

Business Plan 2016/7 to 2018/9 – Q1 Update

Funding and Investments

Key Tasks

Key:

	Complete
	On target or ahead of schedule
	Commenced but behind schedule
	Not commenced
xN	Item added since original business plan
xM	Period moved since original business plan due to change of plan /circumstances
x	Original item where the period has been moved or task deleted since original business plan

Funding and Investments (including accounting and audit) Tasks

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

Funding and Investments (including accounting and audit) Task Descriptions

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.

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.

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