2016 actuarial valuation. The results will be provided to the GAD. The Fund Actuary's costs in relation to this exercise are included in the 2016/17 budget.

F1i – Review the Fund's KPI's and perform updated calculations

What is it?

The LGPS Scheme Advisory Board (SAB) is undertaking a mandatory exercise to benchmark the performance of all LGPS funds in England and Wales (linked to 2016 triennial valuations). A suite of self-assessment key indicators (KPIs) have been derived. Additional calculations will be required in order for the Fund to assess itself against these KPIs.

Timescales and Stages

To be performed

Q2 and Q3 of 2016/17

Resource and Budget Implications

Exercise will be performed by Fund officers and the Fund Actuary. The Fund Actuary's costs in relation to this exercise are included in the 2016/17 budget.

F1j – Cost Control

What is it?

Under the new framework, the costs of the LGPS must be periodically assessed to ensure that the reforms are affordable and sustainable. There will be two mechanisms used to do this:

- the employer cost cap process as operated by HM Treasury, and
- the future cost cap process as operated by the LGPS Scheme Advisory Board

Both processes could lead to changes to the scheme design or to the level of members' contributions if the costs of the LGPS are shown to have moved sufficiently from the target.

Timescales and Stages

Information expected to be provided to the GAD

Q3 2016/17

Resource and Budget Implications

Exercise will be performed by the Fund Actuary and sent on directly to the Government Actuary's Department in the required format. The Fund Actuary's costs in relation to this exercise are included in the 2016/17 budget.

F2a – Asset Pooling Responses

What is it?

This comprises the completed (detailed) submission to Government regarding the CPF's plans for Asset Pooling. The initial submission will have been submitted in Q4 2015/16 as this is required by 19 February 2016.

The CPF should also review, and have the ability to comment on, the submission document from the applicable Asset Pool to Government as and when this submission is drafted.

Timescales and Stages

Develop submission documents

Q1 and Q2 2016/17

Completed submission must be issued to Government by

15 July 2016

Resource and Budget Implications

These documents will be produced from a range of the current Fund advisers: JLT as Investment Adviser and Mercer as De-Risking Adviser. Advisor's estimated costs in relation to this exercise are included in the 2016/17 budget.

F2b - Decision regarding assets to be moved to All Wales Passive Collaboration and eventual transition

What is it?

The agreement to run an All Wales Passive search has been taken and Aon Hewitt has been appointed to run this project. Upon completion there will be a decision as to how much of the CPF asset portfolio will be moved into the equity and bond asset allocation positions established as a result of the exercise.

Timescales and Stages

Aon Hewitt exercise is to be undertaken

Q4 2015/16

Anticipated completion

Q1 2016/17

Transition of applicable CPF assets anticipated

Q2/Q3 2016/17

Resource and Budget Implications

This exercise will be conducted by Aon Hewitt and JLT as Investment Adviser as well as the Pension Fund Manager and Finance Manager(s). Advisor's estimated costs in relation to this exercise are included in the 2016/17 budget

F2c - Preliminary plans for implementation of transition of applicable assets to Pooling vehicle

What is it?

This relates to Asset Pooling and will be dependent on two key points:

- i) The response by Government to the CPF Asset Pooling submission (and how much of the CPF asset portfolio can remain to be managed as is)
- ii) The final decision in respect of the Asset Pooling vehicle and how quickly this is established

Timescales and Stages

This is expected to impact both on 2016/17 (Q4) and beyond (2017/18 and thereafter).

Resource and Budget Implications

This review will be jointly carried out by JLT as Investment Adviser, the Pension Fund Manager and Finance Manager(s). Advisor's estimated costs in relation to this exercise are included in the 2016/17 budget. There might be additional advisor costs depending on the final pooling arrangements.

F2d - Changes in procedures to accounting for assets included in Pool

What is it?

This relates to Asset Pooling and how the accounting policies/reporting for the CPF's assets that are held in the Pool will be outside of the current (Officer led) arrangements. There will be a requirement to discuss the treatment of accounting reporting/responsibilities with the Asset Pool, post establishment.

Timescales and Stages

This is expected to impact both on 2016/17 (Q4) and beyond (2017/18 and thereafter).

Resource and Budget Implications

Communication/discussions with the Asset Pool will be jointly carried out by the Pension Finance Managers.

F3 – Produce Investment Strategy Statement

What is it?

As part of the planned changes to the existing Investment Regulations, each LGPS Fund will be required, having taken proper advice, to produce an Investment Strategy Statement which covers a range of specified areas.

Timescales and Stages

ISS must be produced no later than six months after new regulations come into force (currently drafted as 1 October 2016).

Resource and Budget Implications

This document will be produced by JLT as Investment Adviser with the finalised content agreed with the Pension Fund Manager and Finance Manager(s). The Investment Adviser's estimated costs in relation to this exercise are included in the 2016/17 budget.

F4 – Flight-path Health-check Review

What is it?

The Administering Authority implemented a “Flightpath” risk management investment strategy with effect from 1 April 2014, with the aim of more effectively controlling and limiting interest and inflation risks (as these factors can lead to significant changes to liability values and therefore the deficit). The overall funding Flightpath strategy is to consider and structure the investment strategy to determine a balance between return-seeking and risk-hedging assets. Further details are in the Fund’s Statement of Investment Principles (SIP) and Funding Strategy Statement (FSS).

Ongoing monitoring includes a “traffic light” analysis of whether the Flightpath and hedging mandate are operating in line with expectations or if any actions are required. However annually the strategy will require a “health-check” to ensure its aims remain appropriate and it is still fit for purpose.

Timescales and Stages

A “Health check” will be carried out alongside the 2016 actuarial valuation which will consider any changes needed in the derivation of the overall discount rate. This will include consideration of the yield and funding triggers. The health-check is expected to be done at least annually thereafter.

Key stages include:

- Initial consideration of LDI portfolio in light of proposed 2016 valuation approach – Q1 2016/17
- Refresh hedging strategy using updated benefit cashflow projections from the valuation – Q3 2016/17
- Detailed consideration of trigger strategy in light of updated information – Q3 and Q4 2016/17
- Implement any necessary changes to align funding, investment and risk management strategies – Q4 2016/17

Resource and Budget Implications

To be led by the officers, Fund Actuary and investment advisors, with the findings being implemented by the Advisory Panel under the delegations. The Advisors' estimated costs in relation to this exercise are included in the 2016/17 budget.

F5 – AVC Review

What is it?

This is to review the offering to members for the investment of Additional Voluntary Contributions (AVCs) and their suitability. This should normally be carried out every three to five years. The review of Prudential will include analysis of:

- The range of investment funds and recommendations for change if required
- The performance of the investment funds
- The administration of and communications from the providers
- The competitiveness of the charges/services

Provision of an update to members with holdings with Equitable Life will also be completed given the recent changes proposed.

Timescales and Stages

Carry out review

2016/7 Q3/4

Consider impact of results of the review

2017/8

Resource and Budget Implications

This review will be carried out by Mercer and then considered by the Advisory Panel and reported to PFC. The Adviser's estimated costs in relation to this exercise are included in the 2016/17 budget.

F6 – Review of Investment Strategy

What is it?

This relates to the triennial review of the Investment Strategy once the Actuarial Valuation has been finalised and the Funding Strategy agreed. If required, there may be a need to undertake a light touch review (asset modelling scenarios) of the Fund's strategy and asset allocation position to feed into the actuarial valuation process.

Timescales and Stages

This is expected to take place early in 2017/18 following completion of the 31 March 2016 AVR.

Should there be a requirement for an initial light touch review during the actuarial valuation process this will take place as and when the preliminary actuarial valuation data is available (anticipated to be Q3 2016/17).

Resource and Budget Implications

The majority of work will be carried out by JLT as Investment Adviser together with the CPF Manager and Finance Manager(s) prior to final submission of proposals to Advisory Panel and Pension Fund Committee. The Investment Adviser's estimated costs in relation to this exercise are included in the 2016/17 budget.

F7 – MiFID II

What is it?

MiFID II is a proposal by the European Commission to amend and expand on the original MiFID directive which came into force on 1st November 2007. The directive has two core aims; to improve transparency in financial markets, and to further strengthen investor protection.

The most significant impact for LGPS Funds will be that they are classified by default as “retail clients”, which has potential implications for ongoing dealings in matters of institutional investment, though there will be an option to “opt up” from retail status and retain existing professional classification.

Timescales and Stages

From an initial deadline of January 2017, the European Commission has extended the deadline for the new rules to come into force until 3 January 2018.

Resource and Budget Implications

The majority of work will be carried out by the Pension Fund Manager and Finance Manager(s) (working in response to what is likely to be national LGPS policy direction guidance) and JLT as Investment Adviser. The Investment Adviser's estimated costs in relation to this exercise are included in the 2016/17 budget.

DRAFT

Administration (including Communications)

Ref	Key Action -Task	2016/7 Period				Later Years	
		Q1	Q2	Q3	Q4	2017/18	2018/19
A1	Pension Administration and Communication Strategies - final implementation including the set-up of performance monitoring	x					
A2	Tax Changes (Potentially from Spring Budget)	x					
A3	3rd Party Administrators Framework	x	x				
A4	Backlog to 31 March 2013 (Mercers)	x	x				
A5	Backlog from 1 April 2014 (Internal)	x	x	x	x		
A6	Preparation of Member Data for Valuation	x	x	x			
A7	Document production and word integration	x	x	x	x		
A8	Electronic and Centralised internal procedures	x	x	x	x		
A9	Website Update	x	x	x	x	x	
A10	GMP Reconciliation	x	x	x	x	x	x
A11	Trivial Commutation		x	x	x		
A12	i-Connect		x	x	x	x	x
A13	Member Self Service			x	x	x	
A14	Review Administration & Communications Strategy Statements						x

A1 – Pension Administration and Communication Strategies - final implementation including the set-up of performance monitoring

What is it?

These strategies, outlining how we deliver our administration and communication services, are expected to be effective from 1 April 2016. They include the high level service standards we will provide, the standards we expect from employers and how we engage and communicate with our stakeholders. There will be some final work implementing the strategies and the associated performance monitoring.

Timescales and Stages

Implementation and Commencement of Strategies

2016/17 Q1

Resource and Budget Implications

All internal costs are being met from the existing budget

A2 – Tax Changes (potentially from the Spring Budget)

What is it?

HM Treasury has already legislated for several changes to how pensions are taxed, while others may be announced at the next Budget on 16 March. Already coming in the 2016/17 tax year is a reduction in the Lifetime Allowance from £1.25 million to £1 million, which will hit high earners and long-serving scheme members. Also, the Annual Allowance taper for higher earners will potentially reduce maximum contributions eligible for tax relief to £10,000. However, this restriction will only hit those earning six-figure salaries and above. Further changes may include another review of pension taxation (expected in the Budget speech), the long-mooted abolition or reform of pension tax relief and measures to help investors facing pension exit penalties to access the pensions freedoms granted in April 2015.

Timescales and Stages

Communicate as necessary

2016/17 Q1

Resource and Budget Implications

All internal costs are being met from the existing budget.

A3 - 3rd Party Administrators Framework

What is it?

To work with other LGPS administering authorities in establishing a national Framework to enable the procurement of 3rd Party Administrators. Part of this will include the provision to procure assistance with project work, where internal resources are not sufficient to cope, or where they do not have the required knowledge and experience to undertake such work whilst continuing to do "business as usual"

Timescales and Stages

Appointment to Framework

2016/17 Q1/2

Resource and Budget Implications

To be led by the Pension Administration Manager. All internal costs will be met by the existing budget. There will be some initial set-up costs involved in this process, to be determined.

A4– Backlog to 31 March 2013 (Mercers)

What is it?

A backlog of tasks prior to 31 March 2013 amounting to 3,000 member cases was initially identified and was reduced by the pensions administration team to approximately 1,700. Plans were put in place to eliminate this accumulated backlog and the Fund's actuary was appointed to complete this project.

Timescales and Stages

Clear cases externally, eliminating backlog.

2016/17 Q1/2

Resource and Budget Implications

Mainly outsourced to the Fund's Actuary and managed internally by the Pensions Administration Manager. It does require some assistance from the operation team. Employers have also needed to dedicate appropriate time in providing information. There are significant external costs associated with this exercise but all alternative options have been considered.

A5 – Backlog from 1 April 2014 to 31 March 2015 (Internal)

What is it?

Following the introduction of the new scheme from 1 April 2014 and late receipt of regulations concerning how members' benefits would be aggregated, a backlog of cases built up, and is in the process of being worked on at the same time as doing the day to day administration.

Timescales and Stages

Clear cases internally for period to 31 March 2015

2016/17 Q1/2

Clear any further backlogs that have accumulated since

2016/17 Q3/4

Resource and Budget Implications

To be completed by the Operations Team. Internal costs are being met from the existing budget albeit this may utilise some of the overtime budget.

A6 – Preparation of Member Data for Valuation

What is it?

The triennial actuarial valuation as at 31 March 2016 requires the pensions administration team to provide data to the actuary. This generally involves additional year end cleansing and is particularly detailed for the 2016 actuarial valuation.

Timescales and Stages

Data for 31 March 2016 valuation:

2016/17 Q1/2

Potential final clarification on data

2016/17 Q3

Resource and Budget Implications

Carried out by the Technical Team in the main with assistance from the Communications Officer when communicating the valuation results. All internal costs are being met from the existing budget.

A7 Document Production and Word Integration

What is it?

There is a facility whereby we can utilise the pensions software (Altair) to create and maintain the standard layout of letters, summaries and other documents. This includes the ability to populate variable data from that held within the system. After the completion of a benefit calculation or a bulk calculation, or following a selection of members, the variable data is merged with the document text to produce the required generated documents for each member. Documents are listed in the document history and they can be printed immediately or at a later date. Setting up this facility is time consuming in the short term but produces ongoing efficiencies as well as reducing the risk of manual error.

Timescales and Stages

Obtain all current letters in use:	2016/17 Q1
Update system with all letters including testing	2016/17 Q2/3/4

Resource and Budget Implications

To be led by the Technical Team with assistance from the Operational Team. All internal costs are being met from the existing budget.

A8 – Electronic and Centralised internal procedures

What is it?

Developing an on-line procedures manual for use by the pensions administration staff. This will amalgamate, expand and update current procedure documents ensure consistency, easy access and efficient working as well as providing a useful training tool.

Timescales and Stages

Develop and collate	2016/17 Q1/2
Upload and maintain	2016/17 Q3/4

Resource and Budget Implications

To be carried out by the full pensions administration team. All internal costs to be met from the existing budget

A9 – Website Update

What is it?

An overhaul of the Pension Fund's website, considering the ease of navigation, the look and feel whilst ensuring that the relevant content is included and is correct. As part of this review, the Communications Officer will consider options in relation to how the existing website can be updated including utilising wording prepared at a national level. Although this is separate to the member self-service facility, there will be some overlap due to access being via the website.

Timescales and Stages

Update and revamp
Link with member self-service (if appropriate)

2016/17 Q1/2/3/4
2017/18

Resource and Budget Implications

This will be a significant amount of work to be undertaken in the main by the Communications Officer with some assistance from the Technical Team. All internal costs to be met from the existing budget.

A10 – Scheme/GMP Reconciliation

What is it?

The government's announcement that contracting out will cease and that HMRC will no longer be responsible for maintaining GMP and other contracting out member records. This means that the onus will be on individual funds to ensure that the contracting out and GMP data they hold on their systems matches up to the data held by HMRC before they cease holding these records. Unfortunately this has shown significant discrepancies between the two sets of data. As a result a significant amount of work will be required to determine the correct benefits, ensure all systems are updated and to process a significant number of over/underpayment calculations. After the records are reconciled for former pensionable employees, the Fund will also verify national insurance information held for active members. All GMP's and national insurance information must be reconciled by December 2018, the date the HMRC will cease to provide their services. The timescales below are subject to change depending on the magnitude of the work.

Timescales and Stages

GMP data reconciliation and investigation
Benefit correction and system updates:
Reconciliation of national insurance information

2016/17 to 2017/18
2016/17 to 2017/18
2017/18

Resource and Budget Implications

This project is currently being led by the Technical Team with some assistance from the Operational Team. Some external assistance from Heywoods (our software provider) has been provided, this external assistance is at a minimal cost at present. However, it is anticipated that due to the significant additional resource required to complete this project, further external resource will be sought. This has been estimated as £840,000 and is included in the budget.

A11 – Trivial Commutation

What is it?

This is where a member who is entitled to a small pension can elect to give up the entirety of that pension and instead receive their benefit as a single lump sum payment. This should reduce the administrative burden on Funds paying a large number of very small pensions over a number of years as well as providing greater clarity from a funding perspective.

The government has recently increased the allowable limit for members to trivially commute their pension in relation to their single pension (£10,000 value) and total benefits (£30,000) and this has meant that more members are now eligible to choose this. The pension administration team will need to identify all historical cases that are eligible in the two categories and communicate with them to determine whether they would like to commute their pensions for lump sums. In addition, they will need to update their processes for all future retirements.

Timescales and Stages

Identify members eligible to commute under £10,000:	2016/17 Q2/3
Communicate with eligible members and pay lump sums:	2016/17 Q2/3
Identify members eligible to commute under £30,000:	2016/17 Q3/4
Communicate with eligible members and pay lump sums:	2016/17 Q3/4

Resource and Budget Implications

Led by the Technical Team with some assistance from the Operational Team. All internal costs to be met by existing budget.

A12 – iConnect

What is it?

On-line computer module that will allow information to be submitted by employers more directly and efficiently into the pension administration system. It involves employers uploading data directly into iConnect from their payroll systems. iConnect will be available to all large employers of the Fund. The first stage will be ensuring that the correct member records are held on the administration system before entering into testing and live roll out of the system. This will be done on a phased basis by employer.

Timescales and Stages

Denbighshire CC	2016/17 Q2/3
Coleg Cambria/North Wales Fire/Glyndwr	2016/17 Q3/4
Wrexham CBC and Flintshire CC	2017/18

Resource and Budget Implications

Time and resource for Employers required. All internal costs are being met from existing budget.

A13 - Member Self Service

What is it?

Member Self-Service will provide members with an easy-to-use interface to the pensions section. This will enable them to access information, undertake data amendments, view their documents and carry out benefit projections online without taking up valuable administration staff time.

Timescales and Stages

Obtain costings and gain approval from Pension Committee
Implement System

2016/17 Q3/4
2017/18 Q1

Resource and Budget Implications

To be led by the Pensions Administration Manager and implemented by the Technical Team with assistance from the Operational Team. The indicative cost for this is £106,800.

A14 – Review Administration and Communications Strategy Statements

What is it?

The CPF Administration Strategy and Communications Strategy are expected to be approved at the March 2016 PFC. They must be reviewed at least once every three years to ensure they remain relevant and up to date.

Timescales and Stages

Review of Strategies

2018/19

Resource and Budget Implications

It is expected this will be led out by the Pensions Administration Team.