

Business Plan 2019/20 to 2021/22 – Q3 Update

Governance

Cashflow projections for 2019/20

	2017/18 £000s	2018/19 £000s	2019/20 £000s			
	Actual	Actual	Budget	Actual	Projected for full year	Final under/over
Opening Cash	(13,623)	(21,188)	(3,599)	(5,764)		
Payments						
Pensions	57,452	59,447	61,600	31,333	61,600	0
Lump Sums & Death Grants	13,500	14,708	15,000	7,803	15,000	0
Transfers Out	5,600	6,791	6,000	2,484	6,000	0
Expenses	3,935	4,263	4,600	2,018	4,600	0
Support Services	120	265	140	0	140	0
Total Payments	80,607	85,474	87,340	43,638	87,340	0
Income						
Employer Contributions	(34,617)	(39,554)	(40,000)	(22,645)	(40,000)	0
Employee Contributions	(15,259)	(14,794)	(14,400)	(5,910)	(14,400)	0
Employer Deficit Payments	(52,612)	(18,811)	(19,800)	(18,530)	(19,800)	0
Transfers In	(4,813)	(4,220)	(4,000)	(2,487)	(4,000)	0
Pension Strain	(1,057)	(1,644)	(1,200)	(151)	(1,200)	0
Income	(29)	(45)	(48)	(53)	(70)	(22)
Total Income	(108,387)	(79,068)	(79,448)	(49,776)	(79,470)	(22)
Cashflow Net of Investment Income	(27,780)	6,406	7,892	(6,138)	7,870	(22)
Investment Income	(3,540)	(7,990)	(6,000)	(4,196)	(6,000)	0
Investment Expenses	3,035	3,593	3,000	1,889	3,000	0
Total Net of In House Investments	(28,285)	2,009	4,892	(8,445)	4,870	(22)
In House Investments						
Draw downs	73,893	91,883	77,019	71,474	119,575	42,556
Distributions	(52,294)	(58,348)	(77,930)	(25,986)	(62,936)	14,994
Net Expenditure /(Income)	21,599	33,535	(911)	45,488	56,639	57,550
Total Net Cash Flow	(6,686)	35,544	3,981	37,043	61,509	57,528
Rebalancing Portfolio	(879)	(20,120)	(10,000)	(42,001)	(72,000)	(62,000)
Total Cash Flow	(7,565)	15,424	(6,019)	(4,958)	(10,491)	
Closing Cash	(21,188)	(5,764)	(9,618)	(10,722)	(16,255)	

Operating Costs

	2017/18	2018/19	2019/20			
	Actual	Actual	Budget	Actual	Projected	Projected
	£000s	£000s	£000s	£000s	for full year £000s	under/ over £000s
Governance Expenses						
Employee Costs (Direct)	229	193	299	136	299	0
Support & Services Costs (Internal Recharges)	23	23	22	0	22	0
IT (Support & Services)	5	0	5	0	5	0
Other Supplies & Services)	69	64	70	51	90	20
Audit Fees	39	39	40	(4)	40	0
Actuarial Fees	217	407	435	198	435	0
Consultant Fees	511	598	664	317	664	0
Advisor Fees	202	436	179	80	179	0
Legal Fees	37	57	40	0	40	0
Pension Board		58	69	33	69	0
Pooling (Consultants & Host Authority)	0	85	109	3	109	0
Total Governance Expenses	1,332	1,960	1,932	814	1,952	20
Investment Management Expenses						
Fund Manager Fees*	20,539	21,218	21,000	2,186	23,000	2,000
Custody Fees	31	31	31	14	31	0
Performance Monitoring Fees	67	60	66	36	66	0
Pooling (Operator / Manager)			186	0	186	0
Total Investment Management Expenses	20,637	21,309	21,283	2,236	23,283	2,000
Administration Expenses						
Employee Costs (Direct)	649	777	893	455	945	52
Support & Services Costs (Internal Recharges)	105	113	66	0	66	0
Outsourcing	227	394	900	182	500	(400)
IT (Support & Services)	286	364	424	394	424	0
Other Supplies & Services)	139	86	63	58	100	37
Miscellaneous Income	0	0	0	0	0	0
Total Administration Expenses	1,406	1,734	2,346	1,089	2,035	(311)
Employer Liaison Team						
Employee Costs (Direct)	163	205	213	112	213	0
Total Costs	23,538	25,208	25,774	4,251	27,483	1,709

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

Governance Tasks

Ref	Key Action –Task	2019/20 Period				Later Years	
		Q1	Q2	Q3	Q4	2020/ 21	2021/ 22
G1	Develop business continuity plan		x	x			
G2	Review pension administration system contract	x	x	x	x	x	
G3	Review/Tender Investment Consultancy and Independent Adviser Contracts			x	x		

Governance Task Descriptions

G1 – Develop business continuity plan

What is it?

The Fund has carried out a number of tests in recent years to ensure services can continue to be maintained in various scenarios, such as an office fire. It is now necessary to capture the Fund's business continuity plans and processes into one central document, based on the current methods of working, within a central document that will be maintained and subject to further testing.

Timescales and Stages

Develop business continuity plan

2019/20 Q2 & Q3

Resource and Budget Implications

To be led by the Deputy Head of Clwyd Pension and the Pensions Administration Manager and it is hoped that all costs can be met from existing budgets.

G2 - Review administration system contract

What is it?

The Fund 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 iConnect 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. In recent months, a feasibility study has been carried out into whether a national framework can be put in place for LGPS administration systems. CPF has been participating in carrying out this study. It is therefore recommended that CPF participates as a founding authority in the development of the national framework (assuming it proceeds) and then carries out the CPF tender for the administration system once that framework is in place. It is hoped that this will allow a new contract to be appointed to before the end of 2020/21.

Timescales and Stages

Take part in national framework for pensions administration system and conduct tender for CPF administration system	2019/20 & 2020/21
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Resource and Budget Implications

To be led by Pension Administration Manager and Principal Pensions Officer - Technical. Any associated costs or assistance from advisers will be considered nearer the time.

G3 – 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, asset pooling, the implications of MIFID II and other Fund priorities, they were extended for a total of 3 years (to 31 March 2020) to provide stability and consistency of approach. For these reasons the contracts will be reviewed during 2019/20. 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.

Timescales and Stages

Review appropriateness/decide format of future contracts	2019/20 Q3
Conduct tender for services	2019/20 Q4

Resource and Budget Implications

To be led by the Clwyd Pension Fund Manager and Deputy Head of Clwyd Pension Fund within existing budget.