

Cronfa Bensiynau Clwyd
Clwyd Pension Fund



FLINTSHIRE COUNTY COUNCIL

**Administering Authority for
Clwyd Pension Fund**

BUSINESS PLAN 2018/19 TO 2020/21

March 2018

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 2018/19, 2019/20 and 2020/21. This business plan was approved at the Clwyd Pension Fund Committee meeting on 21st March 2018. 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 2018/19 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:

Philip Latham, Clwyd Pension Fund Manager, Flintshire County Council
E-mail - Philip.latham@flintshire.gov.uk
Telephone - 01352 702264

Background to the Clwyd Pension Fund

The Clwyd Pension Fund ("CPF") is a £1.8bn¹ 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 46,500 (45,000) with about 16,000 (16,000) active contributors from 41 (39) contributing employers and about 30,500 (29,000) retired, survivor, deferred and other members. The figures shown in brackets were as at March 2017.

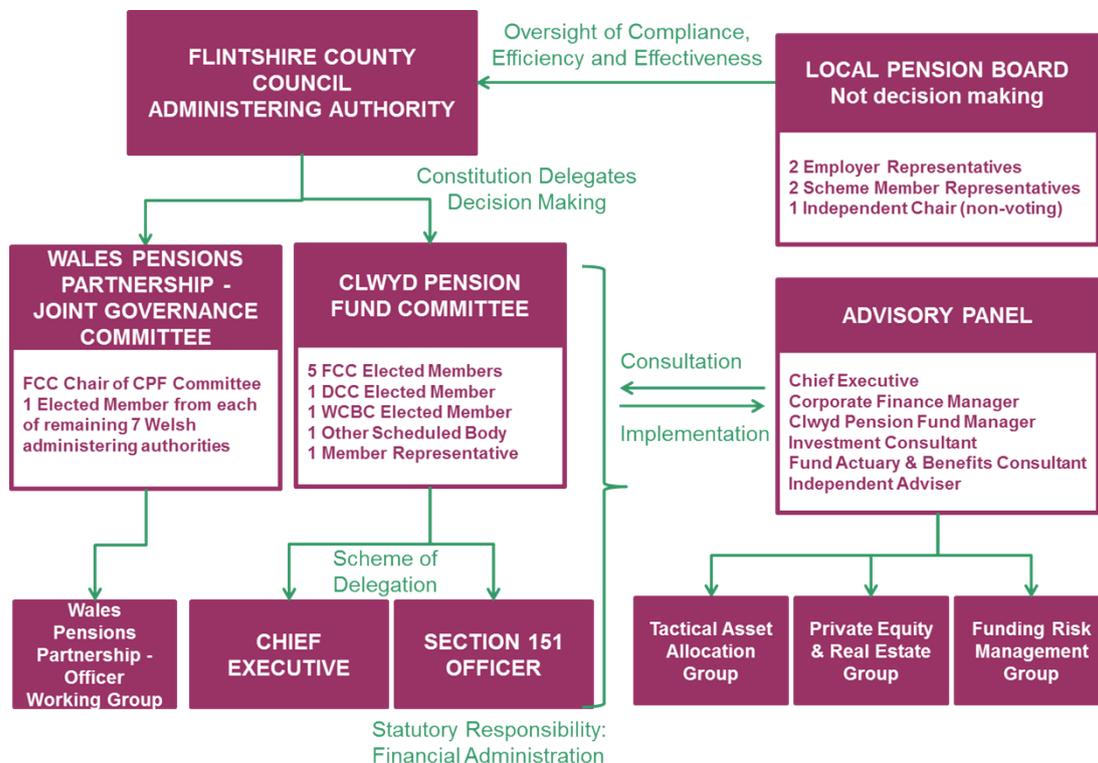
Governance and Management of the Fund

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"). 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.

A 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 2018.

The Joint Governance Committee (JGC) for the Wales Pool is a joint committee of the eight participating administering authorities. An inter-authority agreement has been agreed which delegates certain investment decisions to the JGC. The JGC will be advised by an Officer Working Group on which each of the administering authorities will be represented.

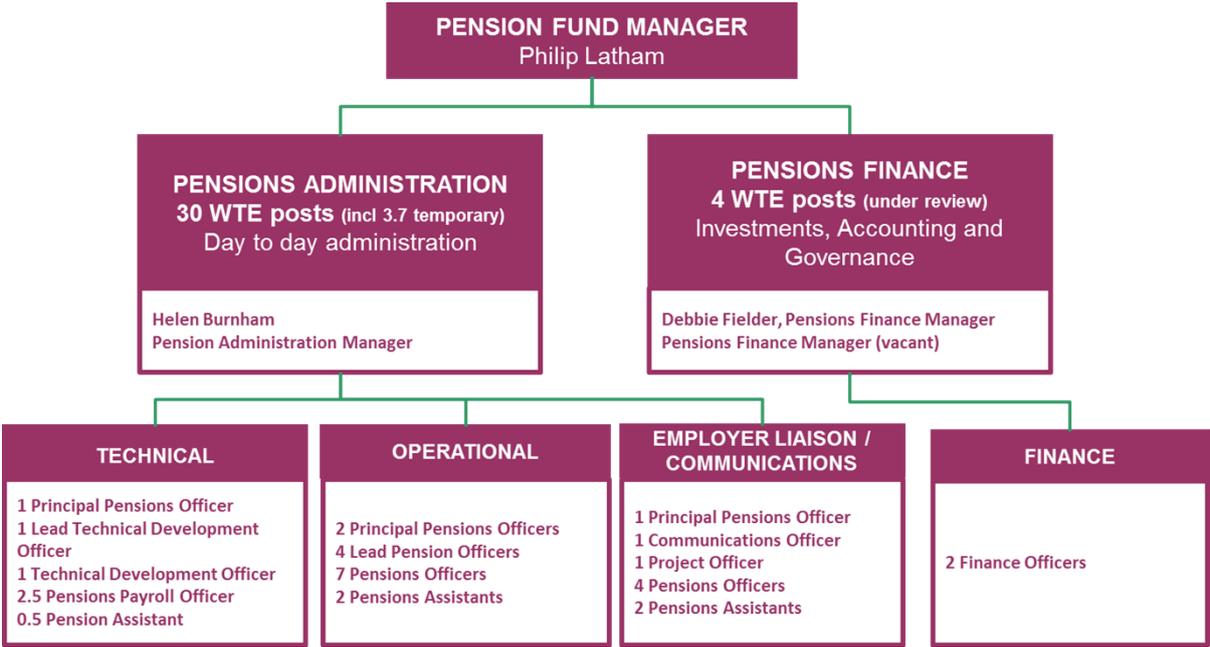
The Pension Fund Management Team

The day to day operations of the Fund are managed by the Clwyd Pension Fund Manager. He is supported by two sections:

- The Pensions Administration Section which is responsible for the day to day administration of pension benefits and is headed by Pension Administration Manager. The section is split between an Operational Team and a Technical Team. The Operational Team delivers a pensions service for approximately 46,500 scheme members and 41 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, and a pensioner payroll service for 13,600 pensioners, survivors and dependents.
- Additionally within the Pensions Administration Section there is an Employer Liaison Team that will be undertaking employer responsibilities which will be recharged to the employer through their employer contribution rate. This team was created in late 2016/17 and will continue to be developed depending on the number of employers which take up the option of using the service. Two of the unitary authorities have currently agreed to use this service. The communication service is also included as part of this team but is provided to all employers and members as it is a Pension Fund responsibility.
- The Pensions Finance Section which is responsible for accounting, investment and governance matters, is headed by two Pension Finance Managers (one post currently vacant). The section is responsible for the day to day accounting and closure of the accounts. Additionally, the section is responsible for the monitoring of 7 core external fund managers as well as 45 non-core external fund managers responsible for around 120 separate funds². The Pension Finance Manager is involved with management of the Fund's assets working with the Wales Pension Partnership and is also responsible for sourcing and recommending new in-house investments. Due to the implementation of asset pooling and the departure of a previous Pension Finance Manager, the Pensions Finance Section structure is currently being reviewed.

² Information correct as at March 2018

The structure as at March 2018 is illustrated below.



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

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
- Investment Strategy Statement and Compliance Statement
- Funding Strategy Statement
- Administration Strategy
- Communications Strategy
- Employer Service Level Agreements including Employer Liaison and Communications Team agreements

The key actions and areas of focus in our business plan (as shown in the appendix) are grouped into the areas of governance, funding, investments, and administration,

communications and employer liaison team 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
- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
- 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 success.

Funding and Investments

- Achieve and maintain assets equal to 100% of liabilities within the 15 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
- Ensure that its future strategy, investment management actions, governance and reporting procedures take full account of longer-term risks and sustainability
- Promote acceptance of sustainability principles and work together with others to enhance the Fund's effectiveness in implementing these.

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 so members can make informed decisions about their benefits
- Communicate in a clear, 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 through greater use of technology and partnership working
Regularly evaluate the effectiveness of communications and shape future communications appropriately.

Employer Liaison Team

- Provide a high quality, professional, proactive, timely and customer focused service to the Employer
- Provide the agreed service in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- Ensure the Employer is aware of and understands their role and responsibilities under the LGPS regulations and the Fund's Administration Strategy
- Ensure that accurate member information is provided to the Fund, in the correct format, within the agreed timescales
- Ensure data is protected and has authorised use only.

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
- Understanding the continuing pressure on resources and budgets for employers and the administering authority, Flintshire County Council has established an Employer Liaison team which can provide assistance to employers by carrying out a number of the employer responsibilities on the employers' behalf.

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 and external audit in their role
- Replying to Freedom of Information requests
- Participation at the Joint Governance Committee and Officer Working Group of the Wales Pension Partnership.

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

- Quarterly cash flow and treasury management
- Monthly monitoring of income and expenditure including employer and scheme member contributions
- Quarterly 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 covenant including their 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 including within a pooling environment
- Quarterly 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 through our role within the Joint Governance Committee and Officer Working Group.

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 and member's self-service facility
- 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, including overseeing the monthly employer returns
- 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.

Employer Liaison Team

- Providing notifications regarding new starters, personal/employment changes and leavers/retirements in the Fund
- Undertaking estimates of benefits for scheme members and the employer
- Undertake response to outstanding requests for information in order to cleanse the pension records
- Providing information to the Fund's actuary as required for new alternative delivery models for employer services.
- Undertake work as necessary to clear outstanding year-end or other data queries.

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 in 2014/15/16.
- A fundamental review of the investment strategy in 2014/15, to ensure a closer relationship with the funding strategy through implementation of a flight-path risk management plan, which was refreshed in 2016/17.
- The implementation of the new Local Government Pension Scheme from April 2014 and each year introducing innovative ways of working within the Administration Section.
- Contributing towards the development of the governance arrangements for the Wales Pension Partnership since 2016/17.

This puts us in a strong position to meet the challenges ahead. The following are just some of the key areas of focus for the Fund over the next three years:

- Determining which assets will transition and then transitioning these assets to the Operator (Link) who has now been appointed by the Wales Pensions Partnership.
- Continuing to implement and promote improved communications, with a focus on on-line facilities and reducing paper.
- Finalising the roll-out of improved systems to our employers, allowing more timely submission of data and in a more automated manner.
- Implementing any required changes to the benefit structure or scheme member contribution rates as a result of the national LGPS Cost Control mechanisms.

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

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 (cash flow) as well as the expected operating costs.

Cash flow projection for 2018/19

	Estimated	Budget	Budget	Budget
	2017/18	2018/19	2019/20	2020/21
	£000s	£000s	£000s	£000s
Opening Cash	(13,623)	(20,916)	(4,016)	(5,214)
Payments				
Pensions	57,729	59,280	60,040	61,200
Lump Sums & Death Grants	14,188	15,000	15,000	15,000
Transfers Out	5,772	3,200	3,200	3,200
Expenses (excluding investments)	3,313	3,400	3,400	3,400
Support Services	129	130	130	130
Total Payments	81,131	81,010	81,770	82,930
Income				
Employer Contributions	(38,627)	(35,200)	(36,000)	(36,700)
Employee Contributions	(11,245)	(14,000)	(14,000)	(14,000)
Employer Deficit Payments	(52,571)	(18,123)	(18,247)	(18,247)
Transfers In	(4,737)	(2,000)	(2,000)	(2,000)
Pension Strain	(1,306)	(1,200)	(1,200)	(1,200)
Income	(24)	(40)	(40)	(40)
Total Income	(108,510)	(70,563)	(71,487)	(72,187)
Cash-flow Net of Investment Income	-27,379	10,447	10,283	10,743
Investment Income	(3,619)	(3,000)	(3,000)	(3,000)
Investment expenses	3,288	3,000	3,000	3,000
Total Net of In House Investments	(27,710)	10,447	10,283	10,743
In House Investments				
Draw downs	70,348	86,790	62,328	63,146
Distributions	(49,450)	(80,337)	(73,809)	(68,109)
Net Expenditure /(Income)	20,898	6,453	(11,481)	(4,963)
Total Net Cash-Flow	(6,812)	16,900	(1,198)	5,780
Rebalancing Portfolio	(481)			
Total Cash Flow	(7,293)	16,900	(1,198)	5,780
Closing Cash	(20,916)	(4,016)	(5,214)	566

Operating Cost Budget 2018/19

	Budget	Estimate	Budget
	2017/18	2017/18	2018/19
	£000s	£000s	£000s
Governance Expenses			
Employee Costs (Direct)	238	229	243
Support & Services Costs (Internal Recharges)	8	15	15
Premises	7	3	3
IT (Support & Services)	9	5	5
Other Supplies & Services	50	70	87
Audit Fees	40	40	40
Actuarial Fees	202	173	324
Consultant Fees	399	438	589
Advisor Fees	187	198	178
Legal Fees	40	33	24
Pooling		55	224
Total Governance Expenses	1,180	1,259	1,732
Investment Management Expenses			
Fund Manager Fees	11,878	15,248	16,593
Custody Fees	34	31	31
Performance Monitoring Fees	58	66	66
Pooling			50
Total Investment Management Expenses	11,970	15,345	16,740
Administration Expenses			
Employee Costs (Direct)	762	649	776
Support & Services Costs (Internal Recharges)	42	43	43
Outsourcing	900	199	1000
Premises	33	23	23
IT (Support & Services)	250	323	413
Member Self Service	75	15	0
Other Supplies & Services)	70	133	106
Total Administration Expenses	2,132	1,385	2,361
Employer Liaison Team			
Employee Costs (Direct)*	144	163	194
Total Employer Liaison Team	144	163	194
Total Costs	15,426	18,152	21,027

*Costs incurred by the Employer Liaison Team will be recovered from the participating employers making use of the service through their employer contribution rate.

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.

Given that many pension fund risks are outside of our control, our risk management focusses on measuring the current risk against the Fund's agreed target risk (which may still be relatively high) and identifying the further controls and actions that can be put in place. This risk management process is integral in identifying actions that are then included in the Fund's Business Plan.

On the whole the next few years will be challenging for those involved in the governance, management and operation of the Fund. The risks discussed below are documented in the Risk Register which will continue to be updated at each Committee meeting as circumstances change. The risks shown are those risks which are currently identified as amber i.e. with moderate consequences that are considered a possible occurrence, or higher, and where we are not currently meeting the target risk exposure.

Key:

Risk Exposure	Impact/Likelihood
Black	Catastrophic consequences, almost certain to happen
Red	Major consequences, likely to happen
Amber	Moderate consequences, possible occurrence.
Yellow	Minor consequences, unlikely to happen.
Green	Insignificant consequences, almost very unlikely to happen.

Governance

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
Governance (particularly at PFC) is poor including due to: - short appointments - poor knowledge and advice - poor engagement /preparation / commitment - poor oversight	Inappropriate or no decisions are made	Orange	Yellow	1 - Ongoing delivery of training for PFC/PB based results of training needs self-assessment 2 - Ensure timely induction training for new PFC/PB members
Externally led influence and change such scheme change and asset pooling	The Fund's objectives/legal responsibilities are not met or are compromised - external factors	Red	Orange	1 - Regular ongoing monitoring by AP to consider if any action is necessary 2 - Ensure Board requests to JGC/OWG are responded to
Insufficient staff numbers (e.g. sickness, resignation, retirement, unable to recruit) - current issues include age profile, implementation of asset pools and local authority pay grades.	Services are not being delivered to meet legal and policy objectives	Red	Green	1 - Complete and implement Finance team restructure

Funding & Investment

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
Market factors impact on inflation and interest rates	Value of liabilities increase due to market yields/inflation moving out of line from actuarial assumptions	Orange	Yellow	1 -The level of hedging will be monitored and reported regularly via FRMG
Legislation changes such as LGPS regulations (e.g. asset pooling), progression of Brexit, MIFIDII and other funding and investment related requirements - ultimately this could increase employer costs	Investment and/or funding objectives and/or strategies are no longer fit for purpose	Red	Orange	1 - Ensure proactive responses to consultations etc.
Employer ceasing to exist with insufficient funding (bond or guarantee)	Loss of employer income and/or other employers become liable for their deficits	Yellow	Green	1 - Employer risk management framework to be finalised

Administration & Communication

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
That there are poorly trained staff and/or we can't recruit/retain sufficient quality of staff, including potentially due to pay grades	Unable to meet legal and performance expectations (including inaccuracies and delays) due to staff issues	Orange	Yellow	<ul style="list-style-type: none"> 1 - Ongoing training 2 - Ongoing bedding in of aggregation team and use of Mercers with backlogs 3 - Ongoing monitoring of ELT and Ops resource/workload for backlogs
Employers: -don't understand or meet their responsibilities -don't have access to efficient data transmission -don't allocate sufficient resources to pension matters	Unable to meet legal and performance expectations (including inaccuracies and delays) due to employer issues	Red	Green	<ul style="list-style-type: none"> 1 - Ongoing roll out I-connect 2 - Ongoing monitoring of ELT resource/workload
Communications are inaccurate, poorly drafted or insufficient	Scheme members do not understand or appreciate their benefits	Orange	Green	<ul style="list-style-type: none"> 1 - Continue with website development 2 - Ongoing promotion of website and member self service 3 - Ongoing identification of data issues and data improvement plan 4 - Review of effectiveness of new website/iConnect planned for 2018/19
Systems are not kept up to date or not utilised appropriately, or other processes inefficient	High administration costs and/or errors	Orange	Green	<ul style="list-style-type: none"> 1 - Ongoing roll out of iConnect 2 - Ongoing identification of data issues and data improvement plan 3 - Review of effectiveness of new website/iConnect planned for 2018/19 4 - Implementation of other Altair modules in 2018/19 business plan

Training Plan

A Clwyd Pension Fund Training Policy has been established to aid Pension Fund Committee, Pension Board members and senior officers in performing and developing personally in their individual roles, with the ultimate aim of ensuring that Clwyd Pension Fund is managed by individuals who have the appropriate levels of knowledge and skills. The following training plan has been developed for 2018/19 to assist in meeting that aim and is particularly focussed on the results of the Training Needs Self-Assessment completed by all Pension Fund Committee and Pension Board members during January 2018.

Title of session	Training Content	Timescale	Audience
Internal training day	Day 1: Investments: <ul style="list-style-type: none"> ▪ Back to basics ▪ CPF specific strategy 	11/4/2018	Committee, Pensions Board and Officers
Internal training day	Day 2: Governance and Funding	25/4/2018	Committee, Pensions Board and Officers
PLSA Local Authority Conference, Gloucestershire	Various topical presentations spanning all fund matters	21-23/05/2018	Committee, Pensions Board and Officers
Internal training day	Day 3: Agenda to be confirmed (based on further self-assessment identified topics)	To be confirmed – possibly June 2018	Committee, Pensions Board and Officers
CIPFA and Barnett Waddingham: Local Pension Boards Annual Seminar	Update by key players together with a focus on the Scheme's financial viability and the problem of managing data.	27/6/2018	Pensions Board
LGPS Trustees Conference, Bournemouth	Various topical presentations. Agenda not yet available.	To be confirmed	Committee, Pensions Board and Officers
Internal training day	Day 4: Agenda to be confirmed (based on further self-assessment identified topics and only if required)	To be confirmed – possibly September 2018	Committee, Pensions Board and Officers
LGC Investment Summit, Newport	Various topical presentations. Agenda not yet available.	5-7/9/2018	Committee, Pensions Board and Officers
LAPFF, Bournemouth	Various topical presentations around the work of the LAPFF	5-7/12/2018	Committee, Officer
LGC Investment Seminar, Carden Park	Various topical presentations. Agenda not yet available.	Expected March 2019	Committee, Pensions Board and Officers

Appendix - BUSINESS PLAN 2017/18 - 2019/20 – Key Tasks

Governance

Ref	Key Action –Task	2018/19 Period				Later Years	
		Q1	Q2	Q3	Q4	2019/ 20	2020/21
G1	Data protection changes	x					
G2	Review appointment of Pension Fund Committee Representatives and Local Board Members	x				x	x
G3	Review of Governance Related Policies	x		x		x	x
G4	Cybercrime	x	x	x			
G5	Structure Review of Finance Team	x	x	x			
G6	Review/ Tender Actuarial Contract	x	x	x			
G7	Review/Tender Investment Consultancy and Independent Adviser Contracts			x	x		
G8	Review/Tender Custodian Contract				x	x	
G9	Review pension administration system contract					x	x

G1 – Data Protection Changes

What is it?

The General Data Protection Regulation is an EU regulation which will come into force from 25th May 2018, building on the existing Data Protection Act. This new regulation introduces stricter compliance requirements and much higher fines for non-compliance.

The main areas affecting the LGPS include the need to keep records of processing activities; enhanced privacy notices for members; privacy impact assessments where there is a high risk to the rights and freedoms of individuals; and the need to redraft any service level agreements to take account of new mandatory provisions. Funds must also put in place a data breach handling procedure as the new rules will require reporting of a breach within 72 hours.

Further information is available from the [website](#) of the Information Commissioner's Office.

Timescales and Stages

Understand implications and update processes

2018/19 Q1

Resource and Budget Implications

It is expected that all internal costs will be met from the existing budget.

G2 - Review appointment of Pension Fund Committee Representatives and Local Board Members

What is it?

The employer and scheme member representatives on the Local Board are appointed for a period of three years. This period may be extended to up to five years. The currently appointments will be subject to review as follows:

- Two scheme employer representatives – July 2020 (five year point)
- Scheme member representative (trade union) – October 2020 (three year point)
- Scheme member representative (non-trade union) – July 2023 (assumed three year point but appointment still in progress)

The representative members (for other scheme employers and scheme members) on the Pension Fund Committee are appointed for a period of not more than six years. The existing representative members were appointed in July 2014 and may be reappointed for further terms. However their existing appointments will need reviewed by July 2020.

Timescales and Stages

Finalise appointment of new Pension Board scheme member representative (non-trade union)	2018/19 Q1
Review and recruit current Pension Board (2 x employer plus trade union scheme representative)	2019/20 Q4 & 2020/21 Q1/2
Review existing Pension Fund Committee representatives	2019/20 Q4 & 2020/21 Q1/2

Resource and Budget Implications

It is expected this will mainly involve the Pension Fund Manager taking advice from the Independent Adviser. All costs are being met from the existing budget.

G3– 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 - November 2015
- Training Policy – November 2015
- Risk Policy – September 2017
- Governance Policy and Compliance Statement – March 2017

All of these policies are subject to a fundamental review at least every three years. In addition, the reviews will incorporate any changes as a result of the move to asset pooling with the Wales Pensions Partnership.

Timescales and Stages

Conflicts of Interest Policy - March 2015	2018/19 Q1
Procedure for Recording and Reporting Breaches of the Law & Training Policy - November 2015	2018/19 Q3
Governance Policy and Compliance Statement – March 2017	2019/20 Q1
Risk Policy – September 2017	2020/21 Q2/3

Resource and Budget Implications

It is expected this will mainly involve the Pension Fund Manager taking advice from the Independent Adviser. Estimated costs are included in the budget.

G4 – Cybercrime

What is it?

With large volumes of personal and financial data processed within a relatively less sophisticated security environment by comparison to other financial institutions, pension schemes are an increasingly attractive target for cybercriminals. LGPS funds

predominantly rely on the processes and security of their parent local authorities due to the IT systems sitting on local authority infrastructure.

Flintshire County Council currently have a programme of work considering the risk of cybercrime. It is planned that the pension team will be part of this work but will then expand it as required to give appropriate assurances on the security of the pension systems, and a better understanding of any ongoing work required to ensure the appropriate level of security remains.

Timescales and Stages

- Ongoing work with FCC on council's cybercrime programme 2018/19 Q1 to Q2
- Understand and develop any ongoing CPF specific cybercrime requirements 2018/19 Q1 to Q3

Resource and Budget Implications

It is expected this will mainly involve the Pension Administration Manager working with Council staff. No additional budget has been assumed for external parties at this point.

G5 – Structure review of Finance Team

What is it?

As a result of the retirement of a Finance Manager, the impact of asset pooling, the increased work associated with Governance, and the need to reduce the risk associated with key persons within the structure, the Finance Team is being restructured.

Timescales and Stages

- Finalise structure and carry out recruitment 2018/19 Q1 to Q3

Resource and Budget Implications

To be led by Pension Fund Manager with FCC Human Resources Team. All internal costs are being met from the existing budget albeit any necessary changes to staffing levels or numbers may impact on the budget and these are not yet included in the proposed budget. Additional costs that may arise as a result of greater use of consultants during the period of implementation and whilst posts remain vacant are estimated in the proposed budget.

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 triennial actuarial valuation of the Fund during 2016/17 and the ongoing need to prioritise work around asset pooling, this was deferred.

Timescales and Stages

- Review current actuarial contract and identify tender process 2018/19 Q1
- Conduct tender for actuarial services 2018/19 Q2/3

Resource and Budget Implications

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

G7 – Review/Tender Investment Consultancy and Independent Adviser Contracts

What is it?

The Fund's investment consultancy and independent Adviser contracts reached their initial break point on 31 March 2017 albeit, due to Government changes to investment regulations, including pooling, and also the implications of MIFID II, they were extended for 2 years (to 31 March 2019) to provide stability and consistency of approach. For these reasons the contracts will be reviewed during 2018/19. This will initially involve a review of whether the existing services should be retendered in their current format or whether there is a more appropriate consultancy contracts that could be put in place. Note that, as a result of pooling, it may be preferred to look for options to extend these contracts for a further short period, so as to identify the most appropriate services going forward.

Timescales and Stages

- Review appropriateness/decide format of future contracts 2018/19 Q3
- Conduct tender for services 2018/19 Q4

Resource and Budget Implications

To be led by Pension Finance Manager within existing budget.

G8 – 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 will need to put the custodian contract out to tender.

Note that, as a result of pooling, it may be preferred to look for options to extend

these contracts for a further short period, so as to identify the most appropriate services going forward.

Timescales and Stages

Review current custodian contract and identify tender process	2018/19 Q4
Conduct tender for custodian services	2019/20 Q1

Resource and Budget Implications

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

G9 - Review administration system contract

What is it?

The CPF has a rolling one year contract with Aquila 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) and to tie in with end dates of existing add-on modules within Altair, it was agreed as part of the 2017/18 business plan to defer this until 2019/20. Since then, it has been highlighted that a national framework is likely to be put in place for LGPS administration systems. It is therefore recommended that the tender for the administration system is deferred until the national framework becomes available which may be in 2019/20 or 2020/21.

Timescales and Stages

Conduct tender for administration system	2019/20 or 2020/21
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Resource and Budget Implications

To be led by Pension Administration Manager. Any associated costs or assistance from advisers will be considered nearer the time.

Funding and Investments (including accounting and audit)

Ref	Key Action –Task	2018/19 Period				Later Years	
		Q1	Q2	Q3	Q4	2019/20	2020/21
F1	Asset Pooling Implementation	x	x	x	x	x	
F2	Flightpath Review	x				x	x
F3	Interim Funding Review		x	x			
F4	Employer Risk Management Framework		x	x			
F5	Review of Investment Strategy					x	
F6	Triennial Actuarial Valuation and associated tasks					x	

F1 –Asset Pooling Implementation

What is it?

To enable the Wales funds to pool assets an operator has been appointed to provide the investment infrastructure and advice for the Wales Pensions Partnership ("WPP"). A plan will be developed in relation to what and when assets will transition. Then we will need to adapt internal processes and methods as assets transition, and ensure reporting received from the Operator and WPP. The timescales shown below are best estimates and subject to change when the WPP business plan and asset transition plan have been developed.

Timescales and Stages

- Develop and agree on initial asset transition plan (reserved matter) 2018/19 Q1
- Understand and feed into the development of the role, responsibilities and discretions of the Operator 2018/19 Q1/2
- Identify impact on and develop internal processes and resources 2018/19 Q1
- Approve the WPP's business plan (reserved matter) 2018/19 Q1 (to be confirmed)
- Review and feed into suitability of reporting and performance monitoring templates (including meeting the Fund's Responsible Investment Policy and Cost Transparency requirements) 2018/19 Q1/2
- Review of how accounts and finances relating to investments - recording, preparation and publishing 2018/19 Q1 - 4, and 2019/20 Q1/2
- Understand infrastructure opportunities 2018/19

Develop process to capture WPP cost versus existing costs to identify benefits and savings of asset pooling	2018/19
Develop and agree any supplementary transition plans (reserved matter)	2018/19 (to be confirmed)

Resource and Budget Implications

2018/19 and future budgets will include the cost of the Operator. For 2018/19 a provisional amount of £50k has been included for a proportion of the year. Along with budgeted WPP costs of £24k. The Consultant and Adviser budgets include an additional estimated amount of £192k for expected ongoing advice during the transitional period. The remaining costs will be covered within the internal resource budget.

F2 –Flightpath 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 Investment Strategy Statement (ISS) and Funding Strategy Statement (FSS).

A regular review is carried out to ensure its aims remain appropriate and it is still fit for purpose. As a result monitoring of the restructuring of the mandate is done on a monthly basis. This will continue to be reviewed in conjunction with insight to maximise operational efficiency and the delivery of further added value to the mandate. The current equity protection contract expires on 26th April 2018. The review and implementation of a replacement contract or other arrangement will be undertaken prior to the expiry. The main objective is to protect contribution outcomes for the employers of the Fund at the 2019 and potentially subsequent valuations.

Timescales and Stages

An annual health-check of flightpath structure	Q1 2018, 2019 and 2020
Review of Equity protection structure	Q1 2018, 2019 and 2020

Resource and Budget Implications

To be resourced through the Funding Risk Management Group, which will result in additional costs that are estimated within the budgets provided.

F3 – Interim Funding Review

What is it?

It is important for the Fund to consider the possible implications that the 2019 valuation will have on employers, especially as employer budgets are often set well in advance of the valuation year. The review will allow for the latest market outlook and investment returns. It will also incorporate:

- Any membership changes / movements for employers including large outsourcings
- the potential impact of any removal of pay restraint for Councils
- appropriate updates to Fund policies
- updated cash flow projections
- outcomes for individual employers (as necessary) to feed into budgets and also the employer risk management framework.

This will enable major employers to plan for any contribution changes and capture any affordability concerns in advance of the 2019 valuation and facilitate further discussions.

Timescales and Stages

Results and discussion with employers

Q2/3 2018/19

Resource and Budget Implications

This exercise will be performed by the Fund Actuary. It is an important exercise for the Fund and will involve input from both the Clwyd Pension Fund Administration and Finance teams. It will also involve discussions with the Fund's employers. The Fund Actuary's costs in relation to this exercise have been included in the budget.

F4 – Employer Risk Management Framework

What is it?

The Fund is subject to funding risks in respect of employers on an ongoing basis and in particular who cease to participate without being able to recover the full exit contributions due under the Regulations. The Fund is in the process of setting up a monitoring framework to capture any employers that pose a significant risk. The framework will categorise employers into different risk profiles based on their covenant and funding positions. This will allow officers to identify any potential risk of unrecoverable debt and affordability restraints on contribution requirements,

The framework will also consider the outcome of the tier 3 review performed by the Scheme Advisory Board which is expected during 2018 (tier 3 employers are those that do not have tax-payer backing; i.e. colleges, universities, housing associations, charities, admission bodies that do not have a guarantee from a Council, etc.). For the Fund, the potential impact is restricted to colleges and universities.

Timescales and Stages

Monitoring will be performed alongside the 2018 interim review

Preliminary Covenant Work
Further development of risk framework

Q1 2018/19
Q2&3 2018/19

Resource and Budget Implications

Managing employer risk will require support from the Fund Actuary. It will involve the officers gathering financial information from all employers regularly to monitor covenant strength and funding positions to inform on which employers pose the greatest risk to the Fund and the remedial actions necessary. The Fund Actuary costs in relation to this exercise have been included in the budget.

F5 – 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

Triennial review

2019/20

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. Costs of the review are included within the budgets shown.

F5 – 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. The exercise will include cash flow projections.

Timescales and Stages

Effective date

31 March 2019

Initial whole Fund results (expected)

Q2 2019/20

Individual Employer results (expected)

Q2&3 2019/20

Deadline for agreement of all contributions and sign-off

31 March 2020

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 2020. It is a major exercise for the Fund and will take a lot of input from the Administration and Finance 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 will be included in the 2019/20 budget.

Administration (including Communications)

Ref	Key Action -Task	2018/19 Period				Later Years	
		Q1	Q2	Q3	Q4	2019/ 20	2020/ 21
A1	Additional Payroll Functionality	x					
A2	Move to Electronic Annual Benefit Statements	x	x				
A3	iConnect	x	x	x	x	x	
A4	Expanded Backlog to 31 March 2014	x	x	x	x		
A5	Aggregation Project	x	x	x	x	x	
A6	Electronic and Centralised internal procedures	x	x	x	x	x	
A7	Data Improvement Plan Development	x	x	x	x		
A8	GMP Reconciliation	x	x	x	x	x	
A9	Trivial Commutation	x	x	x	x	x	
A10	LGPS Legal Timescales Analysis		x	x			
A11	National Pensions Dashboard			x	x	x	
A12	Workforce Review				x	x	
A13	Employer Relationship Manager (ERM)					x	
A14	Consider success of website, on-line tools and interactive functionality					x	
A15	Review Administration & Communications Strategy Statements					x	
A16	Other Expected National Changes (dates unknown)						

A1 – Additional Pensioner Payroll Functionality

What is it?

Currently lump sum payments (i.e. retirement lump sums, transfer payments and death grants) are made via the Council's main financial system. The Altair pensioner payroll system which is used by the Pensions Administration Team has the functionality to

allow these payments to be made through it. This reduces the reliance on systems outside of the control of the pension administration team and it would also result in quicker payments to scheme members. .

Timescales and Stages

Testing and implementation 2018/19 Q1

Resource and Budget Implications

All internal costs are to be met from the existing budget. External costs amount to £3,800 one off cost.

A2 – Move to Electronic Annual Benefit Statements

What is it?

Following the implementation of Member Self Service, the move from paper based Annual Benefit Statements to Electronic is planned for the 2018 statements. This includes other annual electronic communications such as pensions increase letters for pensioners.

Timescales and Stages

Deferred Benefit Statements 2018/19 Q1
Active Benefit Statements 2018/19 Q2

Resource and Budget Implications

All internal costs are to be met from the existing budget. Printing and mail costs will reduce in 2018/19 and future years.

A3 - iConnect

What is it?

iConnect is the on-line computer module that allows information to be submitted by employers more directly and efficiently into the pension administration system (Altair). It involves employers uploading data directly into iConnect from their payroll systems. iConnect is to be rolled out to all employers of the Fund on a phased basis. For each employer being transitioned onto iConnect, the first stage is ensuring that the correct member records are held on the Altair administration system before entering into testing and live roll out of iConnect. This will be done on a phased basis by employer. The project commenced in 2017/18 and Denbighshire County Council, Bodelwyddan Castle Trust, Prestatyn Town Council, Careers Wales, Cartref NI Ltd Flintshire County Council, Aura and Newydd have been successfully implemented.

Timescales and Stages

Other employers 2018/19 Q2/Q3/Q4

Resource and Budget Implications

There will be a time and resource commitment required from employers. All internal costs are being met from existing budget. The system cost is also incorporated into the budget. The roll out of iConnect, particularly to WCBC will involve significant internal resources which may impact on other day to day work.

A4 – Expanded Backlog to 31 March 2014 (Mercers)

What is it?

A backlog of tasks prior to 31 March 2013 has been expanded to 31 March 2014 and approximately 350 additional member cases have been identified for completion by Mercers.

Timescales and Stages

Clear cases externally and eliminate backlog

2018/19

Resource and Budget Implications

Resource provided by Mercer. The costs in relation to this exercise have been included in the budget.

A5 – Aggregation Project

What is it?

When members move/leave employments there are a number of options available to them and all of these options need to be conveyed to the members concerned. There are approximately 3,500 cases (as at 30 September 2017) where members need to either be informed that their records have been aggregated or be provided with their respective options. Software providers are still developing calculations to accommodate these changes. The recent recruitment and creation of the Aggregation Team has facilitated procedures to be put in place to address this backlog and maintain these cases as “business as usual” going forward. Whilst still in the planning stages it is expected that approximately 1700 of these cases may be outsourced to Mercers for the initial stage of the process to be actioned and returned to the Aggregation Team for completion.

Timescales and Stages

This is a high priority project and will be completed as soon as possible.

Ongoing progress with data cleansing

2018/19

Clear cases and eliminate backlog

2018/19 & 2019/20

Resource and Budget Implications

An additional £13,683 for changing Pensions Assistants to Pensions Officers is included within the budget (previously agreed in 2017/18. There will also be further costs relating to the work which may be outsourced to Mercers and an estimated cost for 2018/19 has been included in the budget figures.

A6 – Electronic and Centralised internal procedures

What is it?

This relates to the development of an on-line procedures manual for use by the Pensions Administration staff. This will amalgamate, expand and update current procedure documents, and ensure consistency, easy access and efficient working as well as providing a useful training tool. These updated procedures will also be linked into staff competencies and training plans.

Timescales and Stages

This is a lower priority project and will be completed as and when resource allows.

Develop, collate, update and maintain

2018/19 & 2019/20

Resource and Budget Implications

To be carried out by the full Pensions Administration team. All internal costs are to be met from the existing budget.

A7 – Data Improvement Plan Development

What is it?

In 2015, the Pensions Regulator (TPR) assumed responsibility for Public Sector Pension Schemes. Prior to this, in June 2010, TPR issued guidance on the approach that they expected to be adopted by private sector pension schemes to consider data. This referred to checks being expected on 'common' data (e.g. Name, Address, Date of Birth, National Insurance number). TPR also outlined 'conditional' data checks but did not set prescriptive targets as the data is deemed to be scheme-specific (e.g. Member data – divorce, transfers in, AVCs, deferred information). The guidance did target pension scheme trustees to ensure that 'reasonable endeavours' were undertaken to provide evidence of assessment and measurement, together with an action plan to meet the scheme specific targets (i.e. a data improvement plan). From 2018/19, TPR is expecting all pension schemes to review their common and conditional (now called scheme-specific) and score the quality of that data.

To assist customers in undertaking this practical assessment of their data, both common and /scheme specific Aquila Heywood offers a Data Quality service. The LGPS Scheme Advisory Board will also be providing guidance on what LGPS scheme specific data should be (to provide consistency in checks between administering authorities) but this is unlikely to be available until later in 2018/19.

In addition to measuring and capturing the results of the common and scheme specific data reviews, the Fund will develop a data improvement plan to capture any other elements of data that they consider to be inaccurate and ongoing plans.

Timescales and Stages

Run reports and ascertain data quality	2018/19 Q1
Research and correct any data anomalies where practical*	2018/19 Q1 – Q4
Review scheme specific data checks based on national LGPS requirements	2018/19 Q3/4 (to be confirmed)

*Where not practical, a timescale will be included in the Fund's data improvement plan.

Resource and Budget Implications

To be carried out by the Pensions Administration Team. This may also require input/information from the employers (subject to findings). The data reports are provided at an annual cost of £5,000 (assuming this is taken over at least three years).

A8– GMP Reconciliation

What is it?

The government removed the status of "contracted-out" from pension schemes in April 2016. Prior to then, contracted-out pension schemes had to ensure the benefits they paid met a minimum level and one element of this was a Guaranteed Minimum Pension (GMP) figure that accrued individually for each scheme member up to April 1997. Historically pension schemes would go to HMRC to get confirmation of the GMP amount on retirement. However, as a result of the demise of contracted-out status, HMRC will no longer be maintaining GMP and other contracting out member records. This means that the onus will be on individual pension schemes to ensure that the contracting out and GMP data they hold on their systems matches up to the data held by HMRC. All GMP's and national insurance information must be reconciled by March 2019, the date the HMRC will cease to provide their services.

Initial work has identified that there was significant discrepancies between the two sets of data, and a significant amount of work will be required to determine the correct benefits, ensure all systems are updated and to process a potentially significant number of over/underpayment calculations. After the records are reconciled for former pensionable employees, the Fund must also ensure the accuracy of 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. Clwyd Pension Fund decided to outsource this exercise in 2017/18 to Equiniti and the project commenced during that year. The timescales below are subject to change depending on the magnitude of the work.

Timescales and Stages

GMP data reconciliation and investigation	2018/19
Reconciliation of national insurance information	2018/19

Resource and Budget Implications

All costs to be met from the existing budget which includes expected costs for Equiniti who are carrying out the work. This is likely to impact internal resources in relation to any adjustments to be made to current pension amounts (i.e. under or overpayments) but the impact of this is not yet known.

A9 - 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. A project will be carried out to identify any pensioners and dependants who may be eligible for trivial commutation and to offer it to them. This will reduce the administrative burden on the Fund 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 a limit for members to trivially commute their pension in relation to their single pension (£10,000 value – called a "small pot") and total benefits (£30,000 – called "trivial commutation"). As well as reducing the number of pensioner payments that require ongoing payment this could also have a positive impact on the funding level as it removes the liabilities for these members. It will also be welcomed by a number of pensioners who would prefer a one-off lump sum payment rather than ongoing smaller payments of little value.

Timescales and Stages

Timescales below are indicative and subject to prioritisation of other administration work streams.

Identify members eligible to commute under £10,000	2018/19
Communicate with eligible members and pay lump sums	2018/19
Identify members eligible to commute under £30,000:	2019/20
Communicate with eligible members and pay lump sums	2019/20

Resource and Budget Implications

The majority (if not all) of this work may be outsourced to Mercer or another external provider to assist with resourcing. The precise cost of this is as yet unknown but a contingency has been included for 2018/19 within the budget to cover potential costs. It will also require input by the Technical Team with some assistance from the Operational Team, with any such input being focussed on the later stages of the project. All internal costs are to be met by existing budget.

A10 – LGPS Legal Timescales Analysis

What is it?

Following the implementation of monitoring performance against the seven key legal timescales (as part of the monthly Key Performance Indicators (KPIs) reporting), a full review is being undertaken of our workflow systems and data quality to enable monitoring against a wider range of legal deadlines such as those relating to refunds and divorce.

Timescales and Stages

Develop further legal timescales reporting process 2018/19 Q2/Q3

Resource and Budget Implications

All internal costs are to be met by existing budget. It may be effective to outsource some of the development work to Aquila Heywood but this is not expected to be a material cost, and it is not included in the budget.

A11 – National Pensions Dashboard

What is it?

The Pensions Dashboard is a Government initiative first announced in the Budget 2016. The idea behind the Dashboard is to allow all pension savers in the UK access to view the values of all of their pension pots, including state pension, through one central platform. A basic prototype was developed in 2017 and the full launch is planned for 2019. The implications on public service pension schemes, including whether they will be required to participate and the cost, and resource implications, is not yet known. The timescales below are therefore estimated.

Timescales and Stages

Development expected	2018/19 Q3/4 & 2019/20
Launch	2019/20

Resource and Budget Implications

Resource and budget implications cannot be determined until more detail is available.

A12 - Workforce Review

What is it?

Following ongoing system improvement, backlog work and other efficiencies, it is appropriate to review whether the structure of the Administration Team (including the Employer Liaison Team) is effective and fit for purpose taking into consideration the new processes. As part of this, the ongoing cost will be considered, including whether the administration objective relating to cost is achievable.

Timescales and Stages

Review temporary contracts

2018/19 Q4

Wider review of appropriateness and effectiveness of structure

2019/20

Resource and Budget Implications

All internal costs will to be met from the existing budget.

A13 – Employer Relationship Manager (ERM)

What is it?

This is a tool within the Altair administration system that acts as a directory for all individual employer information. ERM will streamline where information is held and make it more accessible to the Administration Team. This will reduce paper files and is easier to keep up to date and maintain than existing processes.

Timescales and Stages

This is a lower priority project and will be completed as and when resource allows.

Develop, collate, update and maintain

2019/20

Resource and Budget Implications

All internal costs are to be met from the existing budget.

A14 – Consider success of website, on-line tools and interactive functionality with employers and scheme members

What is it?

Consider the success of new systems that have been implemented, including the new website, Member Self Service and iConnect, and decide if any further development or systems should be put in place.

Timescales and Stages

Identify outcomes and any further development

2019/20

Resource and Budget Implications

To be completed by the Pensions Administration Team. Internal costs are being met from the existing budget.

A15 - Review Administration and Communication Strategies

What is it?

The CPF Administration Strategy and Communications Strategy were approved at the March 2016 PFC. The Administration Strategy was updated in March 2017. They must be reviewed at least once every three years to ensure they remain relevant and up to date. Given the close relationship between the two strategies, it is advantageous to review them at the same point.

Timescales and Stages

Review of Strategies

2019/20 Q4

Resource and Budget Implications

This will be led by the Pensions Administration Team.

A16 - Other Expected National Changes

What is it?

There are a number of national changes that are expected in due course. Given the focus on Brexit, it is not expected that many, if any, changes will take place during 2018. Areas where change may be forthcoming in due course could include:

- Scheme Changes as a result of the Cost Management Process
- Changes in Exit Payments
- Indexation of GMP's for members reaching SPA from December 2018
- GMP equalisation
- Fair Deal
- LGPS amendment regulations in relation to drafting problems or other areas of improvement (e.g. ill health provisions and aggregation)
- Welsh income tax changes

Timescales and Stages

To be determined

Resource and Budget Implications

Any significant changes will be reported to PFC when more information becomes available.

Employer Liaison Team

Ref	Key Action –Task	2018/19 Period				Later Years	
		Q1	Q2	Q3	Q4	2019 /20	2020 /21
E1	Design financial reporting and recharge procedures	x	x				
E2	Data preparation for iConnect	x	x	x	x	x	
E3	Development of workflow reporting to employers		x	x			
E4	Review of Agreements				x	x	x
E5	Liaise with other employers for potential agreements					x	

Understanding the continuing pressure on resources and budgets for employers and the administering authority, the Clwyd Pension Fund have made provision to provide assistance to Fund Employers in providing accurate and complete notifications to the Fund (and other Employer duties) in a timely manner. The Employer Liaison Team (ELT) mainly assists in providing notifications regarding new starters, personal/employment changes and leavers/retirements in the LGPS. It also undertakes outstanding requests for information in order to cleanse the pension records. The ELT will be monitored and progress reported on a regular basis. All costs will be met by employers through their employer contribution rate, following the task reporting process.

E3 – Development of workflow reporting to employers

What is it?

Developing the standard reports that will be sent out on a monthly basis to employers who use ELT.

Timescales and Stages

Review and recommend updates:

2018/19 Q2/3

E1 – Design financial reporting and recharge procedures

What is it?

Consider the staff time spent and tasks completed in order to break down charges to be applied to each employer.

Timescales and Stages

Develop charging structure and information	2018/19 Q1
Finalise first year end charges to be built into valuation recharge costs	2018/19 Q1/2

E5 – Liaise with other employers for potential agreements

What is it?

The implementation of iConnect will have a major impact on how employers transmit information to the administering authority. It is therefore suggested that no further employers should be brought into the ELT service until iConnect is rolled out so that employers can better understand any challenges that they face. This will also allow ELT to focus on providing a high quality service to their existing employer customers, including being integral to ongoing data cleansing and providing information so that backlogs can be worked on.

Timescales and Stages

Consider benefits for other employers to join ELT service post iConnect implementations	2019/20
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E4 – Review of Agreements

What is it?

Periodic review of the scope of the ELT agreements and service level agreements for each employer

Timescales and Stages

Whistle-stop review to address any issues/new requirements FCC/WCBC	Each Q4
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E2 – Data preparation for iConnect

What is it?

The supply (manually) of significant volumes of missing data, in order to match records between the employer's payroll system and the iConnect software in preparation for automatic monthly uploads going forward.

Timescales and Stages

Reviewing inconsistencies, working through spreadsheets	2018/19 Q1 to Q4
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(WCBC)

Continuous refining of mismatches going forward (WCBC)

2019/20 Q1/2