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To: Cllr Dave Hughes (Chairman)

Councillors: Haydn Bateman, Billy Mullin, Ted Palmer and Ralph Small

Co-opted Members

Steve Hibbert, Cllr. Andrew Rutherford, Nigel Williams and
Cllr. Huw Llewelyn Jones

15 March 2018

Dear Councillor

You are invited to attend a meeting of the Clwyd Pension Fund Committee which will be held at 2.00 pm on Wednesday, 21st March, 2018 in the Delyn Committee Room, County Hall, Mold CH7 6NA to consider the following items

A G E N D A

1 APOLOGIES

To receive any apologies.

2 DECLARATIONS OF INTEREST (INCLUDING CONFLICTS OF INTEREST)

To receive any Declarations and advise Members accordingly.

3 MINUTES (Pages 3 - 12)

To confirm as a correct record the minutes of the last meeting held on the 21st February 2018.

GOVERNANCE

4 BUSINESS PLAN 2018/19 TO 2020/21 (Pages 13 - 64)

To provide Committee Members with the Business Plan for approval.

5 POOLING INVESTMENTS IN WALES (Pages 65 - 70)

To provide Committee Members with an update on the Wales Pension Partnership.

ADMINISTRATION AND COMMUNICATIONS

6 LGPS UPDATE (Pages 71 - 84)

To provide Committee Members with current issues affecting the management of the LGPS.

7 PENSION ADMINISTRATION/COMMUNICATIONS UPDATE (Pages 85 - 102)


To update Committee Members on the Pensions Administration Section.

INVESTMENTS AND FUNDING

8 INVESTMENT AND FUNDING UPDATE

To provide Committee Members with a verbal update from Fund Officers and Consultants

Yours sincerely



Robert Robins
Democratic Services Manager

CLWYD PENSION FUND COMMITTEE

21 February 2018

Minutes of the meeting of the Clwyd Pension Fund Committee of Flintshire County Council, held at County Hall, Mold on Wednesday 21 February 2018.

PRESENT: Councillor Dave Hughes (Chairman)

Councillors: Ted Palmer, Ralph Small, Haydn Bateman.

CO-OPTED MEMBERS: Councillor Huw Llewelyn Jones (Denbighshire County Council), Councillor Nigel Williams (Wrexham County Borough Council), Mr Steve Hibbert (Scheme Member Representative), Councillor Andrew Rutherford (Other Scheme Employer Representative).

APOLOGIES: Councillor Billy Mullin.

ALSO PRESENT (AS OBSERVERS): Gaynor Brookes/Steve Jackson (Clwyd Pension Fund Board)

IN ATTENDANCE:

Advisory Panel comprising: Colin Everett (Chief Executive), Gary Ferguson (Corporate Finance Manager), Philip Latham (Clwyd Pension Fund Manager), Karen McWilliam (Independent Advisor – Aon Hewitt), Kieran Harkin (Fund Investment Consultant – JLT Group), Paul Middleman (Fund Actuary – Mercer).

Officers/Advisers comprising: Debbie Fielder (Pensions Finance Manager), Helen Burnham (Pension Administration Manager) and Megan Fellowes (Apprentice – Mercer - taking minutes).

Guest speakers presenting comprising: John Simmonds (CEM Benchmarking), David Cullinan (PIRC), Sasha Mandich (Russell Investments) and Duncan Lowman (Link Fund Solutions).

Prior to the start of the meeting the Chairman asked everyone to introduce themselves and welcome the members of the Pension Board. The Chairman welcomed Cllr Ted Palmer to his first Committee meeting.

99. **DECLARATIONS OF INTEREST (including conflicts of interest)**

No new conflicts were declared. Cllr Palmer confirmed he had completed the conflict of interest.

100. **MINUTES**

The minutes of the meeting of the Committee held on 29 November 2017 were submitted.

RESOLVED:

It was agreed the minutes could be received, approved and signed by the Chairman.

101. **AGENDA**

The Chairman noted that the usual update was not included as the main items were the three presentations from the guest speakers. The only update was relating to the Clwyd Pension Fund on agenda item 7.

The Chairman passed over to Mr Latham for a short introduction.

Mr Latham stated that whilst the three presentations were different, they were closely connected to each other in terms of how the investments are managed and performance is measured and benchmarked in terms of risk versus return. They will provide a basis of debate for this meeting as well as future meetings.

The first two would look at the LGPS investment performance; the first presentation considers how well the LGPS as a whole has performed from an investment point of view and why, whilst the second considers how the Fund compares with its peers and looks at the impact on investment performance and costs for the Fund of our lower risk philosophy.

The third presentation was from the new Wales Pension Partnership (WPP) operator to demonstrate the process of appointing investment managers through the WPP as that, eventually would not be under the remit of the Committee.

Mr Latham reminded the Committee that the primary aim of the strategy is to provide sufficient investment return to pay for pensions many years into the future whilst trying to maintain a stable employer cost. To do this the Fund needs to achieve or beat the actuarial investment assumption for returns over CPI in the long term but that does not mean the highest investment return possible by taking undue risk.

102. **LGPS INVESTMENT PERFORMANCE**

The Chairman welcomed David Cullinan from PIRC to present the investment performance across the LGPS universe to the Committee.

During the presentation, a number of comments and questions were raised by the Committee and officers/advisers.

Mr Cullinan introduced himself and gave the Committee a brief summary of PIRC. His belief was that there are negative views in the press regarding the LGPS performance and he challenged these views. Key points from the presentation were;

- The statistics shown were based on facts not opinion and 60 Funds participate in the universe.
- The last 12 months performance has been very positive (21.4%) driven predominately by equities
- Over the longer term only 6 out of the last 30 years have had negative investment returns.
- Over the last 20 years the assets returns have been extremely positive with a real return above inflation of 6% p.a.
- Therefore the asset performance was not the problem with funding; the issues were with the liability costs.

- Over the last 30 years the asset allocations in the LGPS have become more complex moving from traditional assets (equities/bonds) with a few managers to more complex structures (10 or more managers and more active management) but this active management has added c0.4% pa to return.
- There is a positive link between risk and return as perhaps expected
- There appears to be some additional return impact for larger Funds (by asset size) over the long term but this is likely due to a quicker move to alternative assets such as private equity/property and possibly internal management capabilities reducing fees. This performance advantage has been much eroded more recently.
- Pooling across England and Wales should provide economies of scale (including internal management) and access to broader investment choices.
- Difficult to say at this point if pooling will provide stronger Governance and Decision making but it's critical the operator has robust processes around cost transparency and manager selection. It should be noted that lower fees are not a measurement of value for money – it's the return net of fees which is important.
- Different Pools possibly have different objectives e.g. London reducing manager numbers and costs but Wales leveraging scale for cheaper access to certain asset classes.

A number of comments were made and clarification questions were asked.

Mr Everett asked how can it be quantified whether the Fund is overpaying for some investment services and how the Fund evaluates fees to get value for money. Mr Cullinan noted this will be covered in the next presentation but in his view it could be done by comparing gross returns and net returns albeit this is a crude measure so other factors need to be borne in mind e.g., differences in allocations, risk profiles and added value.

Cllr Llewelyn-Jones queried the independence that the WPP has i.e. will there be pressure from the Welsh Government to invest in infrastructure projects in Wales. Mr Everett responded to this query by confirming that the Fund is independent and that they have to make decisions in the Funds best interest, However there will a number of projects which could be considered by the WPP in terms of the potential for investment by Funds.

Mrs Fielder commented that pooling could (in theory) give the Fund access to the “best in class” managers but aren't all pools chasing the same managers and could just individual Funds do the same? Mr Cullinan responded by stating that the biggest funds currently get access to best in class managers but the difference is the overall scale of access which would reduce costs if more Funds enter into the arrangement. Other pools may well look to invest in the same managers but there will be different views to what is best in class and how the managers are accessed will be important (which will be different by each Pool).

Mrs McWilliam asked Mr Cullinan how he measured volatility. Mr Cullinan responded by stating that they are measured from the lowest to highest point as the standard deviation over a 36 month period.

Mrs McWilliam asked Mr Cullinan for clarification on the term “performance from active asset allocation” for the new members of the Committee when considering the issue of active management adding value. This was clarified as the actual performance of a Fund versus if it would have invested its assets in their benchmark allocations.

Mrs McWilliam enquired whether the performance quoted was measured net of fees. Mr Cullinan confirmed that the longer term figures were not net of fees.

The Chairman asked if Mr Cullinan had any thoughts on whether the LGPS as a whole will change investment allocations over the next 10 years. Mr Cullinan's view was that allocation to traditional risk assets like equities would fall and we would see an increased allocation to investments in infrastructure, Diversified Growth Funds and other alternative asset classes.

Mr Latham noted that moving to higher allocations in alternative assets will increase costs so it is important that costs are not the only consideration in performance of the pools.

The Chairman thanked Mr Cullinan for his presentation.

103. **CLWYD PENSION FUND INVESTMENT RISK AND PERFORMANCE**

The Chairman welcomed John Simmonds from CEM benchmarking to introduce the company and give an update on the investment performance of the Clwyd Pension Fund. Mr Simmonds introduced CEM benchmarking and stated that it exists primarily to compare the costs of operating large Pension Funds around the world. He noted that 150 of the top Pension Funds work with CEM benchmarking. They currently benchmark 33 LGPS Funds.

They compare the performance of the Clwyd Pension Fund with the rest of LGPS. The key points that Mr Simmonds addressed were;

- Two key metrics: performance versus other Funds and more importantly versus the liabilities
- The Pooling objective is predominately to achieve economies of scale.
- The Clwyd Pension Fund investment net return for 2017 was 21.5% which was identical to the LGPS median in that year.
- The 5 year net return was slightly below the median over 5 years but better than the median over 3 years.
- The "policy return" is the return from asset allocation decisions which will continue to sit with the Pension Fund Committee after pooling. For the Fund these have been below the median mainly because of the lower equity allocation over the periods being measured.
- A critical component is the level of risk as a measure versus the liabilities. Based on that measure it can be seen the Fund is at the lowest level of risk which is positive as it means deficit outcomes are more predictable (all things being equal)
- Net added value for the Fund from active management was upper quartile.
- The costs of investments versus peer group are higher than the average but this is a reflection of asset mix. If this is removed by normalising versus a benchmark portfolio the differential in cost is much smaller.
- Costs are likely to rise for other Funds as the pools get more access to private market and alternative investments.
- The "cost effectiveness" of the Fund i.e. Net added value versus cost shows that for the Fund gets positive added value for the cost spent (materially so in the last 12 months),

Mrs McWilliam asked Mr Simmonds the process in which he measures and determines the risk factor. Mr Simmonds explained that they test at the relationship between the liabilities versus the level of volatility of asset risk. Mrs McWilliam asked if officers were surprised where the Fund sits when comparing funding level with asset-liability mismatch risk. Mr

Latham confirmed that this is what would be expected given the level of focus on risk control via the Flightpath.

Mr Everett queried whether the position shown is where the Fund would want to be. Mr Middleman confirmed that the objective of the Fund was to control risk to provide more stable outcomes to employers as the tolerance to contribution volatility is much diminished with the shrinkage of budgets. The position of lower relative risk meets that objective so it is a position the Fund wants to be but if it can be improved further then that should be an aspiration of the Fund. An example of this is maintaining the equity protection strategy which is not allowed for in the analysis and reduces asset volatility. Mr Middleman believes this is where the LGPS is considering more generally as other Funds are focusing more closely on risk control as seen by the number of equity protection strategies being considered and implemented.

The Chairman asked Mr Simmonds whether he had any thoughts on how the Government will measure the performance of the Pools going forward. Mr Simmonds noted that the objectives would need to be clear at the outset e.g. cost savings have been delivered as promised, but it would be difficult to measure improved governance in isolation as you would have to be able to measure the position before pooling on a like for like basis which may not be possible.

Pools will need to supply data in a consistent format so the “success” can be objectively measured and this should be based on whether the Funds are getting value for money. He noted that the transparency of costs shown by the Clwyd Fund is a very positive approach to help with this. Equally, any performance measurement will need to include some measure of risk versus liabilities to be a worthwhile comparator. CEM is working with Pools to develop this benchmarking analysis.

The Chairman thanked Mr Simmonds for the presentation.

104. **WALES PENSION PARTNERSHIP ASSET POOLING**

The Chairman welcomed Sasha Mandich (Russell Investments) and Duncan Lowman (Link Fund Solutions) and congratulated Link and Russell on their appointment as operator to the Wales Pension Partnership (WPP). Mr Lowman thanked the Chairman, introduced Link and Russell and briefly set out the agenda. Mr Lowman explained that Link will operate the pool on behalf of WPP and Russell Investments will advise WPP on manager selection. The presentation gave an overview of their businesses and experience in these areas.

Cllr Palmer, as a new member of the Committee, asked the presenters to explain the meaning of the acronyms during the presentations.

The Pool is an FCA Authorised Contractual Scheme (ACS) using Northern Trust as the custodian and administrator. The investment managers would be appointed to the platform. The benefit of an ACS structure is that it is possible to recover tax e.g. tax on dividends which can't be recovered under other arrangements.

The WPP objectives are critical to the set-up of the pooling arrangements and these are:

- To allow each Fund (through the use of sub-funds) to implement their own investment strategy which continues to be determined by the Committee for the Clwyd Fund
- To reduce and control costs and maximise tax efficiency

- Allow access to “best of breed” asset managers which complement each other through improved governance which is determined by WPP through its governance structure
- Improve scale by accessing a bigger pool of assets and adopt best practice portfolio management

The first phase of the project will be to implement Global Equity sub-funds as they are the largest Assets under Management (AUM) across Wales. The target date to approve the manager line-up is 15th March. Fee negotiations with the managers are ongoing. There is a project plan (as summarised in the slides) which targets FCA submission on 1 May.

Mrs McWilliam asked whether they have decided on the Fund managers and who makes this decision. It was confirmed that the decision will be approved by the Joint Governance Committee (JGC) in consultation with Russell and Link. Mrs McWilliam also asked whether it is realistic that the approval of equity managers will be completed by 15th March. Mr Lowman confirmed that, in his view, they will be and more discussions will be held on Monday 26th February which will discuss the various options.

Mr Mandich presented to the Committee and highlighted the key points;

- Within each sub-fund, rather than hiring one manager, Link and Russell help the Fund diversify manager risk. This is done by proposing a line-up of managers that complement each other as the aim is for a better than median market return but a lower risk due to the diversification.
- Summarised details of Russell’s manager research approach which is a combination of the 4 P’s of manager research – Qualitative (People & Process) and Quantitative (Portfolio & Performance).
- Highlighted that past performance is a bad indicator of future performance. Therefore they do not rank a manager on how they have performed in the past; they base it on the future expected performance.
- A lot of high quality analysis is involved in gathering the best managers for the Fund (there are 44 full time manager research analysts). The analysis involves interviews, ongoing dialogue and analysing every trade that has been made with their portfolio.
- Each manager would be ranked based on these criteria.

Mrs Fielder asked whether there is a possibility of all the pools chasing the “best in breed” managers, which could cause capacity issues and put strain on the managers which impairs performance. Mr Mandich responded by stating that each manager has an individual manager style and some managers will have limitations on AUM. Mr Mandich confirmed that the recommendation from Russell would consider capacity issues and limits for investments placed would also be agreed.

Mrs Fielder also asked about the focus on responsible investment. Mr Mandich confirmed that this has been a big focus for a number of years and is one of the factors which is rated as part of the research. It was highlighted that all Funds would like to do something on ESG (Environmental, Social and Governance Investing) but to make it work on a pooling level, but there needs to be more consistency. This would mean getting Funds and possibly Pools to move to a common policy to gain the advantage of scale.

Mr Middleman asked whether they apply different weightings to the 4 P’s depending on which asset classes e.g. if manager skill is seen to be more important than some process factors. Mr Mandich confirmed that they are fairly uniform and consistent across all classes.

Mrs McWilliam asked how the process would work in relation to some of the Welsh infrastructure opportunities. Mr Mandich replied stating that it is very early to tell but they can

consider across the WPP and access expertise if necessary to gather more research. He confirmed that the Funds will be fully supported.

Mr Everett commented that it is likely that the relevant parties would come to the Funds regarding an investment opportunity rather than managers researching and finding these opportunities. Mr Mandich noted that it could be agreed to allocate a percentage of the assets to these opportunities and this would be discussed at the WPP.

The discussion moved onto the specific update for the Clwyd Fund. There were 6 strategy buckets discussed:

- Equities – Active mandates with Investec likely to move to Global equity sub-fund. Emerging markets sub-fund to be launched to by the end of the year. This will allow £200m to be moved. In addition the Blackrock asset (£70m) is already part of the passive mandate consolidation in Wales.
- Credit – current multi-asset credit holding (£200m) potentially of interest to other Welsh funds. Discussion is ongoing with Stone Harbor on how that can be implemented on the platform. Private credit (£14m) is more complex to move so would take more time to consider.
- Managed Platform – Russell/Link meeting to discuss this with ManFRM for the existing assets (£150m) as the platform is potentially scalable for other Welsh Funds.
- Tactical - DGF mandates (£170m) likely to benefit from lower fees through consolidation. Exploring options to move Best Ideas portfolio (£200m) onto platform.
- Real Assets and Private Markets – assets (£350m) unlikely to move in 2018 due to liquidity and lack of overlap with other Welsh Funds.
- LDI – assets (£400m) hardest to pool as customised and requires data feeds and specific reporting.

Mr Mandich emphasised it was not the intention to force assets onto the platform for the sake of it.

Mr Latham noted that the decisions regarding investments such as the Multi Asset Credit will now be made by the JGC so will require wider support from Wales. Mr Mandich confirmed this.

Mrs McWilliam asked whether there may be some other vehicles which are better for the assets to be managed other than the ACS. Mr Mandich responded by saying that, yes that is correct and needs to be considered. The ACS structure works is for global equities which is the starting point.

The Chairman asked whether there is anything else the Fund can do to support their work. Mr Mandich replied no stating that Mr Latham and Mrs Fielder have supplied excellent support in relation to how to move forward.

The Chairman thanked Mr Mandich and Mr Lowman for their presentation and looked forward to future updates.

105. **CLWYD PENSION FUND UPDATE**

The Chairman moved on to the last agenda item which was an overall update on the Clwyd Pension Fund since the last Committee meeting.

With regard to the Governance section 1.01, it was commented that dates need to be arranged in order for training to be undertaken. Mrs McWilliam commented an email would

be circulated with options and that the key priority is for the newest members to have dates that suit them. The aim is for 2 training days, one in March and one in April.

Mr Latham referred to section 1.04; he stated that the new minister Rishi Sunak MP will be responsible for setting LGPS legislation. Mr Sunak is keen with background knowledge on pooling and investments and is looking at sustainability in the LGPS and what it means for authorities.

Section 1.05 summarised the current Scheme Advisory Board (SAB) agenda. Mr Latham mentioned that one area that has returned to the agenda in recent national discussions was the separation of LGPS Funds from the Council as legal entities. Any further updates on this will be given at future meetings.

Mr Latham noted that the change from Welsh Government to exclude Pension Fund accounts from the Council accounts will affect approval mechanisms on both sets of accounts and the timing is being discussed. This affects only Welsh (not English) Funds so would need to be considered across Wales potentially to make it as easy as possible.

Mr Middleman referred to section 1.07 and commented that the funding level has since dropped to 89% due to the drop in equity markets, which is still significantly ahead of where the Fund was expected to be. This emphasised the importance of the equity protection the Fund has in place to manage the risk of a large fall in markets. As previously reported the structure of this is being reconsidered before the existing arrangement expires in April.

Mr Harkin noted that at the end of January 2018 the Fund's assets were over £1.8 billion. He also noted that other LGPS Funds have also been considering equity protection as part of risk management.

Cllr Llewelyn-Jones asked for Mr Harkin to give a further explanation in relation to page 50 paragraph 2 of the conclusion of the Economic and Market update i.e. can the current growth continue and can central banks afford it. Mr Harkin explained that the key is whether the banks can afford further quantitative easing (QE) to stimulate the economy if needed. This has certainly been scaled back recently. Equally what the Government does with monetary policy (interest rates) is important. Currently Governments and Banks seem to support continued stimulus so there are no immediate signs of a downturn or recession indicators although different economies are in different positions. For the Fund inflation will be key as asset returns need to at least match any increase in inflation otherwise costs could increase.

The Chairman raised section 1.12 regarding the discretionary policies. Over time these need developing and the recommendation is the Committee to delegate the approval of these policies to the Chief Executive and Corporate Finance Manager. This was agreed.

Mr Everett informed the Committee that Home Farm Trust (HFT) has bid successfully and is now a new employer in the Fund which is positive

RESOLVED:

1. That the Committee considered the update and commented accordingly.
2. That the Committee agreed the proposed changes to the 'Delegations of Functions to Officer' document in Appendix 6.

The Chairman thanked everyone for their attendance and all of the speakers for their presentations. He noted that the next Committee meeting will be 21 March 2018.

The meeting finished at 1:10pm.

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Chairman

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CLWYD PENSION FUND COMMITTEE

Date of Meeting	21 March 2018
Report Subject	Business Plan 2018/19 to 2020/21
Report Author	Clwyd Pension Fund Manager

EXECUTIVE SUMMARY

The Committee approved a three year Business Plan in March 2017 and has received updates each quarter on progress. The purpose of this report is to summarise progress during 2017/18 and update the Plan for 2018/19.

The Business Plan includes business as usual, tasks, risks and an estimate of the financial resources required.

In summary, the majority of the tasks for 2017/18 have been completed, or are work in progress, which is illustrated in Appendix 1.

Looking ahead, the next few years will be challenging for those involved in the governance, management and operation of the Fund. The Fund's Business Plan covering the period from 2018/19 to 2020/21, which the Committee is asked to approve, has been updated (Appendix 2) to ensure that all our known risks are being managed and resourced as well as possible.

RECOMMENDATIONS

1	That Committee members note progress made towards the Fund's Business Plan during 2017/18.
2	That the Committee approve the Business Plan in Appendix 2 relating to the period 2018/19 to 2020/21.

REPORT DETAILS

1.00	Review of the Fund's Business Plan
1.01	<p>Progress of the Fund's Business Plan key tasks across the three main activities (governance, funding and investment, administration and communication) is shown in Appendix 1.</p> <p>The updated Plan for the three years commencing 2018/19 is attached as Appendix 2. It includes business as usual, main tasks or projects with descriptions, a current risk assessment and an estimate of the financial resources required.</p>
1.02	<p>In terms of a summary on Governance for 2017/18:</p> <ul style="list-style-type: none"> • Business as usual continued to be delivered throughout the year. • The only element highlighted as a specific task was the induction and refresher training for the Committee. This was delivered and further training has been identified on the back of the recent training needs self-assessment exercise, which will be delivered throughout 2018/19. <p>Looking ahead for 2018/19 new tasks include:</p> <ul style="list-style-type: none"> • The appointment of a new Pension Board member • Consideration of and action to manage the risk of Cybercrime to the management of the Fund • Final implementation of changes to meet the requirements of General Data Protection Regulations (GDPR) • Finalising the review of the structure of the Pension Fund Finance team • Preparation for and procurement of our three key advisers (actuarial and benefits, investment consultant and independent adviser) as well consideration of the need for an ongoing custodian.
1.03	<p>In terms of a summary on Funding and Investment for 2017/18:</p> <ul style="list-style-type: none"> • A key area of focus was asset pooling, with the administering authority entering into the Inter-Authority Agreement for the Wales Pension Partnership, and the appointment of Link as the Operator. • The introduction of MIFID II introduced the need for Clwyd pension Fund to be opted up to professional status by all its Fund Managers and authorised advisers, which was successfully managed in a very short period of time. • The annual review of the funding 'flight-path' commenced and ongoing information will be provided during 2018/19 to consider options in relation to equity protection. • Business as usual, which also includes accounting, continued to be delivered, albeit resources have been stretched due to the investment pooling project and the retirement of one of the Pension Finance Managers.

	<p>The year finished with extremely positive news; we have just been notified that the Fund's approach to the Stewardship Code was awarded Tier One status by the Financial Reporting Council (FRC). The assessment considers the quality of the Fund's Responsible Investment and voting policy and arrangements.</p> <p>Looking ahead for 2018/19 new tasks include:</p> <ul style="list-style-type: none"> • The implementation of asset pooling, in particularly agreeing a transition plan, transitioning the initial assets, developing reporting, reviewing the internal processes (including accounting matters) and considering how opportunities in infrastructure investment will be taken forward. • The actuary will also carry out an interim funding review, to help prepare for the 31st March 2019 actuarial valuation. • An improved framework will developed to better identify and manage employer risk.
1.04	<p>In terms of a summary on Administration and Communication for 2017/18:</p> <ul style="list-style-type: none"> • A number of major tasks were completed or commenced as planned including; <ul style="list-style-type: none"> • the launch of the Fund's new website and member self-service facility, the latter having extremely positive initial take up rates; • preparation and scheme member engagement for the move to electronic communications (such as annual benefit statements); • the roll out of iConnect (employer data submission module) to a number of employers. In particular, it is worth highlighting that the year finished with major progress in implementing iConnect for FCC, Aura and Newydd, which were not originally planned until 2018/19; and • appointment of a contractor to carry out the scheme/GMP reconciliation, and the commencement of that work. • The Employer Liaison Team continued to provide services to Flintshire County Council and also commenced providing services for Wrexham County Borough Council, which has been key in ongoing data cleansing and providing information for the Operations Team to calculate benefit calculations. • Business as usual across the operations, pensioners' payroll, communication and technical teams has continued to be delivered including implementing process improvements and much more management information to track performance. It has been identified that day to day tasks have approximately doubled in the last three years placing ongoing strain on the Administration Team. <p>Looking ahead for 2018/19 new tasks include:</p> <ul style="list-style-type: none"> • The first electronic annual benefit statements. • Continued roll out of iConnect. • Working through a backlog of "aggregation" cases by a dedicated team. • Development of a Data Improvement Plan.
1.05	<p>In summary, the majority of the tasks on the 2017/18 Business Plan have</p>

	<p>been completed as planned or are work in progress. The actual outturn in relation to cash flows and the Fund's budget will be provided at June 2018 Pension Fund Committee.</p> <p>Looking ahead, 2018/19 will continue to be challenging for those involved in the governance, management and operation of the Clwyd Pension Fund but we hope the benefits of a number of initiatives will be realised before the end of this three year Business Plan. The Plan has been updated to ensure that all our known risks are being managed and resourced.</p>
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2.00	RESOURCE IMPLICATIONS
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2.01	The resources required for managing the Fund are estimated in the Business Plan.
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3.00	CONSULTATIONS REQUIRED / CARRIED OUT
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3.01	None directly as a result of this report.
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4.00	RISK MANAGEMENT
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4.01	The key risks are considered as part of the business planning process and articulated within the draft Business Plan.
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5.00	APPENDICES
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5.01	Appendix 1 – Business Plan 2017/18 Key Tasks Appendix 2 – Business Plan 2018/19 to 2020/21
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6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
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6.01	<p>Clwyd Pension Fund Business Plan 2017/18 to 2019/20 (March 2017 PFC).</p> <p>Contact Officer: Philip Latham, Clwyd Pension Fund Manager Telephone: 01352 702264 E-mail: philip.latham@flintshire.gov.uk</p>
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7.01	<p>(a) CPF – Clwyd Pension Fund – The Pension Fund managed by Flintshire County Council for local authority employees in the region and employees of other employers with links to local government in the region</p> <p>(b) Administering authority or scheme manager – Flintshire County Council is the administering authority and scheme manager for the Clwyd Pension Fund, which means it is responsible for the management and stewardship of the Fund.</p> <p>(c) PFC – Clwyd Pension Fund Committee - the Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund</p> <p>(d) LPB or PB – Local Pension Board or Pension Board – each LGPS Fund has an LPB. Their purpose is to assist the administering authority in ensuring compliance with the scheme regulations, the Pensions Regulator requirements and efficient and effective governance and administration of the Fund.</p> <p>(e) LGPS – Local Government Pension Scheme – the national scheme, of which Clwyd Pension Fund is part.</p> <p>NB: The terms used in the report are explained within Appendix 2.</p>

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Business Plan 2017/8 to 2019/20 – Q4 Update

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
*	Original item where the period has been moved or task deleted since original business plan

Governance Tasks

Ref	Key Action–Task	2017/18 Period				Later Years	
		Q1	Q2	Q3	Q4	2018/19	2019/20
G1	Induction and refresher training for PFC	x	x				
G2	Review of governance related policies, including for asset pooling requirements			x			
G3	Consider Key Person Risk			x	x		
G4	Review/ tender actuarial contract			x	x		
G5	Understanding implications of and actions required as a result of forthcoming legislation including Wales Act and Wellbeing Act				x	x	

Funding and Investments (including accounting and audit) Tasks

Ref	Key Action –Task	2017/18 Period				Later Years	
		Q1	Q2	Q3	Q4	2018/19	2019/20
F1	Asset Pooling	x	x	x	x	x	x
F2	Implications of MIFIDII		x	x	x		
F3	Flight-path “Health check” Review				x	x	x

Administration (including Communications) Tasks

Ref	Key Action –Task	2017/18 Period				Later Years	
		Q1	Q2	Q3	Q4	2018/19	2019/20
A1	Development of Workflow Management including Data improvements	x					
A2	Website Launch	x					
A3	Member Self Service	x	x				
A4	Workforce Planning	x					
A5	Backlog to 31 March 2013 (Mercers)	x					
A6	Electronic and Centralised internal procedures	x	x	x	x		
A7	Move to Electronic Annual Benefit Statements	x		x		x	
A8	GMP Reconciliation	x	x	x	x	x	x
A9	i-Connect		x	x	x	x	x
A10	Data Protection Changes			x	x	x	
A11	National Pensions Dashboard			xM	xM	x	
A15	Aggregation			x	x	x	

Employer Liaison Team Tasks

Ref	Key Action –Task	2017/18 Period				Later Years	
		Q1	Q2	Q3	Q4	2018/19	2019/20
E1	Review processes	x			x		
E2	Ongoing development of workflow reporting	x			x		
E3	Design reporting information and procedures	x	x				
E4	Staff training for WCBC data extraction	x	x				
E5	Establish plan for outstanding requests		x				
E6	Liaise with new employers for potential agreements	x	x	x	x	x	
E7	Review of Agreements				x	x	x
E8	Data preparation for i-Connect				x	x	x

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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:

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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.

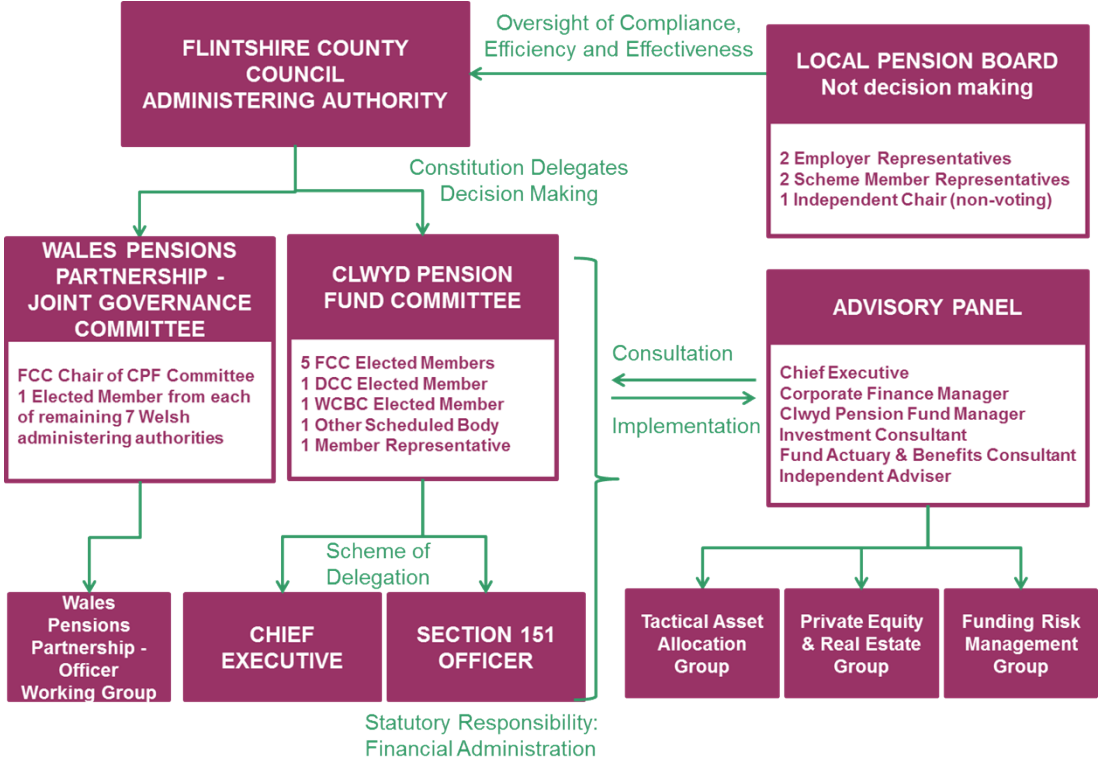
Governance and Management of the Fund

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.

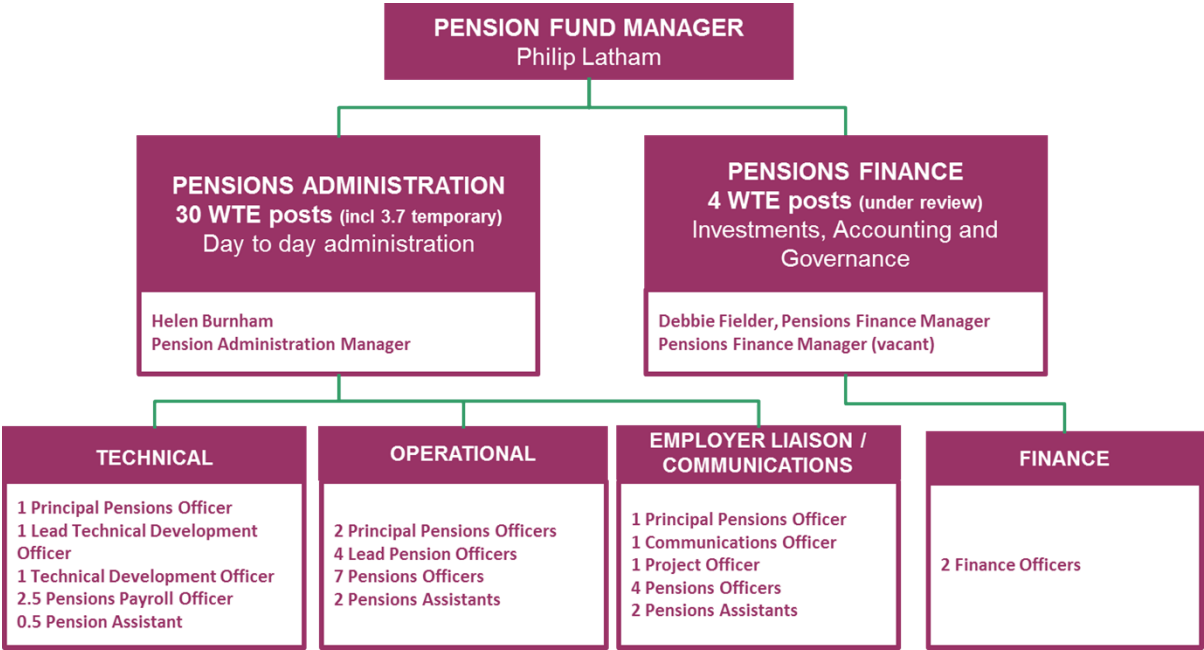
The Pension Fund Management Team

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

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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

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CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 21st March 2018
Report Subject	Pooling Investments in Wales
Report Author	Clwyd Pension Fund Manager

EXECUTIVE SUMMARY

The project to pool investments across the eight LGPS fund in Wales continues with the current focus on creating global equity funds that will satisfy the requirements of the eight constituent authorities.

The Officer Working Group has been working with the Operator on the various options with the aim of making a recommendation to the Joint Governance Committee on 28th March 2018.

The Clwyd Pension Fund Manager and Pension Finance Manager, in consultation with the Fund's Investment Consultants as required, have been actively participating to ensure an outcome that can meet the objectives of the Clwyd Fund for this asset class.

The new Minister for Local Government has written to the Chair and Vice Chair of the Wales Pension Partnership demonstrating the on-going scrutiny from Government on progress and their expectations. Another progress report is required by 4th May 2018.

RECOMMENDATIONS

1	That the Committee note the report and discuss progress being made by the Wales Pension Partnership.
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REPORT DETAILS

1.00	Pooling Investment in Wales
1.01	<p>This update report follows a series of previous reports on the progress of the work of the Wales Pension Partnership (WPP). At the February Clwyd Pension Fund Committee the new Operator explained their role in assisting WPP with its objectives and issues specific to the Clwyd Pension Fund. It was also explained that the initial focus was on creating global equity funds and their approach. (See Clwyd Pension Fund Committee Minutes 21st February 2018 for further details).</p>
1.02	<p>The last Joint Governance Committee (JGC) was 7th November 2017 at which the Operator appointment was ratified. Another formal public meeting was planned for 2nd February 2018 but instead this was replaced by an informal meeting of JGC with the WPP's advisor and Operator, in the main to discuss the global equity funds. The Officer Working Group (OWG) met on 26th February and 9th March 2018 with again the focus on the global equity funds.</p> <p>The Clwyd Pension Fund officers have been actively engaged in the discussions of the options presented by the Operator. From a Clwyd Pension Fund point of view the aim is to achieve a better probability of achieving the desired outperformance above benchmark, at a lower cost, without compromising our commitment to the Cost Transparency Code, Stewardship Code or Sustainability Policy within our Investment Strategy Statement. Under the terms of the Inter-Authority Agreement, the JGC must approve the creation of the pooled vehicles and sub-funds to be provided by the operator. Hopefully the recommendations made to the next JGC on 28th March 2018, to be held at County Hall, Mold, will enable the Fund to achieve these objectives for this asset class. In context, the allocation by the Fund to this global equity fund will be small (4% or £80m) but it is very significant for several other of the Wales funds. Hence only minimal advice has been required between Clwyd Pension Fund officers and JLT, the Fund's investment consultant.</p> <p>Following the required approvals for the funds from the Financial Conduct Authority (FCA) the expectation is that assets could be transferred during August or September 2018. The timing of the actual transfer of assets is a reserved matter for administering authorities in the Inter-Authority Agreement. There will be a presentation on details on the new global equity funds at the June 2018 Committee to enable a decision to be made.</p>
1.03	<p>Within the limited resources the focus has had to be on setting up the first funds to satisfy the Government's timetable. However, there is other work continuing in parallel on the longer term plan which will come to this Committee in the next financial year.</p>
1.04	<p>The Minister for Local Government has written to the Chair and Vice Chair of the Wales Pension Partnership. The letter is attached for information but illustrates on-going scrutiny of investment pooling from the Government, who require a further update by 4th May 2018.</p>

2.00	RESOURCE IMPLICATIONS
2.01	The costs of the Host Authority and advisors appointed on behalf of the eight funds to assist with the implementation process is being shared equally between the eight pension funds and are included in the 2018/19 budget (within the separate business plan report for this meeting). The estimated Operator costs are also included within that budget.
2.02	There has been considerable time allocated by the Clwyd Pension Fund Manager and Pension Finance Managers on this project which has impacted on time available for other Fund matters. This is expected to continue for the foreseeable future and may result in greater reliance on external advisers for other matters than would otherwise be the case.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None.

4.00	RISK MANAGEMENT
4.01	How the Wales Pension Partnership operates will be key in enabling the Fund to implement its investment strategy in the future. Performance not in line with the assumptions in our strategy impact on the cost of the scheme to employers at future Actuarial Valuations.
4.02	This risk has been identified as significant in the Fund's risk register.

5.00	APPENDICES
5.01	Appendix 1 – The Letter from the Minister for Local Government

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> • Earlier Committee reports on the progress of the Working Together in Wales project. • The Wales Pension Partnership Inter-Authority Committee (available on request) <p>Contact Officer: Philip Latham, Clwyd Pension Fund Manager Telephone: 01352 702264 E-mail: philip.latham@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>(a) The Fund – Clwyd Pension Fund – The Pension Fund managed by Flintshire County Council for local authority employees in the region and employees of other employers with links to local government in the region</p> <p>(b) Administering authority or scheme manager – Flintshire County Council is the administering authority and scheme manager for the Clwyd Pension Fund, which means it is responsible for the management and stewardship of the Fund.</p> <p>(c) The Committee – Clwyd Pension Fund Committee - the Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund</p> <p>(d) LGPS – Local Government Pension Scheme – the national scheme, which Clwyd Pension Fund is part of</p> <p>(e) Inter-Authority Agreement – the governance agreement between the eight Wales pension funds for purposes of pooling</p> <p>(f) Wales Pension Partnership – the name agreed by the eight Wales pension funds for the Wales Pool of investments</p> <p>(g) The Operator – an entity regulated by the FCA which provides both the infrastructure to enable the pooling of assets and fund management advice. For the Wales Pension Partnership, the appointed Operator is Link.</p>



Ministry of Housing,
Communities &
Local Government

Cllr Stephen Churchman
Chair, Joint Committee

Cllr Mark Norris
Vice Chair, Joint Committee

Rishi Sunak MP
Minister for Local Government

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www.gov.uk/mhclg

Our Ref:3663031
Your ref:LPFA/SJ-MHCLG/MC

Dear Cllr Churchman and Cllr Norris,

WALES PENSION PARTNERSHIP: PROGRESS REVIEW

Thank you for your report on progress to 30 September and updates to my officials on developments since then.

I am pleased to note that you have completed your procurement and appointed a pool operator. I know that it has been a long and demanding journey involving many people across the participating funds to reach this stage and I am very grateful to you.

There is still more to do to for the Wales pool to be fully operational with assets under management, with effective governance and management of the operator in place. I am sure you take accountability to the participating funds very seriously and I look to you to ensure that the governance and client side are robust and resourced to the level necessary for a complex project involving a large contractor and eight administering authorities.

Across the scheme I will also expect fully transparent reporting on costs and investment performance by asset class by funds and pools and I welcome the preparatory work being undertaken by the working group chaired by CIPFA.

I look forward to receiving your next report on progress as at 13 April by 4 May 2018, and to meeting you at the next suitable opportunity, perhaps at the PLSA conference on 22 May.

RISHI SUNAK MP

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CLWYD PENSION FUND COMMITTEE

Date of Meeting	21 March 2018
Report Subject	LGPS Current Issues
Report Author	Clwyd Pension Fund Manager

EXECUTIVE SUMMARY

The purpose of this report is to provide an update on the key issues affecting the LGPS as at March 2018 and makes recommendations for Members to review the update document found at Appendix 1 from Mercer. This covers many of the current ongoing issues and the latest news since the last Committee update in November, in particular:

- An update on the life expectancy projections that we may use as part of the actuarial valuation.
- The implications of the consultation on the Deferred Debt Arrangements and how this may affect the LGPS.
- Updates on the progress of various Regulations and Consultations
- The potential considerations if a Council issues a Section 114 Notice.

RECOMMENDATIONS

1	It is recommended that all Committee members note this report and make themselves aware of the various current issues affecting the LGPS, some of which are significant to the operation of the Fund.
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REPORT DETAILS

1.00	LGPS Current Issues
1.01	<p>The purpose of this report is to provide a general update to Committee Members on various current issues affecting the LGPS.</p> <p>Appendix 1 sets out a brief update on a number of significant specific issues, and also wider issues affecting the whole of the pensions industry.</p>
1.02	<p>Key points to be aware of are:</p> <ul style="list-style-type: none">• Life Expectancy Update - The Continuous Mortality Investigation (CMI) have published their most recent Mortality Projections Model "CMI 2017". Moving to the latest projection model could improve overall funding levels by 1-2% and reduce average future service contributions by around 0.3% of pensionable pay.• The DWP has responded to its 2017 consultation on Deferred Debt Arrangements for private sector schemes which allows employers to continue in a pension scheme without triggering a termination debt. Whilst this does not currently affect the LGPS, it could underpin a change to allow employers to continue participation in a Fund with no active members.• From April 2019, the National Assembly for Wales will have the power to set the basic, higher and additional rates of income tax for Welsh taxpayers which could affect the operation of the Fund.• The potential considerations of a Council issuing a Section 114 Notice.
2.00	RESOURCE IMPLICATIONS
2.01	<p>Some of the actions arising out of the issues identified could mean significant changes to operational matters for the Fund.</p>
3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	<p>None directly as a result of this report but noting the developments in the highlighted areas.</p>
4.00	RISK MANAGEMENT
4.01	<p>This report addresses some of the risks identified in the Fund's Risk Register. Specifically, this covers the following (either in whole or in part):</p> <ul style="list-style-type: none">• Governance risks: G2 & G7.• Funding and Investment risks: F1, F5
5.00	APPENDICES
5.01	<p>Appendix 1 – LGPS Current Issues - March 2018 edition</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Earlier editions of the LGPS Current Issues document, tabled at previous Committee meetings.</p> <p>Contact Officer: Philip Latham, Clwyd Pension Fund Manager Telephone: 01352 702264 E-mail: philip.latham@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>(a) The Fund – Clwyd Pension Fund – The Pension Fund managed by Flintshire County Council for local authority employees in the region and employees of other employers with links to local government in the region</p> <p>(b) Administering Authority or Scheme Manager – Flintshire County Council is the administering authority and scheme manager for the Clwyd Pension Fund, which means it is responsible for the management and stewardship of the Fund.</p> <p>(c) The Committee – Clwyd Pension Fund Committee - the Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund</p> <p>(d) LPB or PB – Local Pension Board or Pension Board – each LGPS Fund has an LPB. Their purpose is to assist the administering authority in ensuring compliance with the scheme regulations, TPR requirements and efficient and effective governance and administration of the Fund.</p> <p>(e) GAD - The Government Actuary’s Department.</p> <p>(f) LGPS – Local Government Pension Scheme – the national scheme, which Clwyd Pension Fund is part of</p> <p>(g) DCLG - Department for Communities and Local Government - Central Government department responsible for the LGPS</p> <p>(h) LGA - The Local Government Association - a politically-led, cross-party organisation that works on behalf of councils to ensure local government has a strong, credible voice with national government. Performs various Secretariat and support roles for the LGPS.</p> <p>(i) Actuarial Valuation - The formal valuation assessment of the Fund detailing the solvency position and determine 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.</p> <p>(j) GMP – Guaranteed Minimum Pension – This is the minimum level of pension which occupational pension schemes in the UK have to provide for those employees who were contracted out of the State</p>

Earnings-Related Pension Scheme (SERPS) between 6 April 1978 and 5 April 1997.

- (k) **CARE – Career Average Revalued Earnings** – With effect from 1 April 2014, benefits accrued by members in the LGPS take the form of CARE benefits. Every year members will accrue a pension benefit equivalent to 1/49th of their pensionable pay in that year. Each annual pension accrued receives inflationary increases (in line with the annual change in the Consumer Prices Index) over the period to retirement.
- (l) **Annual Allowance** – the annual allowance is a limit on the capital amount that individuals can contribute to their pension each year, while still receiving tax relief. The standard Annual Allowance is £40,000 in any year. For members whose taxable earnings are over £110,000 they can fall into the Tapered Annual Allowance which falls between £10,000 and £40,000 depending on their level of earnings.
- (m) **Fair Deal** - guidance issued by the Government which applies to compulsory transfers of employment out of the public sector. Updated guidance was issued in October 2013, referred to as “New Fair Deal”, which amends some of the previous guidance.
- (n) **Scheme Pays** – the option for a member to ask the Fund to pay any tax associated with breaching the Annual Allowance. The Mandatory Scheme Pays option applied where a member exceeds the statutory Annual Allowance limit of £40,000. The Voluntary Scheme Pays option applies when a member falls into Tapered Annual Allowance or their tax charge is less than £2,000. Voluntary Scheme Pays can be used at the discretion of the Administering Authority.
- (o) **Section 114 Notice** – Refers to Section 114 of the Local Government Finance Act 1988. Once a council issues a notice under section 114 it is prohibited from entering into new agreements that incur expenditure and must strive to set a balanced budget.

LGPS CURRENT ISSUES

NEWS IN BRIEF

IN THIS ISSUE

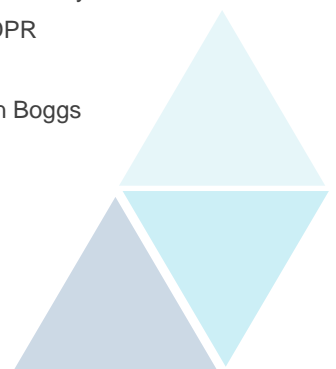
HOT TOPICS

- **LIFE EXPECTANCY UPDATE** - Continuous Mortality Investigation (CMI), whose work underpins life expectancy improvement rates used in our liability valuations for LGPS Funds, have published their most recent Mortality Projections Model “CMI 2017”, allowing for 2017 data. At a high level CMI 2017 shows:
 - a slowdown in the impact of future life expectancy improvements
 - this is equivalent to a reduction in life expectancy of around 2 months on average compared to last year’s model, CMI 2016
 - this continues a recent trend, as last year’s model also saw a (larger) reduction in life expectancy compared to the 2015 model, CMI 2015
 - there is increasing evidence that the low level of recent mortality improvements may be due to medium / long-term influences (rather than just short-term events such as influenza in early 2015)

For our funds, whose valuations used the CMI models, in isolation the impact of moving to the latest projection model would be to improve overall funding levels by 1-2% and reduce average future service contributions by around 0.3% of pensionable pay. Other factors will affect the life expectancy assumption used in the valuation (including where employers cease participation) and the level of future improvements is something to consider over 2018 for Funds given the evidence that the improvement rates are showing a further tailing off than was previously expected.

- **GDPR** replaces the Data Protection Directive and applies in all EU member states from 25 May 2018. Work is well underway in many Funds; however meeting the requirements of the GDPR remains a challenge for some. A lot of activity is expected in the early part of 2018. The Secretariat (acting on behalf of Administering Authorities) has commissioned Squire Patton Boggs to produce the following documents
 - Template privacy statements for administering authorities to use
 - A memorandum of understanding document for employers setting out that participating employers can share data with the administering authority without a data sharing agreement being in place

- News in Brief
- Employer Risk
- Other Developments on Regulations and Consultation
- Dates to Remember
- Meet the Team
- Contacts



- The DWP has responded to its 2017 consultation on [DEFERRED DEBT ARRANGEMENTS](#) (DDAs). DDAs will be introduced from 6 April 2018 and will apply to all multi-employer DB schemes in the private sector, although will most likely be of interest to non-associated multi-employer schemes. They allow an employer that is ceasing to employ active members to defer the debt trigger and continue to be treated as an employer in relation to the scheme.

Whilst not affecting the LGPS currently, it's likely this will support a move to afford the flexibility to employers to be incorporated into the LGPS Regulations in similar way in the future. We think it would be beneficial for administering authorities to be able to exercise this power should the circumstances warrant it to manage liabilities and protect the Fund from future unrecoverable debt. We have already commented on our support for this change as part of the recent Tier 3 review.

- Work on the "[PENSIONS DASHBOARD](#)" is expected to continue during 2018. The Government has accepted the need for a single platform holding information for individuals on all their pension savings, and the Department for Work and Pensions (DWP) will take the project forward.
- Following its "[REVIEW OF RETIREMENT OUTCOMES](#)" in 2017, investigating how to provide additional protections for consumers and to help consumers make good choices, the Financial Conduct Authority intends to publish its final report on whether it should intervene and how in the first half of 2018.

SCOTTISH INCOME TAX

The Scottish Government recently announced tax changes that result in moving to a five-band income tax system. This means that any Funds that have pensioners residing in Scotland will need to ensure that the administration systems are able to cope with the changes before they are introduced on 6 April 2018. HMRC have issued Pension Schemes Newsletter 96 which focuses on the impact of the Scottish Budget on the taxation of pension income – in particular the effect on fixed rate charges (e.g. Lifetime Allowance charge), marginal rate charges, PAYE and taxable Lump Sum Death Benefits. It also covers relief at source for Scottish Tax payers.

WELSH INCOME TAX

From April 2019, the National Assembly for Wales will have the power to set the basic, higher and additional rates of income tax for Welsh taxpayers, although the bands of income to which they will apply will remain the same as those for England and Northern Ireland. Broadly speaking, Welsh taxpayers are taxpayers for whom the majority of their time throughout a tax year is spent residing in Wales. Systems will need to be upgraded before April 2019 to cope with potentially different income tax rates for Wales than currently.

GMP RECONCILIATION

The Scottish Public Pensions Agency ("SPPA") has [published](#) Q&As regarding how GMP overpayments to pensioners will be dealt with (treatment will vary depending on the public service scheme, as for certain schemes HM Treasury consent is required). In common with public service schemes across the UK a number of overpayments are expected to be identified from the reconciliation exercise where current GMP data held by schemes is incorrect.

EQUITIES COOLING OFF?

Following the sell-off, US equities have experienced a substantial increase in volatility, showing their biggest percentage drawdown since January 2016; these drops were consequently echoed around the globe with other developed markets feeling the full force of the events in Wall Street.

The apparent source of this decline was a higher than expected wage growth report which, coupled with a sustained increase in interest rates over the last month, sparked concerns of a continued move higher in nominal interest rates.

We do not believe there are any urgent actions for investors to take. We believe there is a potential for higher volatility over the next few years as monetary support is withdrawn, and we should be prepared for the potential for sharp drops from time to time. Many LGPS Funds have implemented or are considering equity protection strategies to remove the downside risk of a significant correction in the markets which could impact on employer contributions at the next valuation. As LGPS Funds are long term investors, it is important to maintain discipline and focus on the long term and protection strategies can form part of that focus..

CRYPTOCURRENCIES: FOOL'S GOLD OR THE FUTURE?

Eye-watering cryptocurrency price appreciation was the speculator's delight of 2017. Two of the major cryptocurrencies, Bitcoin and Ether, rose by around 1,400% and 9,000% respectively over the calendar year, while an index of leading cryptocurrencies rose by approximately 2,800%. Rapid price appreciation, the proliferation of new coin launches (initial coin offerings, or ICOs) and widespread excitement around cryptocurrencies suggest the existence of a speculative bubble.

We do not view cryptocurrencies in their current form as an investable proposition or store of value (either directly, via futures or via hedge funds set up to speculate on cryptocurrency price movements). They offer no income to the passive holder of coins ("non-miners"), and assessing fair value is close to impossible. In addition, the wave of cryptocurrency launches and the spectacular price increases seen over 2017 exhibit many of the hallmarks of a speculative bubble. We suggest that investors sit it out.

Although the blockchain technology underlying cryptocurrencies holds significant promise in areas such as trade processing and settlement, cryptocurrencies have yet to prove that they offer much more than the benefit of anonymity and the potential for large price fluctuations.





EMPLOYER RISK

SECTION 114 NOTICE

WHAT DOES IT MEAN FOR THE PENSION FUND?

The recent issue of a Section 114 Notice by Northamptonshire County Council received a good deal of press coverage. The issuing of a section 114 notice imposes immediate spending controls on the Council. In effect it means that any new spending on non-statutory services are put on hold, whilst any statutory functions are maintained. It remains to be seen whether any further notices will be issued by other Councils given the continued pressure on budgets and services.

This event shows that even the apparently most secure employers can run into difficulty in meeting some obligations without significant action. Whilst we would expect pension costs to form part of the statutory obligation of a Council (in the same way as paying staff wages), there is no doubt that contribution affordability will be paramount to Councils who find themselves in this situation. It is therefore important that Funds consider employer covenant for all employers and put in place the appropriate frameworks to manage these one off events especially if it affects the ability of the employer to maintain the level of contributions due under the valuation certificate and/or the likely contribution requirements at future valuations.

HOW CAN WE HELP – We will be supplying a more comprehensive note on the implications of section 114 and the considerations for funds. In the meantime please contact Tim Birkett on 0161 837 6672 or tim.birkett@mercer.com, or your usual Mercer consultant if you would more information on monitoring covenant and the actions that can be taken.





OTHER DEVELOPMENTS ON REGULATIONS AND CONSULTATION

WHAT HAPPENED TO THE PROPOSED CHANGES TO PUBLIC SECTOR REDUNDANCY PAYMENTS?

The Government has consulted on various ways to reduce redundancy pay outs to public sector staff, including early retirement pensions.

The intention to cap redundancy payments by law (at £95,000), and to recover payments made to higher paid employees who return to public sector employment, were policies mooted under David Cameron's administration. Our understanding is that this remains Government policy and that HM Treasury may consult on draft regulations and guidance regarding the cap this year. We also expect the recovery provisions to be implemented this year.

A third aspect of public sector reform is HM Treasury's overall framework for reducing the cost of exit payments, which is to be implemented for each workforce by the relevant Government department. The Civil Service moved quickly to implement its reforms in line with the Treasury framework, although these were subsequently challenged in the High Court. Our understanding is that the Department for Communities and Local Government will consider its proposals for the framework reforms applying to local government, and publish these for consultation.

NEW FAIR DEAL PENSION PROTECTIONS WILL PENSIONS RISK BE TAKEN OUT OF THE OUTSOURCING EQUATION?

The Government is to consult again on its approach to introducing New Fair Deal pension protections for the LGPS, with new proposals expected in the coming months. In its original consultation, the Government proposed that contractors would be required to join the LGPS when local authority services - and staff – are outsourced (the option of using their own schemes, which are certified as broadly comparable to LGPS, would be removed). Interestingly, it was proposed that there would be no requirement to provide pension protections at all on second generation contracts where the staff involved were already in a broadly comparable scheme.

GMP INDEXATION AND EQUALISATION

Following the introduction of the new State Pension system in 2016, the Government effectively ceased to provide cost-of-living increases on GMPs for members of both private and public sector schemes who reach state pension age (SPA) after 5 April 2016. As a result, the public service schemes are required to step in and pick up the cost of fully indexing GMPs (over and above the statutory increases that all schemes are required to pay) – at least in respect of members who reach SPA before 6 December 2018.

HM Treasury has consulted on options for how GMPs should be indexed from December 2018; Treasury has been clear that the solution must also ensure that equal benefits in relation to GMP are paid to men and women. The Government announced its response to the consultation on 22 January. The responses received were broadly in favour of the Government's objectives. The Government had been implementing an "interim solution" between 6 April 2016 and 5 December 2018. The outcome of this consultation is to extend this for a further two years and four months covering those members who reach state Pension Age on or after 6 December 2018 and before 6 April 2021. During this time, the Government will investigate the possibility of converting GMP in the longer term.



THE LOCAL GOVERNMENT PENSION SCHEME (SCOTLAND) REGULATIONS 2018

The Scottish Public Pensions Agency (SPPA) has consulted on a set of draft regulations for the Local Government Pension Scheme (Scotland). Following the implementation of the reforms from 1 April 2015, work has continued to identify areas in the regulations that require further clarification and correction. The consolidated 2018 Regulations have been designed to clarify these existing provisions and to make some suggested changes from stakeholders that have been agreed by SPPA. The deadline for the consultation ended on 15 January 2018 and our understanding is that some changes will be made before the final regulations will be presented to Parliament in April. Further information can be found [here](#) and we will include a summary of the main changes in future Current Issues.

SCHEME ADVISORY BOARD UPDATES

- **TIER 3 EMPLOYERS** – As part of the review of tier 3 employers, three surveys were issued to Administering Authorities, members and tier 3 employers during November 2017. The closing date for the surveys was 31st January 2018 and the results are currently being analysed.
- **ACADEMIES** – As discussed in previous issues, the GAD collected some further information from actuaries under the umbrella of their section 13 work. The two working groups tasked with this met in January. The administration working group agreed that a standard template for data consistency would help improve administration efficiency. The funding working group has initially explored the concept of a single contribution rate for academy ‘pools’ or Master Academy Trusts (MATs). The working groups are expected to meet monthly.
- **50/50 OPTIONS** – A member survey performed in July 2017 indicates that the low take up rate of the 50/50 scheme may be due to poor communication. The SAB are therefore considering whether improving awareness of the option would result in an increase in the take up rate.

MINISTRY OF HOUSING, COMMUNITIES AND LOCAL GOVERNMENT

In the recent cabinet reshuffle, the Department for Communities and Local Government (DCLG) has been renamed as the Ministry of Housing, Communities and Local Government (MHCLG). In addition, Rishi Sunak will replace Marcus Jones as the minister responsible for the LGPS.

ELMES V ESSEX

Between 1 April 2008 and 31 March 2014, it was a requirement for the members to complete a nomination form setting out who benefits should be paid to in the event of their death (for England and Wales). A case in respect of Nicola Elmes and Essex County Council was recently heard in the High Court about this requirement.

The outcome of this case indicates that the nomination form is no longer required in order for cohabitants to be eligible for a partner’s pension in the LGPS. Funds will now need to decide how to rectify this issue in respect of historic members who were refused a partner’s pension due to the nomination form not being completed. The impact on the LGPS regulations will be confirmed by MHCLG in due course.

AUTO-ENROLMENT REVIEW

Following a full review of automatic enrolment during 2017, the Government published its report and proposals on how to build on its success.

The report contains surprisingly few firm recommendations, but the proposals are:

- To reduce the minimum eligibility age from 22 to 18 (with the £10,000 earnings trigger for eligibility remaining unchanged);
- To remove the lower earnings contribution threshold, so that contributions are payable from the first pound earned. This will mean that the “entitled worker” category will disappear and anyone opting in will be entitled to an employer contribution.

However the review does not intend these changes to come into force until the mid-2020s, to allow for a period of consultation and advance planning given the associated cost increases.

Although no specific changes are being proposed in relation to individuals in multiple part-time jobs who earn more than £10,000 in combination, but who don't get auto-enrolled because they don't earn over £10,000 in any single employment, the Government considers that the removal of the threshold will be an increased incentive for these individuals to opt-in.

The review also calls upon the pensions industry, employers, and the wider advisory and intermediary community to work with Government on improving member engagement through a variety of strategies. These include simplifying messaging and language, using rules of thumb and nudges, identifying specific life events as “teachable moments”, and making use of technology, including the ongoing development of the Pensions Dashboard.



DATES TO REMEMBER

DATE	ISSUE	THE LATEST
3 January 2018	MiFID II	MiFID II became effective from this date.
15 January 2018	Scottish Regulations 2018	Deadline for response to the Consultation
31 January 2018	Tax	Voluntary Scheme Pays Deadline
1 February 2018	Auto-enrolment	The final staging date for employers to enrol workers into a workplace pension. This completed the phased rollout of auto-enrolment.
8 February 2018	Base rate	The Bank of England's Monetary Policy Committee met and voted unanimously to keep interest rates at 0.5%
13 March 2018	Spring Budget	Chancellor of the Exchequer Philip Hammond will deliver the 2018 Spring Statement.
31 March 2018	Actuarial Valuation	Deadline for the 2017 Scottish actuarial valuation exercises to have been formally signed off by the Fund actuary.
April 2018	Asset Pooling	LGPS funds must begin transitioning assets to the new investment pools
5 April 2018	Lifetime Allowance	Increase from £1m to £1.03m to match the Consumer Prices Index.
25 May 2018	Data protection	Date by which EU member states must comply with the new General Data Protection Regulation.
13 January 2019	IORP II	Date by which member states must adopt the new EU directive covering occupational pensions
March 2019	Brexit	It is expected that the UK will formally leave the EU by the end of this month.
2018	Tier 3 Employers	Outcome of the Tier 3 employers review
2018	Academies	Outcome of the academies review
2019	Pensions Dashboard	These are expected to go live some time in 2019

MEET SOME OF THE TEAM - THINGS YOU MAYBE DIDN'T KNOW



Name: Barbara Forbes
Role: Actuarial Technician
Joined Mercer: 1990
Place of Birth: Leigh
Favourite Film: As Good As It Gets
Dream Holiday Destination: New York
Favourite Easter Chocolate: Any Dark Chocolate
Which Winter Olympics sport would you choose to do:
 Après Ski!



Name: Clive Lewis
Role: Actuarial Consultant
Joined Mercer: When rainbows were black and white
Place of Birth: Liverpool
Favourite Film: Saw, Saw iii, Saw iv, Saw ii, Saw vii, Saw vi, Saw v, Jigsaw (in precisely that order), oh and the Shawshank Redemption
Dream Holiday Destination: Not bothered as long as it's with friends and family.
Favourite Easter Chocolate: Anything that the kids forget to eat
Which Winter Olympics sport would you choose to do: Got to be the Ski Jump after the inspirational Eddie



Name: Adam Lane
Role: Investment consultant
Joined Mercer: 2010
Place of Birth: Birmingham
Favourite Film: Star Wars
Dream Holiday Destination: Barbados
Favourite Easter Chocolate: Dairy Milk
Which Winter Olympics sport would you choose to do:
 Curling

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CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 21 March 2018
Report Subject	Administration and Communications Update
Report Author	Pensions Administration Manager

EXECUTIVE SUMMARY

An update is on each quarterly Committee agenda and includes a number of administration and communications related items for information or discussion. The items for this quarter are:

- (a) Current Developments and News – the potential impact of the review of indexation and equalisation of GMPs
- (b) Administration and communications related policy/strategy implementation and monitoring - including the latest performance statistics (appendices 1 and 2) and the positive results from the implementation of Member Self-Service.

RECOMMENDATIONS

1	That the Committee consider the update and provide any comments
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REPORT DETAILS

1.00	ADMINISTRATION AND COMMUNICATIONS RELATED MATTERS
1.01	Business Plan 2017/18 Update An update on the business plan is included in a separate report.
1.02	Current Developments and News A separate LGPS Update report has been provided by Mercer and included with the Committee Papers. In general we are aware of the points highlighted in the report and a number of these are specifically referred to in the separate Business Plan report. However, more specifically it is worth noting the following point: <ul style="list-style-type: none">• GMP Indexation & Equalisation – Since 2016 Public Service Schemes have been required to pick up the full costs of fully indexing GMP's for those members who reach SPA before 6th December 2018. Following a consultation, the interim solution is to extend the period from 6th December 2018 to 6th April 2021 whilst the Government will continue to review the solution for the longer term. This will impact on the Clwyd Pension Fund pensioners who reach SPA between 6th December 2018 to 6th April 2021. The Fund will now be required to provide full (inflation proofing of pensions for those members. We are currently reviewing our pensions administration software and processes to incorporate this.
1.03	Policy and Strategy Implementation and Monitoring <i>Administration Strategy</i> The latest monitoring information in relation to administration is outlined below: <ul style="list-style-type: none">• Day to day tasks (to February 2018) – Appendix 1 provides the analysis of the number of tasks added (i.e. new work to do) and completed on a monthly basis since April 2017 including the split in relation to our three unitary authorities and all other employers. The information is now provided as a graph so that the ongoing trends in workloads can be better understood. The following observations and explanations for the information in the graphs should be noted:<ul style="list-style-type: none">○ Over the longer period, it shows a fundamental increase in the monthly number of tasks being added.○ The December 2017 low figures illustrate the impact of seasonal holidays both at the Fund's employers and within the Administration Team.

- Other than December and February, in recent months there has been a substantial increase in added tasks due to (a) the transfers of FCC employees to Aura and NEWydd and (b) data cleansing for implementing iConnect for Aura, NEWydd and Flintshire.
- In addition, a large amount of resource has been focussing on the implementation of iConnect which means less tasks completed in February.
- Key Performance Indicators (to January 2018) – Appendix 2 shows performance against the key performance indicators that are measured on a monthly basis. This is also now being presented as graphs to show the trends since April 2017. The information shows KPIs in relation to three measures (legal deadlines, the overall experience and the CPF Administration Team's internal turnaround) against seven key process areas. The charts show fluctuation in most areas and the Pension Administration Manager will be happy to answer questions on specific points. Some of the reasons for these include:
 - Staff turnaround (mainly due to internal promotions and moves), training and long term sickness. Training plans are in place.
 - Ongoing work on iConnect and the impact of Christmas holidays (impacting December/January).

The processes relating to the death of a scheme member have also been reviewed and this should positively impact those KPIs in future months.

1.04

Internal dispute resolution procedures - Below is a summary of the internal dispute resolution cases that have been received in the last 12 months.

- Of the appeals received against employers at Stage 1 in the current year 2017/18, all are based on non-payment of ill health benefits, or the level of benefits awarded, other than 1, is based on non-payment of deferred benefits on compassionate grounds and 1 is based on the hours and pensionable pay used.
- There has been 1 appeal against the Administering Authority which is in relation to a late payment of deferred benefits. 4 cases were progressed to Stage 2; 3 in respect of the employer and non-payment of deferred benefits of which 1 was referred back to the employer.
- Both appeals against the Administering Authority (in 2016/17 and 2017/18), which were rejected at Stage 2, have been progressed to the Pensions Ombudsman. We are currently awaiting their determination.

	2017/18			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	12	2	6	4
Stage 1 - Against Administering Authority	1		1	
Stage 2 - Against Employers	3	2	1	
Stage 2 - Against Administering Authority	1		1	

	2016/17				
	Received	Upheld	Rejected	Ongoing	
	Stage 1 - Against Employers	7		7	
	Stage 1 - Against Administering Authority	1		1	
	Stage 2 - Against Employers	3		3	
	Stage 2 - Against Administering Authority	1		1	
1.07	<p>Communications Strategy</p> <p>Following the launch of Member Self-Service in November 2017 the Communication Officer has been to numerous employers promoting the use and take up of the service. Information concerning the use of Member Self-Service is attached in Appendix 5, which demonstrates the positive take-up and the resulting improvements since implementation, which include efficiencies and more up to date data.</p>				
1.08	<p>No major communication has been distributed since the last Committee however numerous revised Activation Keys for allowing members to gain access to their records via Member Self-Service have been issued as the main distribution sent out in November 2017 had an expiry date for security reasons. Following the review of existing processes in relation to the death of scheme members, communications have been completely reviewed including introducing a booklet to explain what happens on the death of a scheme member.</p>				
1.09	<p>Delegated Responsibilities</p> <p>The Pension Fund Committee has delegated a number of responsibilities to officers or individuals. No delegated responsibilities were used in the last quarter in relation to administration and communication matters.</p>				

2.00	RESOURCE IMPLICATIONS
2.01	None directly as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None directly as a result of this report.

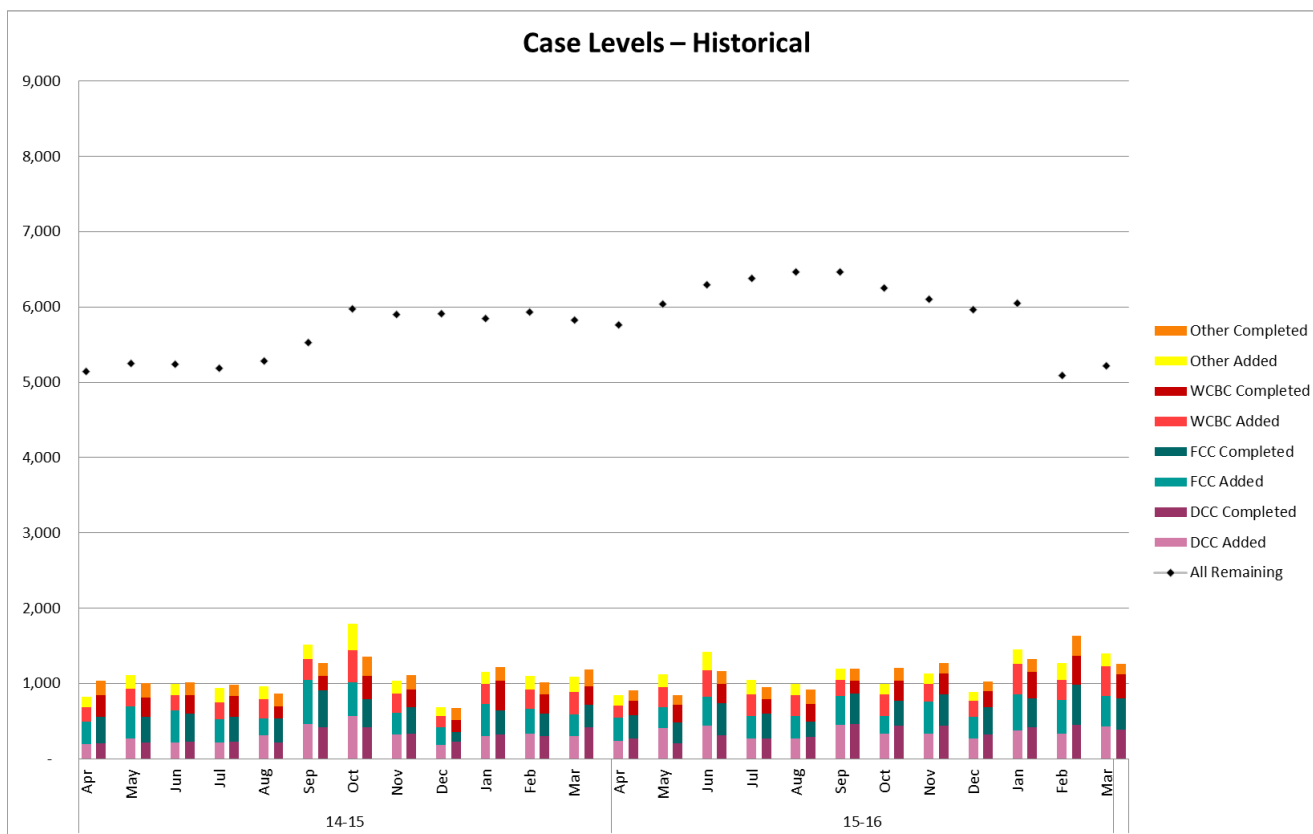
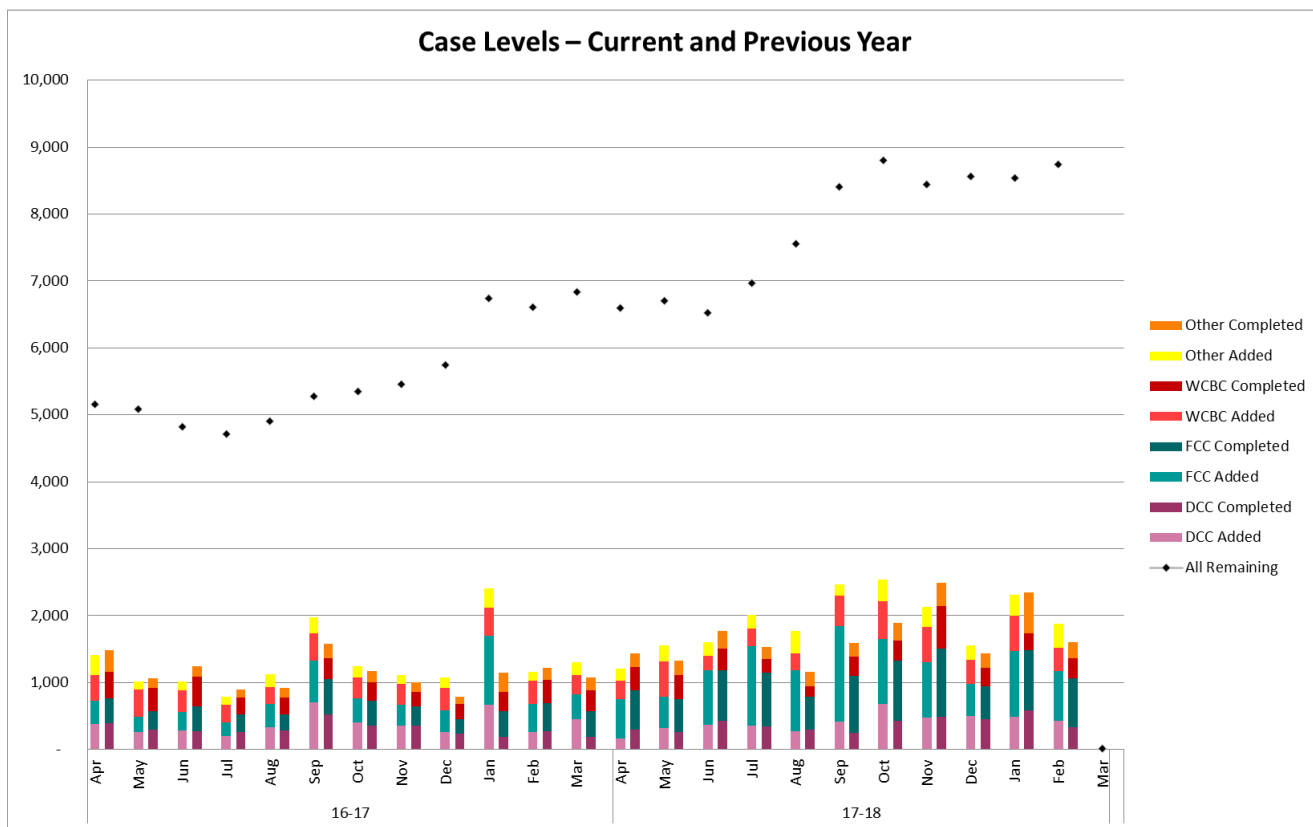
4.00	RISK MANAGEMENT
4.01	Information on the key administration and communications risks is included in the business plan report.

5.00	APPENDICES
5.01	Appendix 1 – Analysis of tasks received and completed Appendix 2 – Key performance indicators Appendix 3 – Member Self Service update

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	No relevant background documents. Contact Officer: Helen Burnham, Pensions Administration Manager Telephone: 01352 702872 E-mail: helen.burnham@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>(a) CPF – Clwyd Pension Fund – The Pension Fund managed by Flintshire County Council for local authority employees in the region and employees of other employers with links to local government in the region</p> <p>(b) Administering authority or scheme manager – Flintshire County Council is the administering authority and scheme manager for the Clwyd Pension Fund, which means it is responsible for the management and stewardship of the Fund.</p> <p>(c) PFC – Clwyd Pension Fund Committee - the Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund</p> <p>(d) LPB or PB – Local Pension Board or Pension Board – each LGPS Fund has an LPB. Their purpose is to assist the administering authority in ensuring compliance with the scheme regulations, TPR requirements and efficient and effective governance and administration of the Fund.</p> <p>(e) LGPS – Local Government Pension Scheme – the national scheme, which Clwyd Pension Fund is part of</p> <p>(f) SAB – The national Scheme Advisory Board – the national body responsible for providing direction and advice to LGPS administering authorities and to DCLG.</p> <p>(g) MHCLG – Ministry of Housing, Communities and Local Government – the government department responsible for the LGPS legislation.</p>

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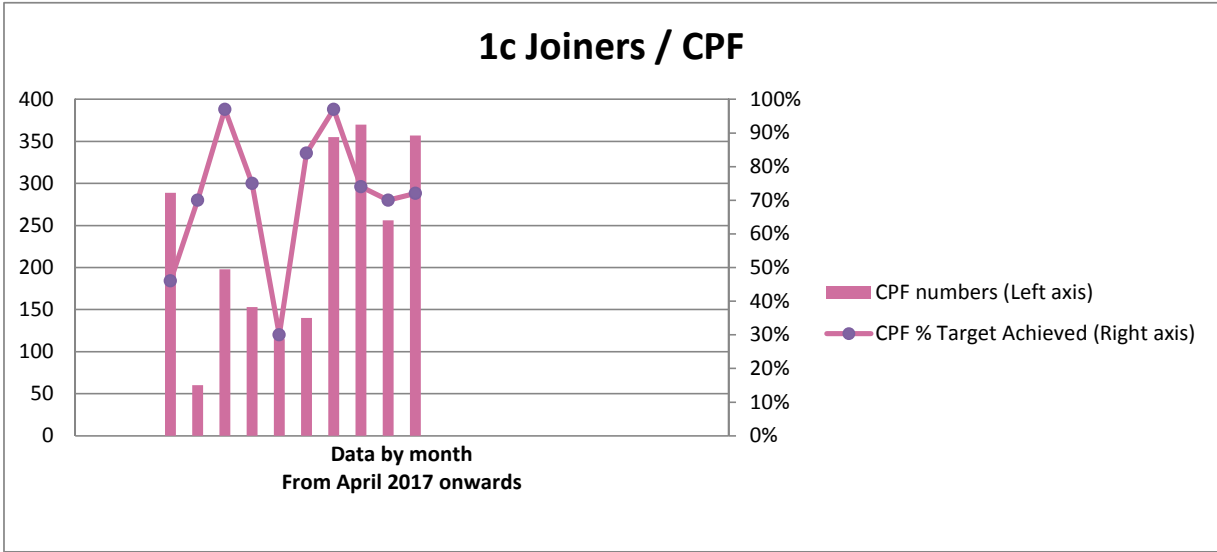
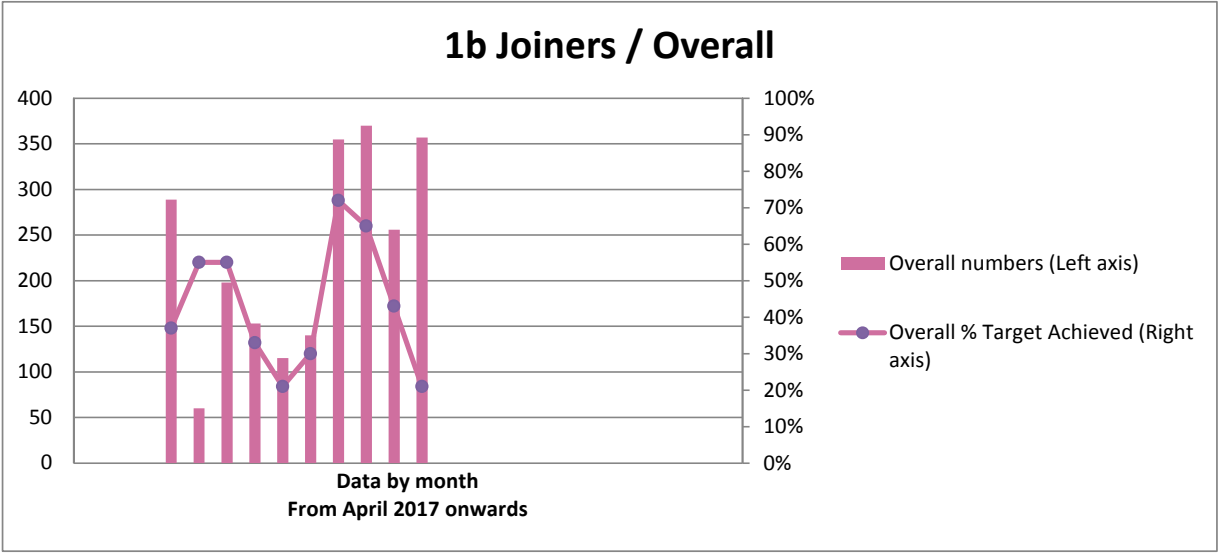
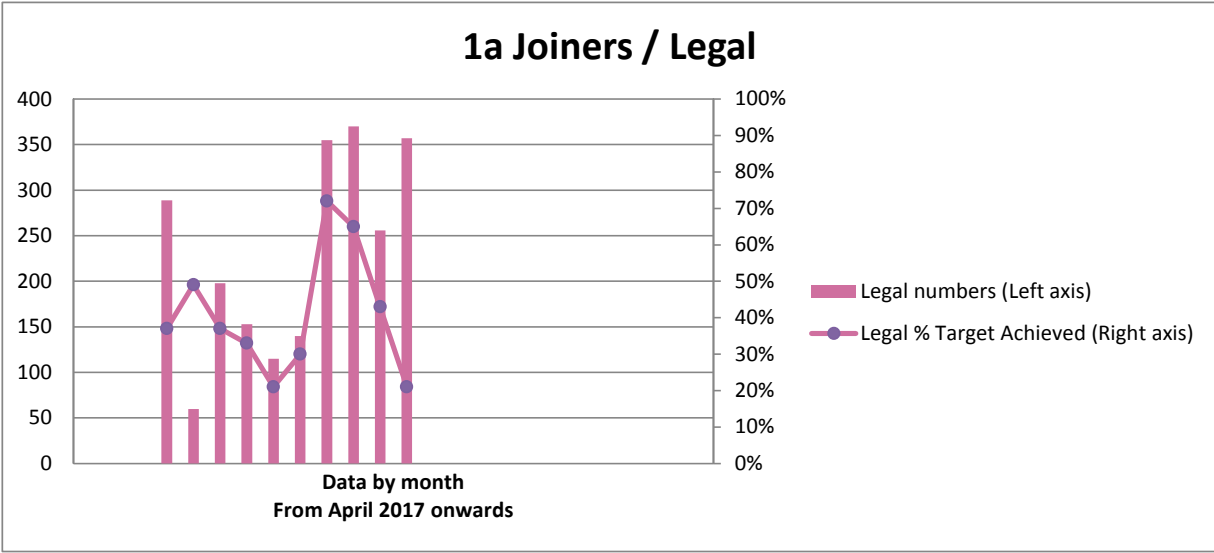
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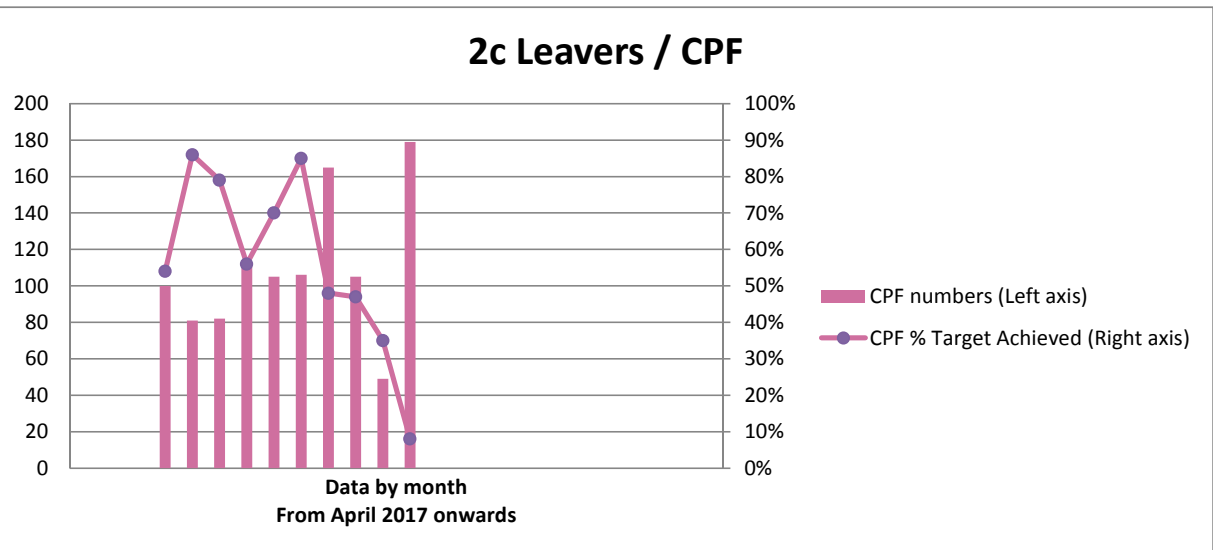
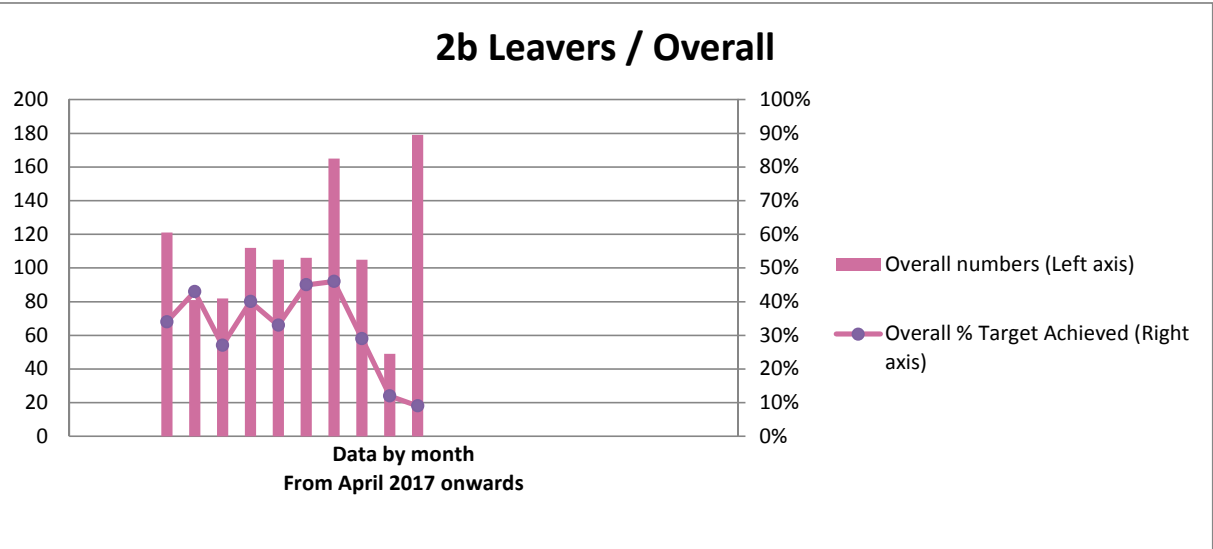
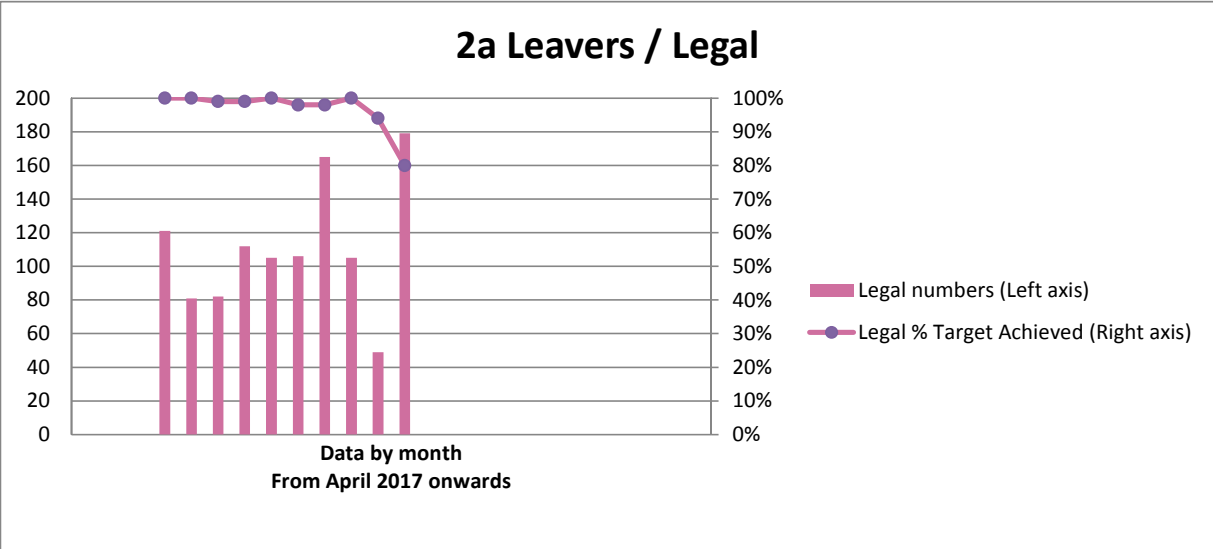
Clwyd Pension Fund - Administration Strategy Key Performance Indicators

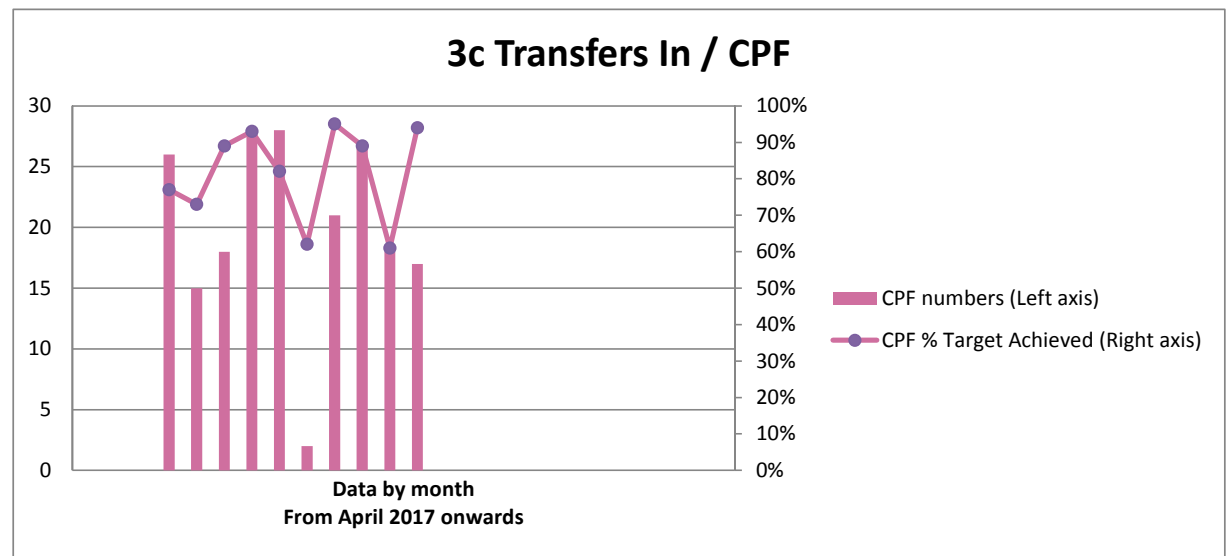
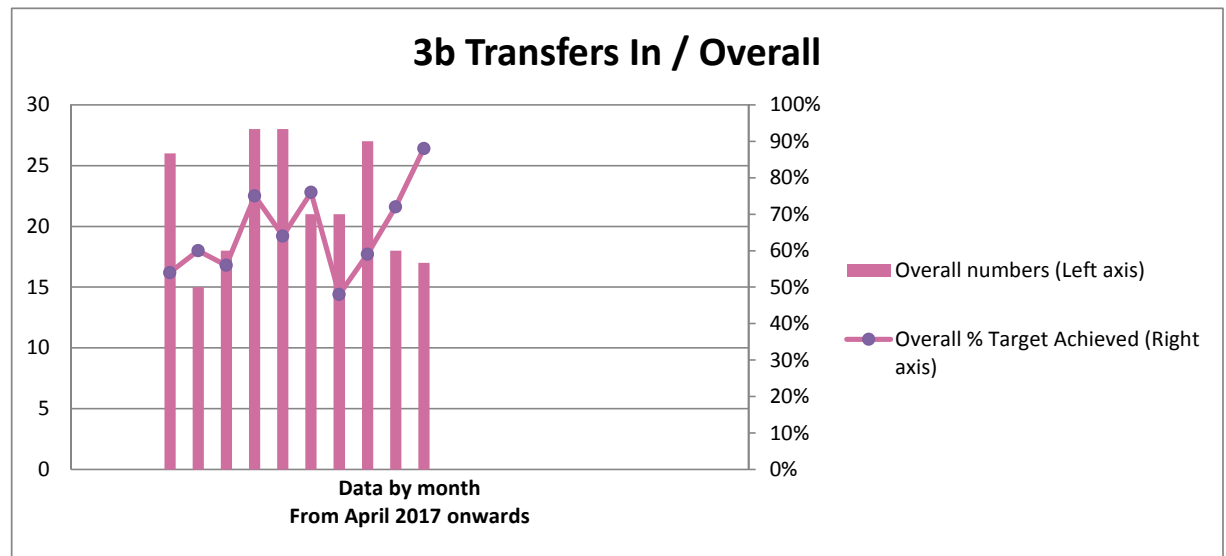
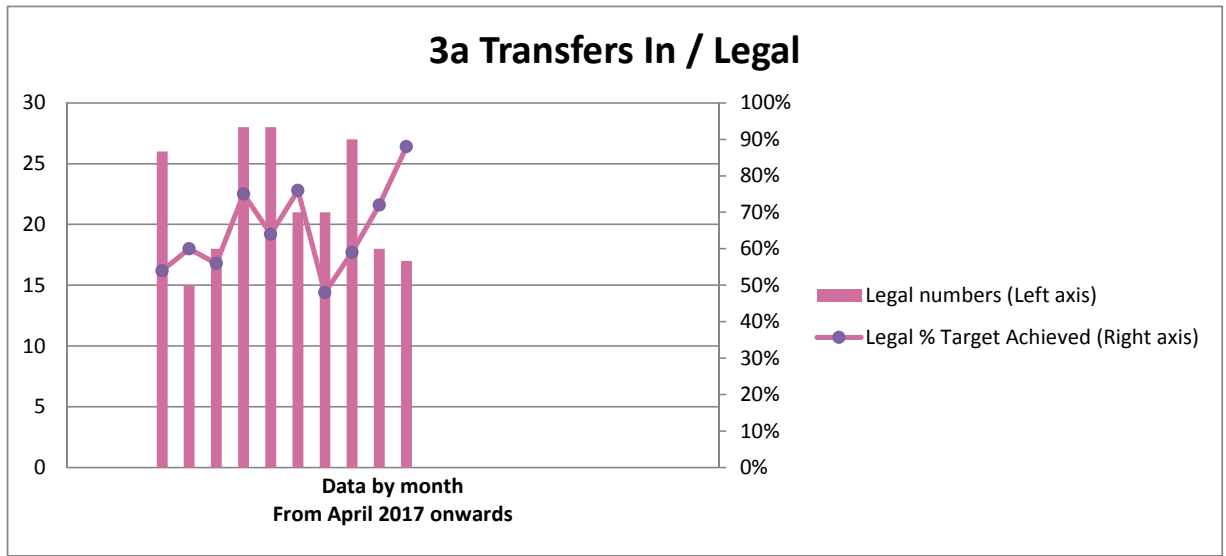
Summary of information and timelines shown in graphs:

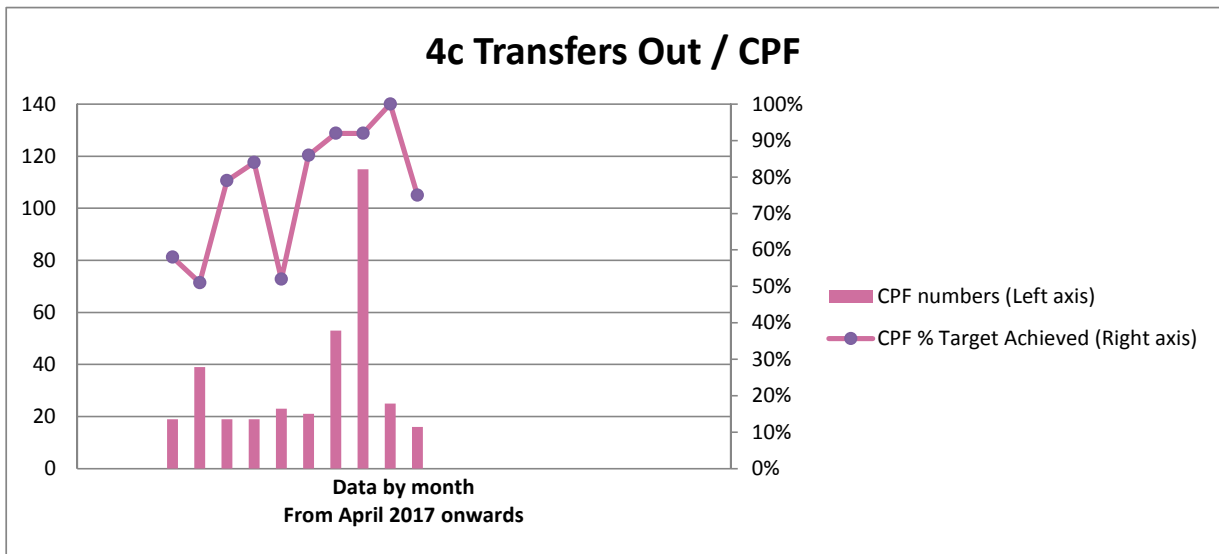
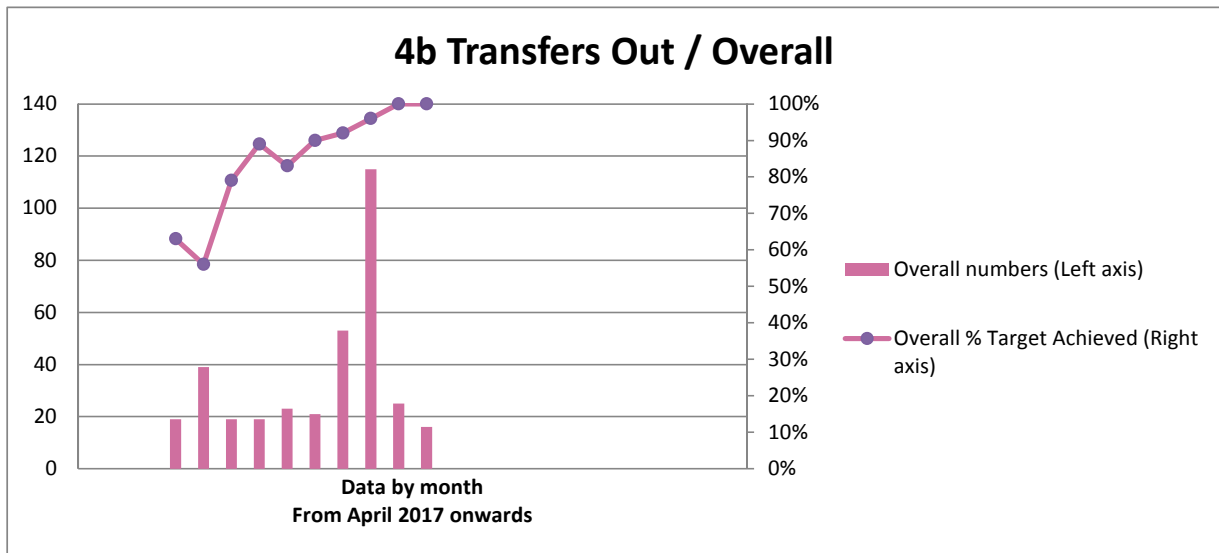
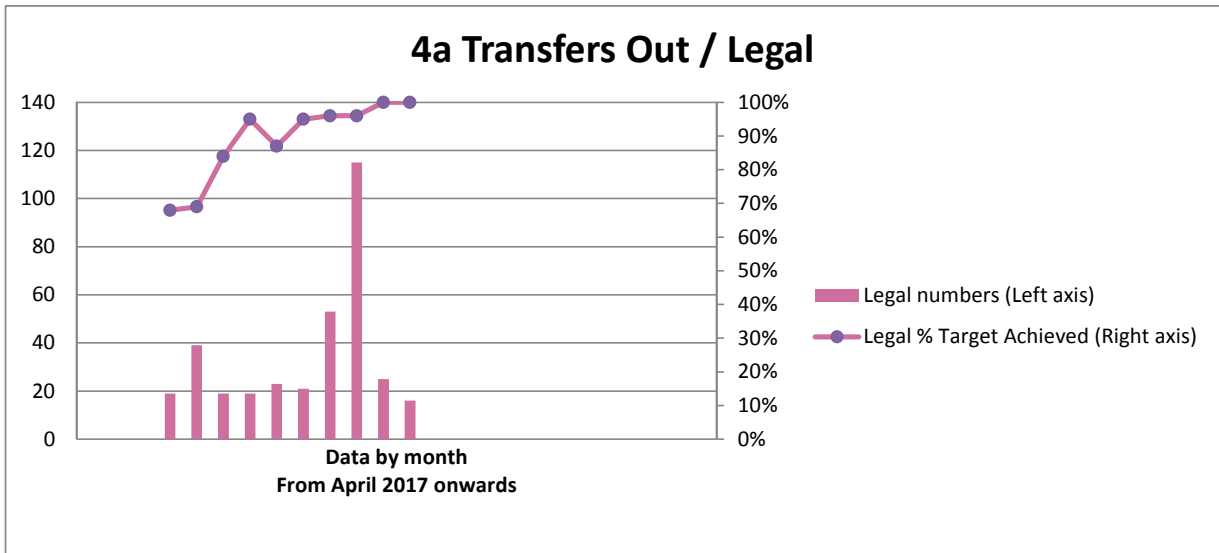
Please note that some historical cases will be excluded from the number of cases completed.

		A	B	C
	Process	Legal Requirement	Overall	CPF Administration element target
1	To send a Notification of Joining the LGPS to a scheme member	2 months from date of joining (assuming notification received from the employer), or within 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled	46 working days from date of joining (ie 2 months)	15 working days from receipt of all information
2	To inform members who leave the scheme of their leaver rights and options	As soon as practicable and no more than 2 months from date of initial notification (from employer or from scheme member)	46 working days from date of leaving	15 working days from receipt of all information
3	Obtain transfer details for transfer in, and calculate and provide quotation to member	2 months from the date of request	46 working days from date of request	20 working days from receipt of all information
4	Provide details of transfer value for transfer out, on request	3 months from date of request (CETV estimate)	46 working days from date of request	20 working days from receipt of all information
5	Notification of amount of retirement benefits	1 month from date of retirement if on or after Normal Pension Age or 2 months from date of retirement if before Normal Pension Age	23 working days from date of retirement	10 working days from receipt of all information
6	Providing quotations on request for retirements	As soon as is practicable, but no more than 2 months from date of request unless there has already been a request in the last 12 months	46 working days from date of request	15 working days from receipt of all information
7	Calculate and notify dependant(s) of amount of death benefits	As soon as possible but in any event no more than 2 months from date of becoming aware of death, or from date of request by a third party (e.g. personal representative)	25 working days from date of death	10 working days from receipt of all information

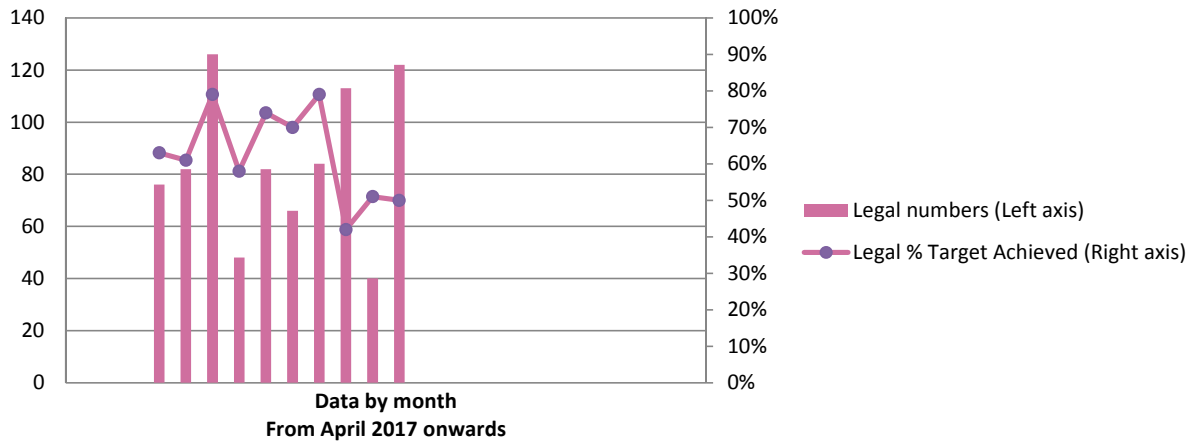




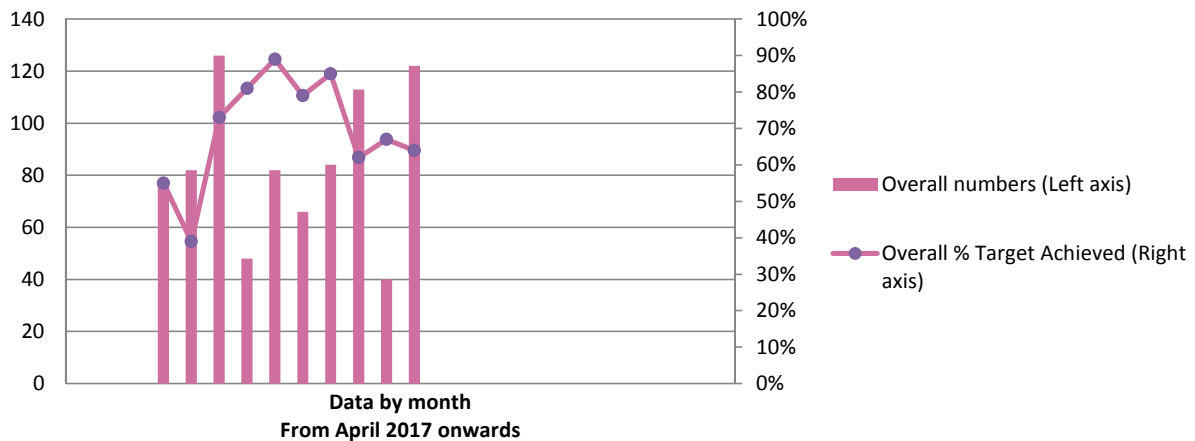




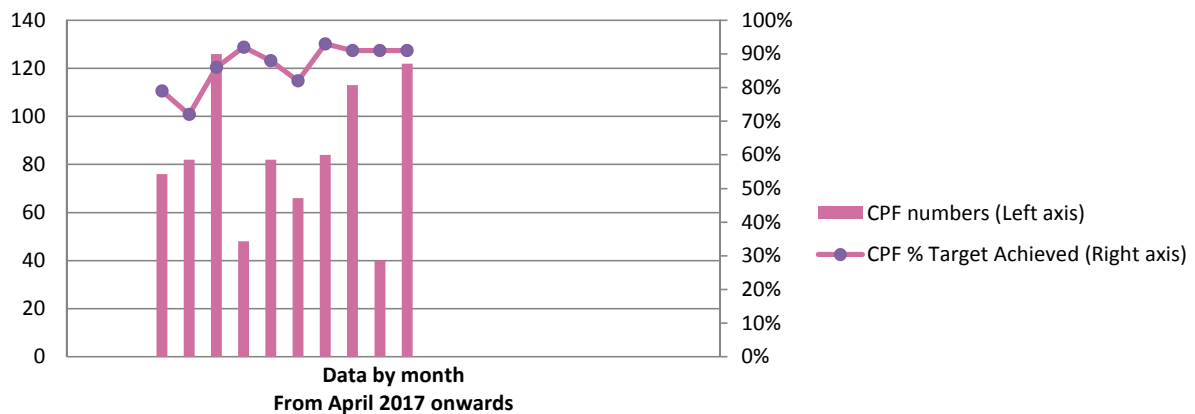
5a Retirements / Legal



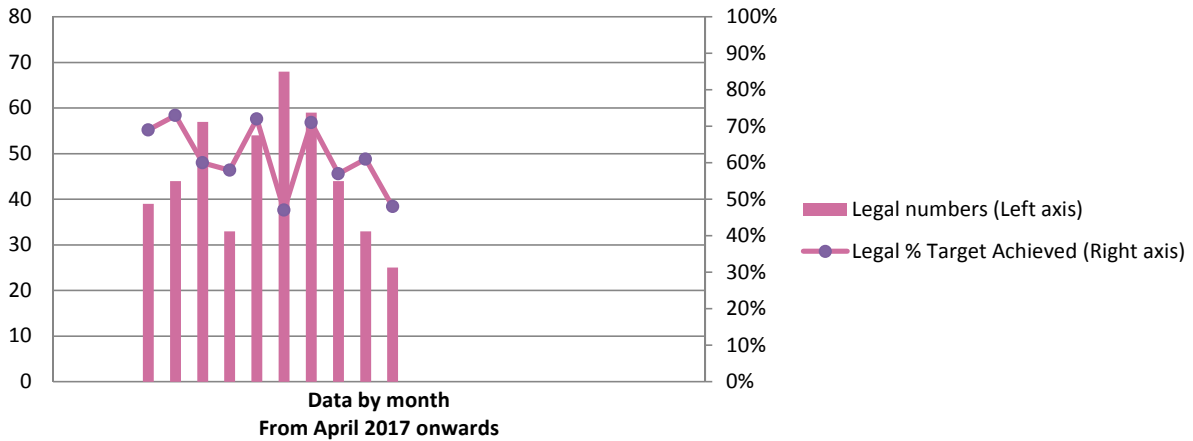
5b Retirements / Overall



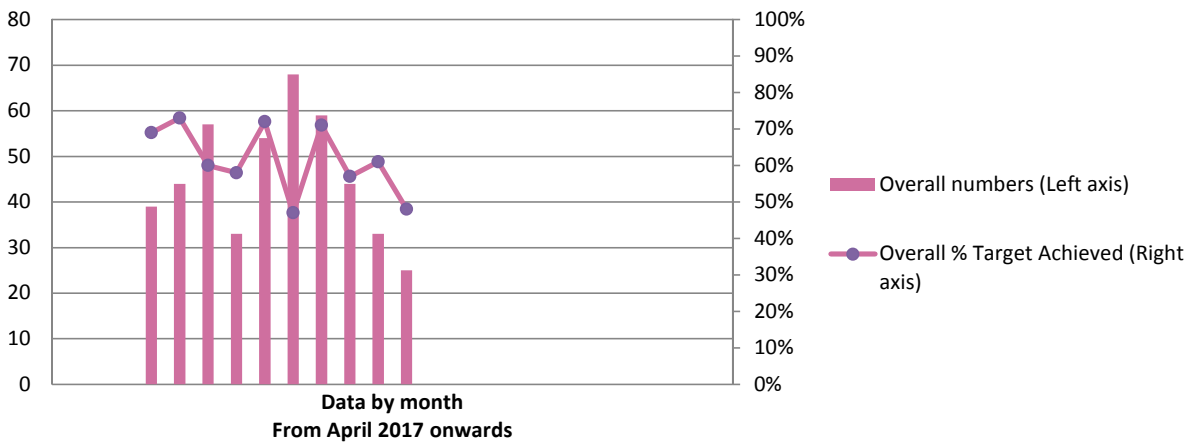
5c Retirements / CPF



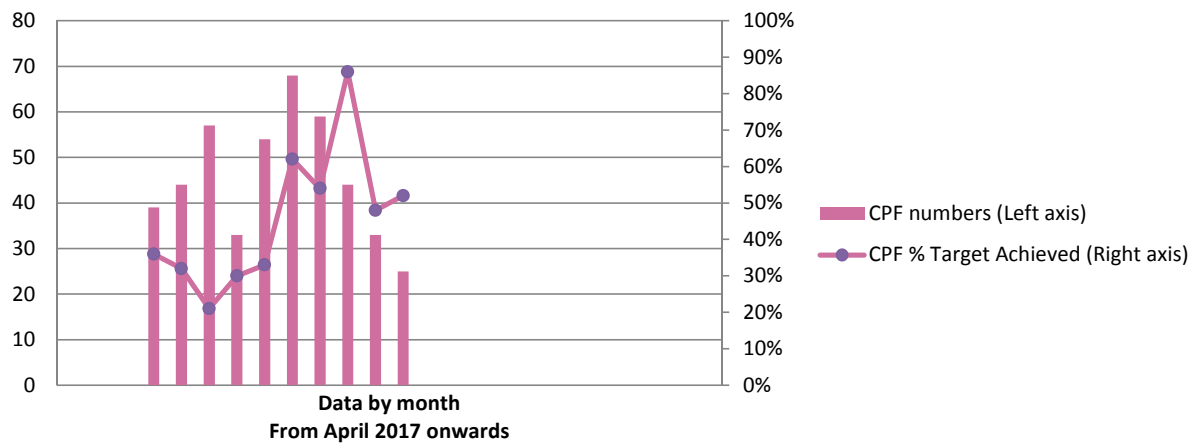
6a Quotations / Legal

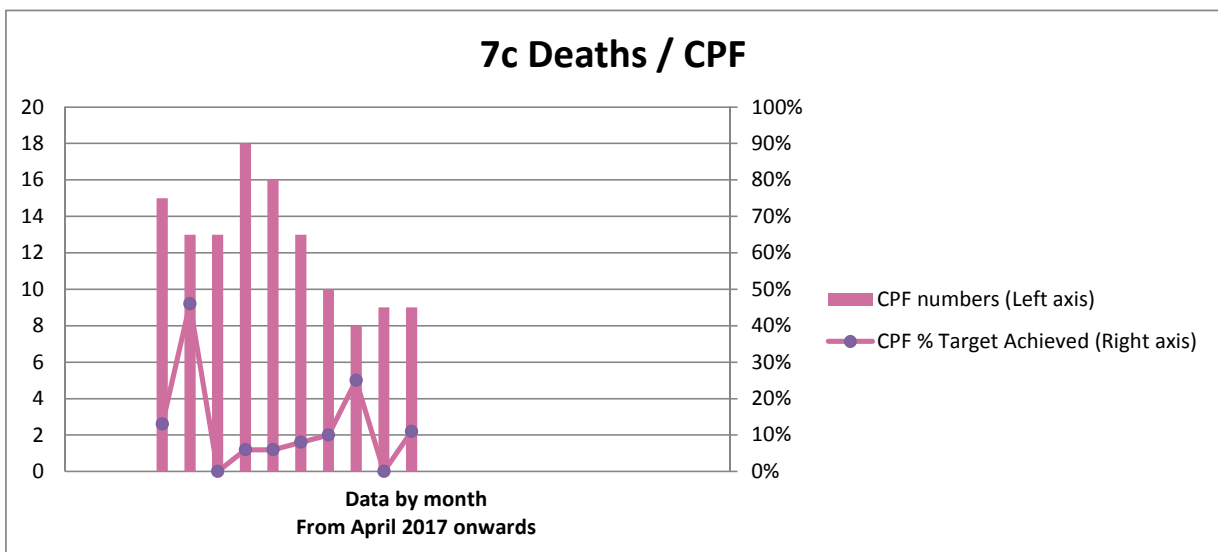
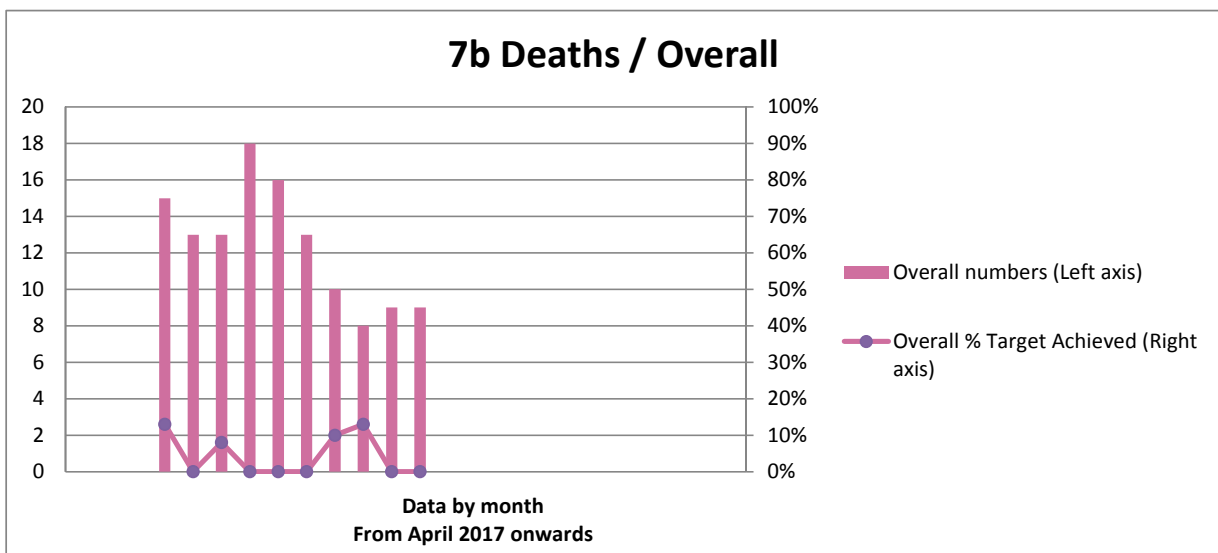
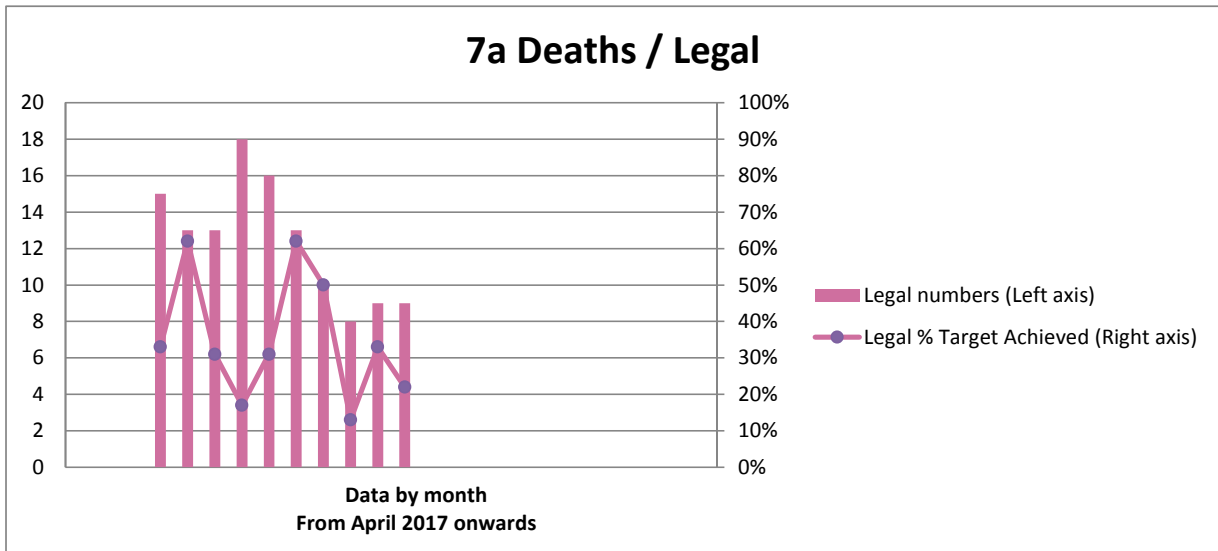


6b Quotations/ Overall



6c Quotations / CPF

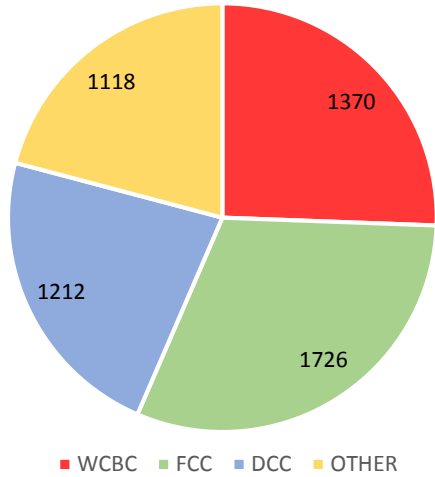






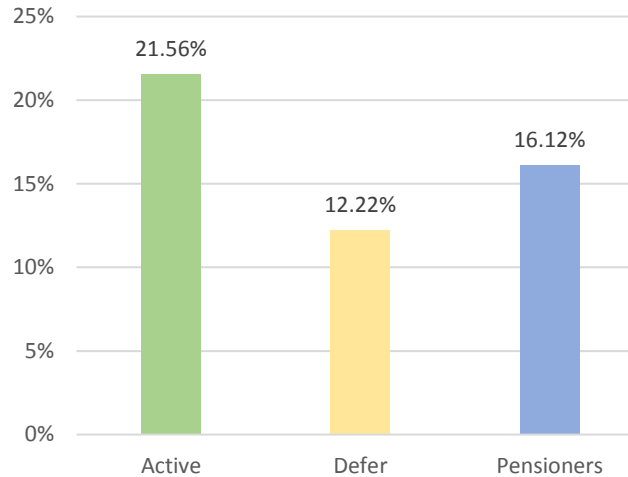
Registered Members

17.03% of potential members - 5355



Percentage by Status

21.56% of all active members are registered



CONTACT US TASKS

825	MSSKEY	Key requests (7.71 per day)
184	MSENQ	Enquiry tasks
12	MSSEST	Estimate tasks
36	MSSRET	Retirement tasks
17	MSSTRVT	Transfer tasks
249		Contact Us Tasks (2.35 per day)

BENEFIT PROJECTIONS

10,697 BENEFIT PROJECTIONS CALCULATED

99.97 per day (107 days)

EXPRESSION OF WISH

989 CHANGES OF EXPRESSION OF WISH

9.24 per day (107 days)

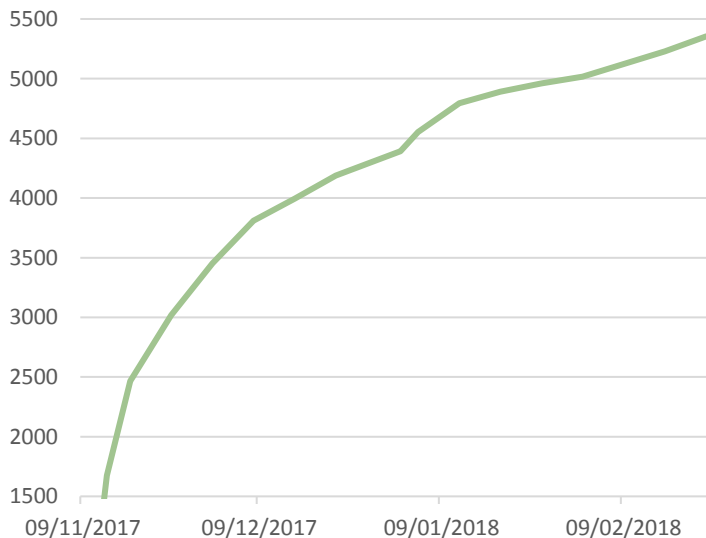
ELECTED FOR POSTAL CORRESPONDANCE

264 OF POTENTIAL 31,275 MEMBERS

0.84%

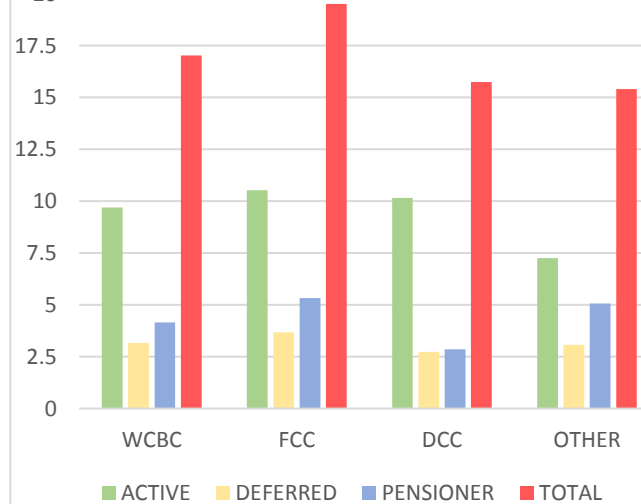
14	ACTIVE
7	DEFERRED
243	PENSIONER

Total registered members timeline



% Split between status

19.51% of all FCC members have registered



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