

Public Document Pack

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To: Cllr Ted Palmer (Chair)

Councillors: Dave Hughes, Jason Shallcross, Sam Swash and Antony Wren

Co-opted Members:

Steve Hibbert, Cllr. Andrew Rutherford, Cllr Gwyneth Ellis and
Cllr Anthony Wedlake

23 March 2023

Dear Sir/Madam

NOTICE OF REMOTE MEETING
CLWYD PENSION FUND COMMITTEE
WEDNESDAY, 29TH MARCH, 2023 at 9.30 AM

Yours faithfully

Steven Goodrum
Democratic Services Manager

The meeting will be live streamed onto the Council's website. A recording of the meeting will also be available, shortly after the meeting at <https://flintshire.publici.tv/core/portal/home>

If you have any queries regarding this, please contact a member of the Democratic Services Team on 01352 702345.

A G E N D A

1 **APOLOGIES**

Purpose: To receive any apologies.

2 **DECLARATIONS OF INTEREST (INCLUDING CONFLICTS OF INTEREST)**

Purpose: To receive any Declarations and advise Members accordingly.

3 **MINUTES** (Pages 3 - 14)

Purpose: To confirm as a correct record the minutes of the last meeting held on the 15 February 2023.

4 **DRAFT WALES PENSION PARTNERSHIP BUSINESS PLAN 2023/24 TO 2025/26** (Pages 15 - 34)

Purpose: To provide Committee Members with the Draft Wales Pension Partnership Business Plan, including WPP budget for 2023/24, for approval, subject to approval by the JGC on 29th March 2023.

5 **CLWYD PENSION FUND BUSINESS PLAN 2023/24 TO 2025/26** (Pages 35 - 96)

Purpose: To provide Committee Members with the Clwyd Pension Fund Business Plan, including the budget for 2023/24 and proposed change to staffing structure, for approval.

6 **FRAUD POLICY** (Pages 97 - 114)

Purpose: To provide Committee Members with the Clwyd Pension Fund Fraud Policy, for approval.

7 **GOVERNANCE UPDATE** (Pages 115 - 156)

Purpose: To provide Committee Members with an update on governance related matters.

8 **PENSION ADMINISTRATION/COMMUNICATION UPDATE** (Pages 157 - 200)

Purpose: To provide Committee Members with an update on administration and communication matters.

9 **FUTURE MEETINGS**

Purpose: Future meetings of the Clwyd Pension Fund Committee will take place at 9.30am on:

Wednesday 21st June 2023

CLWYD PENSION FUND COMMITTEE
15 FEBRUARY 2023

Minutes of the meeting of the Clwyd Pension Fund Committee of Flintshire County Council, held remotely via Zoom at 9.30am on Wednesday, 15 February 2023.

PRESENT: Councillor Ted Palmer (Chairman)

Councillors: Jason Shallcross, Antony Wren, Sam Swash

CO-OPTED MEMBERS: Councillor Andy Rutherford (Other Scheme Employer Representative), Councillor Gwyneth Ellis (Denbighshire County Council), Councillor Anthony Wedlake (Wrexham County Borough Council, absent from Item 8 onwards), and Mr Steve Hibbert (Scheme Member Representative, absent from Item 9 onwards)

ALSO PRESENT (AS OBSERVERS): Elaine Williams (PFB Scheme Member Representative), Phil Pumford (PFB Scheme Member Representative).

APOLOGIES. Councillor Dave Hughes (Flintshire County Council).

Advisory Panel comprising: Philip Latham (Head of Clwyd Pension Fund), Gary Ferguson (Corporate Finance Manager), Karen McWilliam (Independent Adviser – Aon), Paul Middleman (Fund Actuary – Mercer), Kieran Harkin (Fund Investment Consultant – Mercer).

Officers/Advisers comprising: Debbie Fielder (Deputy Head of the Clwyd Fund), Karen Williams (Pensions Administration Manager – Absent from Item 4 onwards), Sandy Dickson (Investment Adviser – Mercer), Hill Gaston (UK Head of Sustainable Investment – Mercer), Ieuan Hughes (Graduate Investment Trainee), Megan Fellowes (Actuarial Analyst – Mercer), and Morgan Nancarrow (Governance Administration Assistant – taking minutes).

The Chairman welcomed the new Governance Administration Assistant Miss Nancarrow who would be taking minutes, and thanked Miss Fellowes for her time minuting Committees over the years.

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

The Chair invited attendees to declare any potential conflicts of interest that they may have in relation to the Fund, other than those already recorded in the Fund's register.

There were no declarations of interest.

36. **MINUTES 23 NOVEMBER 2022**

Before receiving the minutes, the Head of the Fund, Mr Latham, raised a matter discussed at previous meetings regarding whether future Committees should be held remotely or in hybrid form. This had been taken up with Flintshire County Council, however it was concluded that hybrid meetings were not practical at this time. Mr Latham had, prior to the meeting, distributed a short questionnaire to survey Committee members' preferences. He noted that Flintshire County Council members had previously received a longer survey on the topic from Committee Services, but asked that all Committee Members respond in order to reflect the views of the whole Committee.

In relation to the minutes, the Head of the Fund commented with reference to the FRC Stewardship Code update on Page 11, that just prior to the commencement of this meeting the Fund became aware that the Fund's Stewardship Code application had been successful.

The minutes of the meeting of the Committee held on 23 November 2022 were agreed.

RESOLVED:

The minutes of 23 November 2022 were received, approved, and will be signed by the Chairman.

37. **CLIMATE CHANGE ANALYSIS UPDATE**

The Chair noted that TCFD and climate analytics were discussed in detail at the recent Essential Training session held on 1 February, and given the report was for noting only, requested that questions/comments be limited to clarification of information within the report and areas of understanding.

Mr Gaston of Mercer summarised the key points of the Fund's proposed inaugural Taskforce on Climate-Related Financial Disclosures (TCFD) Report, and the analysis from the Analytics for Climate Transition tool. He noted that the Fund's approach to climate change was well documented in the Fund's Investment Strategy in terms of beliefs, processes and Carbon Footprint monitoring, alongside investments in climate-aware investment solutions. There has been a consultation on TCFD reporting for the LGPS but the requirements are not yet finalised. The Fund has produced its first report a year early, with the intention to refine the approach and bring it in line with LGPS regulations once they had been made.

With respect to the TCFD report, Mr Gaston highlighted:

- TCFD reporting is aimed at companies, asset managers and asset owners (including pension funds). The Fund viewed this as a best practice framework

encouraging proper disclosures, informing good decision making around climate change, and encouraging standardisation across the market allowing investors to identify, assess and manage the risks & opportunities.

- The four pillars upholding the framework are Governance, Strategy, Risk Management, and Metrics and Targets. The draft report was structured on this basis.

Mr Gaston then went on to provide a summary of these four pillars as outlined in the report.

Mr Hibbert commented that the assessment provided did not include the Fund's Tactical Asset Allocation (TAA). He noted that a previous assessment had shown that the Tactical portfolio had a higher carbon intensity per pound invested than most, if not all, other asset classes. Mr Hibbert asked why this allocation had been excluded from the present assessment. Mr Gaston clarified that the TAA had been included in the assessment within various metrics to the extent available, and these were noted within the appendices. Those results showed that a number of those holdings were more carbon intensive than the rest of the portfolio. The Fund had yet to set formal guidelines and targets around those holdings and this had been identified as a next step in terms of expanding the target-setting beyond the Listed Equities to the wider portfolio.

Mr Hibbert referred to a statement on Page 37, "The Fund has a commitment to actively exercising the ownership rights attached to its investments", and asked who was dealing with this with regards to stocks and fund managers in the TAA. Mr Gaston explained that the day-to-day engagement is delegated to the investment managers of the underlying funds making up the TAA and these managers would have responsibility to engage with the invested companies and hold them to account, as well as voting.

Mr Hibbert asked if there is any evidence that the managers were doing this, as he did not note any reports of engagement. Given the nature of those companies' high carbon intensity, he felt it would be important to receive these updates regularly. Mr Gaston noted that the Fund could source this information. This did not currently make up a formal part of the reporting to the Committee but the Fund would expect those managers to be undertaking best practice stewardship.

The Fund Investment Consultant Mr Harkin added for clarity that the Fund was essentially invested in the manager's pooled product. Because the mandate is invested in underlying pooled funds on the Mobius Life platform, investors do not have an ability to engage or vote on the Fund's behalf.

Mr Hibbert referred back to page 37 to the statement that "The Fund integrates ESG issues at all stages on the Fund's investment decision making process", noting his view that the Fund did not integrate this into the TAA. Mr Harkin clarified that the Fund's investment was with the manager's pooled product, and the

Fund's Officers and advisers would take it away to consider how ensure appropriate engagement with the underlying managers. Given this was a draft version of the report, Mrs McWilliam suggested that officers and advisers take on board Mr Hibbert's comments for consideration in the next version of the report. The Chair agreed this with Mr Hibbert who was satisfied with this action.

Further to this point, Mr Latham commented that the training plan included a planned session on the Best Ideas TAA portfolio to give all Committee members a better idea of how it worked, which may assist their understanding of this area.

Mr Gaston talked the Committee through the Analytics for Climate Transition report. This analysis was carried out as at 31 March 2022, with the TCFD report covering the 12 months to the same date. The Best Ideas TAA was included in this analysis where there was sufficient data available on the underlying funds. This document addressed monitoring the targets the Fund had set and understanding the transition capacity of the Fund within the listed equity, synthetic equity and listed portion of the Russell WPP Multi-Asset Credit portfolio for which there was data.

Mr Gaston explained that the analysis was also intended to inform an updated implementation plan to understand how the Fund can expand analysis within Listed Equities, and over time, to set formal targets across the entire portfolio including the TAA.

Mr Hibbert asked for clarification on the use of the word "meaningfully", referring to a key finding on Page 22 that "Fossil fuel exposure has fallen meaningfully across oil, gas and coal". Mr Gaston quoted figures included in the executive summary of the TCFD report on page 32, stating that total potential emissions from fossil fuel reserves (included coal, oil and gas) had decreased by 29% over the 12-month period. Over the same period, exposure to coal emissions reduced by 72%, and exposure to oil and gas emissions reduced by 14%.

Mr Hibbert asked if the absolute value of the Fund attached to the exposure had also fallen. Mr Gaston explained that the exposure to companies with some exposure to fossil fuels had increased over the period, but the measure used in this analysis considered the potential emissions from fossil fuels per billion dollars invested, so referred to the exposure to fossil fuels on a normalised basis. The pound value invested in companies which had any exposure to fossil fuels had increased in the past 12 months. Mr Hibbert noted the difficulty the Fund would have in communicating this clearly if asked. Mr Gaston explained that his view was that the emissions metric used was more meaningful than the exposure to companies with any fossil fuel reserves, as some companies will have bigger exposures than others. However, both were monitored and included within the appendices.

Mr Gaston outlined suggested key areas of focus for the Fund over the next 12 to 18 months, highlighting in particular:

- As well the ongoing focus on decarbonisation, the Fund should also continue to focus on companies that have a focus on climate solutions, such as the recent £50million committed to Clean Energy in Wales.
- The Fund should also consider which emissions pathways each company is aligned with, for example 1.5 degrees in line with the Paris agreement, or a higher warming 4 degree pathway etc.
- Engagement and stewardship – the analysis has started to look at the extent to which companies producing the highest proportion of the emissions are being engaged with or are on a low carbon pathway. There is a need to consider how this marries up with stewardship efforts through the WPP (Wales Pension Partnership) and Robeco.

Mr Hibbert asked, on the subject of engagement, whether it is clear when the Fund will take the decision to divest where engagement is not proving to be successful. Mr Gaston replied that, looking at the ISS, the Fund does leave open the potential to divest, but that this had not been used to date. The ACT analysis Mercer had undertaken on behalf of the Fund had identified the ‘grey companies’ (those companies with very high carbon intensity, showing limited transition potential at present), and had begun undertaking monitoring to identify the key stocks that were most carbon intensive with high climate change risk. A wider discussion was needed with Robeco and the WPP on how they are engaging, and if sufficient progress isn’t seen over a period of time, divestment would be a tool that should be considered. Mr Hibbert noted an announcement from British Petroleum (BP) regarding its investment in increasing extraction and refinement. He highlighted the risk that some firms wouldn’t be making changes to transition to a lower carbon approach for at least the next two years, which would be a long time to wait without the Fund having a clear path for moving to divestment.

Mr Gaston continued to outline the Fund’s key areas of focus for the near future as outlined in the report, noting that the final key topic of biodiversity and how it interacts with climate change would be critical to the Fund meeting net zero targets over time.

Cllr Wedlake noted his own concerns regarding the matters Mr Hibbert had raised regarding the statements within the report and the decisions underpinning likely outcomes over the next few years. Cllr Swash agreed with Cllr Wedlake’s comments. The Chair confirmed these areas would be brought back to Committee for further consideration.

RESOLVED:

The Committee considered, discussed, and noted the TCFD and ACT reports covering periods to the end of March 2022.

38. **INVESTMENT STRATEGY REVIEW AND STATEMENT**

Mr Harkin of Mercer presented the recommendations following the Investment Strategy Review, and the proposed Investment Strategy Statement (ISS), highlighting:

- The process of the ISS review had been delayed slightly due to the impact that the previous Chancellor's mini budget had had on the UK Government Bond market and other factors which had destabilised the UK market.
- The impact of pooling and the Fund's transition to employing capital through the WPP.
- Current themes including energy crisis, geopolitical events, inflation, and the opportunity to benefit from transitions.
- The role of the current asset classes including the Cash & Risk Management Framework which holds an important background role hedging risks for the Fund
- The Fund's expected return was in excess of the discount rate required by the Fund Actuary.

Mr Harkin explained the reasons for the minor changes to the asset allocation which included:

- Reducing the emerging markets equities component from 10% to 5%. The excess 5% would be moved to Developed Market Equities, which would ultimately be invested in the WPP Global Equity Sustainable fund.
- Reducing the Hedge Fund allocation from 7% to 5%. The excess 2% would be allocated to the Local/Impact Fund. Mr Dickson added that as well as reflecting the Fund's sustainable and impact philosophy, this 6% Local/Impact allocation would align with, and exceed, the Government anticipated plans to introduce a mandatory 5% local deployment of assets, with 'local' meaning within the UK.

Mr Hibbert commented, regarding the Levelling-Up and Impact investment, the difficulty that affordable/social housing impact will be focussed in the South-East, so there would be a lack of investment opportunities centred elsewhere in the UK.

Mr Hibbert also asked for the Tactical Allocation Portfolio Terms of Reference referred to on page 144 to be brought to Committee for review. Mr Harkin agreed and noted that they would be reviewed in line with the proposed work to incorporate a new responsible investment framework to the TAA.

Mr Hibbert referred to the proposed Investment Strategy Statement (ISS) on Page 155 and requested reference to the non-voting scheme member representative on the JGC be added. Mrs McWilliam also agreed this would be a helpful addition. Mr Hibbert also referred to Page 160 which states "Engagement is the best approach

to enabling the change...”, and again highlighted the need for clarity on when a decision on divestment would be made.

In relation to the recommendations, Cllr Swash commented that he had previously voiced his opinion that the Fund’s Net Zero target date of 2045 was too late. He highlighted that South Yorkshire Pension Authority had agreed a 2030 target. Cllr Swash referenced the proposed ISS (Page 161), highlighting key carbon emissions targets within the Listed Equity Portfolio. Cllr Swash proposed an amendment to this paragraph to add an additional aim to reduce exposure to companies who extract fossil fuels, or whose primary business is the trading of fossil fuels, by 100% by 2030.

Mrs McWilliam advised the Committee that in order to ensure proper governance, the matter of amending the ISS with a new investment target should be subject to the Committee receiving formal advice on the proposed amendment and the impact of it. She recommended Officers and advisers should investigate further the implications of the motion and the matter be considered further at a future Committee meeting with the appropriate advice on the suitability of the amendment.

Cllr Ellis noted Cllr Swash’s motion, and commented that she would value advice on the matter.

Cllr Wedlake noted that in the event that this item be deferred in order to receive advice, it would be helpful to receive advice stating the implications of the amendment. He felt that without this information he would personally have difficulty accepting the ISS considering the underlying principles of the Fund’s approach to Responsible Investment. Mr Hibbert commented his agreement with Cllr Wedlake.

Mrs McWilliam then requested Mr Harkin and Mr Latham to clarify if there was anything in the draft paper that would be impacted if the recommendation to approve the ISS was not agreed at this Committee meeting. Mr Latham highlighted that the move to the WPP Active Sustainable Equity Fund could not proceed if the asset allocation was not agreed by the Committee. Mr Harkin agreed that if the asset allocation changes were agreed, there would be no immediate impact on delaying agreement to the ISS whilst the Committee considered the proposed amendment. Mr Latham highlighted that the CPF employers had been consulted on the ISS as it currently stood. Mr Latham therefore suggested that the Committee consider approving the first recommendation relating to the asset allocation changes, and that the Committee can return to the considering the ISS amendments, including the proposed amendment by Cllr Swash at a later date. However, he noted given the full agenda for the March Committee meeting and the time Officers will need to take properly regulated investment advice on the proposed amendment, that the review of the ISS would likely need to be delayed until the June Committee.

Cllr Swash noted that he would be happy to accept the first recommendation but defer the second recommendation until further advice had been received.

The Chair agreed to go ahead with a formal vote, which was carried out by Mrs McWilliam. With respect to the recommendation to agree the changes to the Fund's Strategic Asset Allocation, the Committee voted unanimously to approve the recommendation. With respect to the second recommendation to approve the proposed changes to the Investment Strategy Statement, the vote resulted as follows:

- One vote for accepting the recommendation.
- Six votes against accepting the recommendation.
- One Member abstained from voting.

The second recommendation was therefore not agreed.

Mrs McWilliam requested that Cllr Swash provide written details of the proposed amendment for the Fund to consider and ensure appropriate advice would be provided.

RESOLVED:

- (a) The Committee agreed the changes to the Fund's Strategic Asset Allocation.
- (b) The Committee voted to defer the approval of the Investment Strategy Statement to the June Committee meeting to allow further advice to be received on a potential amendment to the current draft Statement.

39. **FUNDING STRATEGY STATEMENT**

The Chair handed over to Mr Middleman, the Fund's Actuary, to talk the Committee through the key points in this report.

- Following approval of the draft Funding Strategy Statement (FSS) by the Committee in November, the consultation with employers encouraged employers to provide feedback. A number of employers fed back generally positive responses regarding the construction of the strategy which allowed employers the flexibility to manage their own financial sustainability in the context of the Fund's improved funding position.
- The FSS set a framework with a minimum employer contribution requirement that the Fund felt was sustainable, however a number of employers expressed an intention to pay above this minimum requirement in order to further help the sustainability of contributions. Mr Middleman noted that this was a positive outcome and evidenced that the messages on sustainability had been heard and actioned.
- Following consultation with the employers, there were no changes to fundamental assumptions within the report since the draft was received by the Committee. Mr Middleman highlighted paragraphs 1.08 and 1.09, which addressed two changes to the strategy since the draft.

- Climate risk was quantified by the actuary using implications under different scenarios. This had been done on a consistent basis to analysis on the expected returns as per earlier discussions.
- Wording was added to the Termination policy, whereby employers can exit the Fund with an exit debt or credit, enabling the formal ability to review the policy, although it was noted that not any or many employers were expected to exit the Fund.

RESOLVED:

- (a) The Committee noted the activity since the November 2022 meeting, including consultation with employers.
- (b) The Committee approved the Funding Strategy Statement.

40. **INVESTMENT AND FUNDING UPDATE**

Mr Hughes updated the Committee on the Investment and Funding, highlight the following:

- Regarding the business plan update all but one of the key tasks highlighted at last Committee had been completed, detailed in 1.01.
- DLUHC recently published a consultation proposing changes to the SAB cost management process, summarised in 1.03. This was not expected to have any direct impact on the Fund.
- The Fund has been recognised by Environmental Finance as Impact Pension Fund of the Year.
- Mr Hughes highlighted a report from Robeco on the social impact of Artificial Intelligence (AI), among other studies.
- The Fund continues to identify sustainable opportunities and has made two recent commitments. These were:
 - £15 million to Newcore (Fund V), a UK-based real estate manager specialising in social infrastructures.
 - £17 million (approximately \$20 million) to Sandbrook (Fund I), a US manager's first climate infrastructure fund.
- The Fund had recently filled the Governance Administration Assistant vacancy, however two outstanding vacancies within the Finance team remained. The priority was to fill the vacant Principal Accountant role which was currently being advertised.

RESOLVED:

The Committee considered and noted the Investment and Funding update.

41. **ASSET POOLING UPDATE**

The update on pooling was presented by Mr Latham, the Head of the Pension Fund, highlighting the following key points:

- The Fund originally wrote to WPP to request an Active Sustainable Equity fund, and all 8 funds in Wales would now be making investments to this. The fund was expected to go live in April 2023, meaning that the impact of the Fund's proposed 15% allocation would not come into effect until after the March 2023 TCFD reporting date, and would therefore not be reported on until September 2024 based on the data as at March 2024.
- There had been no update regard the Link Fund Solutions Ltd matters since the last Committee discussion. Should the Host Authority provide a further update, this information would be forwarded to the Committee.
- The WPP's current focus was on procurement of the operator contract. Mr Latham and Mrs Fielder will be attending engagement days with interested parties in Cardiff, along with meeting potential WPP property managers.
- Regarding Private Markets, the commitments for Private Credit, Private Equity and Infrastructure would to be ready to go next year. Considerations were being made on how to manage the cost of this. The intention was to use Mercer for the Impact Portfolio, until an equivalent becomes available within the WPP.
- WPP training would be taking place on 27 February covering several of the matters discussed at this meeting, and the invitation was extended to all Committee and Board members.

Regarding the stock lending policy, Mr Hibbert commented on the clarification that WPP are able to lend up to 95% of any stock, for a fee. Mr Hibbert asked if there is any intention to prevent lending out stock over the voting period so they could be recalled. He also noted that the amount of shares voted in the Robeco report seemed extremely low, and requested an explanation for this.

With respect to Mr Hibbert's second question regarding the amount of shares voted, Mr Latham confirmed he would look into this. Regarding the stock lending question, Mr Latham explained that representatives of the Fund attended a training session on stock lending, which was open to JGC members only. He expected this would lead to a report going to the WPP JGC on stock lending, covering the points Mr Hibbert raised on recalling stock for voting purposes. Mr Latham assumed the position of the Fund would be to recall those stocks and be able to vote on them, but asked the Chair, who had also attended the training, to confirm this, which he did.

Mr Hibbert commented that he was pleased to see progress being made on this matter. Mr Hibbert asked about the Committee's previous agreement to write to Robeco regarding their voting on companies in the petrochemical industry carrying out exploration in order to maximise profits, and asked whether this had been sent.

Mrs Fielder noted that this had not been done as yet, as she had been waiting for Mr Hibbert to clarify the exact wording of the question to pass on to Robeco. Mr Hibbert confirmed this was included in the previous report.

RESOLVED:

The Committee noted and discussed the update.

42. **ECONOMIC AND MARKET UPDATE AND INVESTMENT STRATEGY AND MANAGER SUMMARY**

The Fund's Investment Consultant, Mr Dickson, summarised the market position and environment over the past year, highlighting factors affecting markets over the last year and the last quarter. Mr Dickson then explained how this has impacted the performance of the Fund:

- Over the last quarter (30 September to 31 December) assets were flat.
- Over the year, the Fund's performance was down overall by 10.6%, with poorer returns particularly in equities and multi-asset credit. Private Markets produced positive returns for the Fund, particularly with Sterling weakening, as did the TAA and hedge funds.
- The three year view, important for the Fund's long-term approach, continued to show positive returns.
- Mr Dickson updated the Committee on performance since the start of the calendar year when markets have been positive.

RESOLVED:

The performance of the Fund over periods to the end of December 2022 was noted by the Committee, along with the Economic and Market update which effectively set the scene.

43. **FUNDING, FLIGHTPATH AND RISK MANAGEMENT FRAMEWORK**

Mr Middleman took the Committee through this report, making the following key points:

- The overall flightpath and framework were working as expected following the volatile period.
- A number of changes had been made to maintain sufficient liquidity for the framework to work as expected.
- The funding level at the valuation date 31 March 2022 was 105%, with small dips over the year but by the end of December this returned to 105% and had remained around this mark.

Mr Middleman highlighted that in times of volatility, any changes needed to react to market changes need to be made quickly. This resulted in the suggested changes to clarify delegations to the Head of Fund in the appendix to the report.

RESOLVED:

- a) The Committee noted and considered the contents of the report.
- b) The Committee approved the proposed updates to the Fund's Scheme of Delegation.

44. **PENSION BOARD MINUTES (30 September 2022)**

The Chair noted that the Committee considered a summary update at the last meeting.

RESOLVED:

The Committee noted the minutes of the Pension Board held on 30 September 2022.

45. **FUTURE MEETINGS**

The Chair asked the Committee to note the following future Committee meeting dates:

- 29 March 2023
- 21 June 2023

RESOLVED:

The Committee noted the upcoming Committee dates.

The Chairman thanked everyone for their attendance and participation. The next formal Committee meeting is on 29 March 2023. The Chair also took the opportunity to highlight two upcoming training sessions: The WPP training on LGPS Pools and Collaboration Opportunities on 27 February, and an essential training session covering the Pension Regulator's New Single Code on 26 April. The meeting finished at 11:32pm.

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Chairman



CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 29 March 2023
Report Subject	WPP Draft Business Plan 2023/24 to 2025/26
Report Author	Head of Clwyd Pension Fund

EXECUTIVE SUMMARY

The next meeting of the Wales Pension Partnership (WPP) Joint Governance Committee (JGC) will be held on 29 March 2023 where there will be an agenda item to consider the WPP three-year Business Plan.

In accordance with the Inter Authority Agreement the approval of the WPP Business Plan, which includes the strategic objectives and budget, is a reserved matter for the Constituent Authorities.

The draft WPP Business Plan which is being presented to the JGC is attached. As this will be considered on this same date as the Clwyd Pension Fund Committee meeting, any changes requested by the JGC will need to be considered as part of the Fund's urgency delegation procedure.

The WPP Business Plan and budget is constantly monitored by the Officer Working Group (OWG) as well as being updated each year.

RECOMMENDATIONS

1	That the Committee approve the attached draft WPP Business Plan, including the objectives of the Pool on page 7 and the budget on page 14, relating to the period 2023/24 to 2025/26.
2	That the Committee note that should there be any recommended changes agreed by JGC on 29 March, these will be considered and agreed using the Fund's urgency delegation procedure, unless the Chairman and Head of Clwyd Pension Fund consider them to be sufficiently material to merit waiting until the June Pension Fund Committee.

REPORT DETAILS

1.00	Review of the WPP Business Plan
1.01	<p>The draft WPP Business Plan for the three years commencing 2023/24 is attached as Appendix 1. The draft WPP's Business Plan will be discussed at the WPP JGC on 29 March 2023. Any changes agreed by the JGC to this draft will then need to be approved by the Clwyd Pension Fund Committee, but this can be done using the existing urgency delegation procedure. Any material updates will be shared with the Committee. In the unlikely event that any such updates are considered sufficiently material, the Business Plan will be brought back to Committee for approval in June 2023.</p>
1.02	<p>The WPP Business Plan includes:</p> <ul style="list-style-type: none">• about the WPP and governance• risk management• objectives, beliefs and an overview of the policies• work plan• training plan• financial budget• investments and performance.
1.03	<p>Approval of the WPP Business Plan, including the strategic objectives and budget within it, is a reserved matter and requires approval by all eight of the Constituent Authorities. The draft Business Plan was developed in consultation with officers from the eight Constituent Authorities and the WPP Oversight Advisor.</p>
1.04	<p>The main items of interest for the Clwyd Pension Fund contained within the work plan for 2023/24 are:</p> <ul style="list-style-type: none">• The procurement of an operator.• Launch of the Global Sustainable Equity Fund which the Clwyd Pension Fund Committee requested.• The availability of Private Debt, Private Equity and Infrastructure asset classes for the first time in 2023/24.• Review of reporting in relation to the Stewardship Code and Responsible Investment• Ongoing engagement with Constituent Authorities relating to ESG/RI standards and their climate ambitions. <p>The Committee will continue to receive quarterly updates on progress against the work plan including the opportunity to provide comments and feedback to the WPP. The Head and Deputy Head of the Clwyd Pension Fund will continue to participate and represent the interests of the Clwyd Pension Fund on the Officer Working Group, Procurement sub-group, Risk sub-group, Responsible Investment sub- group and Private Markets sub-group. This is outlined in the Clwyd Pension Fund Business Plan.</p> <p>Committee and Board members are encouraged to attend the training events available to them within the WPP training plan throughout 2023/24, and these sessions will be incorporated into the Fund's training plan.</p>

1.05	<p>The WPP budget, on page 14 on the Business Plan, excluding operator and allocator services has increased from £1.397m in 2022/23 to £1.648m in 2023/24. The main reason for the increase is due to the procurement of the operator contract, particularly associated adviser and legal costs. There are also increases due to additional responsible investment and climate work. The total fees will be shared equally between the eight Pension Funds.</p> <p>Fees due to the operator and allocator services will increase as more assets are transferred into WPP and will be allocated between the Pension Funds dependant on the individual assets under management. The overall budget for operator and allocator services increased from £33,319m in 2022/23 to £37.257m in 2023/24.</p> <p>Furthermore, should it transpire that additional expenditure exceeding 30% of the agreed 2023/24 WPP budget is required, then this is also a reserved matter that will be brought back to the Constituent Authorities.</p>
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2.00	RESOURCE IMPLICATIONS
2.01	<p>The costs of resources required for delivering the WPP Business Plan is included in the budget section of the WPP Business Plan.</p> <p>A proportion of the costs from the WPP budget are included in the Clwyd Pension Fund budget (within the Business Plan which is a separate agenda item at this Committee).</p> <p>There is considerable time allocated by the Head & Deputy of the Clwyd Pension Fund in delivering and monitoring the WPP Business Plan which is not recognised in the budget, however it does result in greater reliance on external advisors on local matters than would otherwise be the case.</p>

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	<p>The WPP Inter Authority Agreement requires all eight Constituent Authorities to approve the WPP Business Plan.</p>

4.00	RISK MANAGEMENT
4.01	<p>The key risks are considered as part of the business planning process and articulated within the draft WPP Business Plan. The separate report on Clwyd Pension Fund's Business Plan also highlights the following risks for the Fund:</p> <ul style="list-style-type: none"> • the impact of externally led influence and change including the WPP operator contract and asset pooling guidance changes • that WPP do not provide CPF with portfolios to deliver the Investment Strategy and • that WPP do not provide CPF with the tools to enable implementation of its RI policies

5.00	APPENDICES
5.01	Appendix 1 – WPP Business Plan 2023/24 to 2025/26

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>WPP Inter Authority Agreement</p> <p>Contact Officer: Philip Latham, Head of Clwyd Pension Fund 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 (IAA) – the governance agreement between the eight Wales pension funds for purposes of pooling</p> <p>(f) Wales Pension Partnership (WPP) – 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 Fund Solutions Ltd</p>



Wales Pension Partnership Business Plan 2023 -2026



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Introduction

This is the business plan for the Wales Pension Partnership ('WPP'), the business plan details the WPP's priorities and areas of focus for 2023/24, 2024/25 and 2025/26. The business plan is constantly monitored and will be formally reviewed and agreed every year. The purpose of the business plan is to:

- Explain the background and governance structure of the WPP
- Outline the priorities and objectives of the WPP over the next three years
- Outline the financial budget for the relevant Business Plan period
- Summarise the WPP's Investments & Performance Objectives

About the Wales Pension Partnership

Established in 2017, the WPP is a collaboration of the eight LGPS funds (Constituent Authorities) covering the whole of Wales and is one of eight national Local Government Pension pools. We have a long, successful history of collaboration, including examples that pre-date the Government's pooling initiative. We are proud of our unique identity as a Pool – our Constituent Authorities represent and span the entirety of Wales. Being democratically accountable means, we provide the best of strong public sector governance and transparency.

Our operating model is designed to be flexible and deliver value for money. We appointed an external fund Operator and make use of external advisers to bring best of breed expertise to support the running of the Pool, this includes Hymans Robertson who have been appointed as the WPP's Oversight Advisor. The Operator is Link Fund Solutions and they have partnered with Russell Investments to deliver effective investment management solutions with the aim of achieving strong net of fee performance for all the Constituent Authorities. We have a shared vision and agreement on the means and pace at which this vision will be achieved. The eight LGPS Funds (Constituent Authorities) of the Wales Pension Partnership are:



Governance

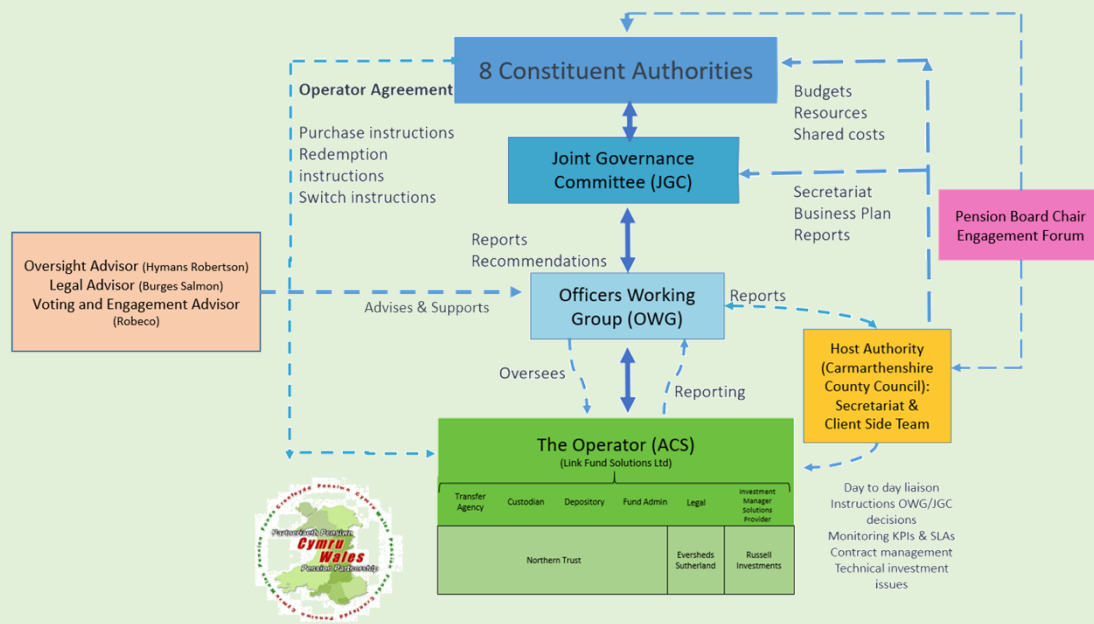
The WPP is responsible for ensuring that its business is conducted in accordance with regulation and guidance. We must also ensure that: public money is safeguarded and properly accounted for, used

economically, efficiently and effectively to ensure value for money. We also strive for continuous improvement and to conform with industry best practice.

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA), which defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers. The IAA includes a Scheme of Delegation outlining the decision-making process, taking into account the relevant legislation. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure, which has been designed to:



The diagram below shows WPP's governance structure:



The Constituent Authorities sit at the top of the WPP's governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving this Business Plan, which outlines the WPP's budget and workplan, as well as its beliefs and objectives. The Constituent Authorities are heavily involved in all aspects of the WPP's governance structure, while the WPP's Joint Governance Committee and Officers Working Group are comprised respectively of elected councillors, scheme member representative and officer representatives from the Constituent Authorities.

The WPP believes in being open and transparent as well as regularly engaging with its key stakeholders. As such the WPP ensures the meetings of the Joint Governance Committee are accessible to the public via a live webcast stream. Meeting papers are also made publicly available. Local Pension Board engagement days are also held regularly as a means of fostering stakeholder engagement. The WPP recognises the importance of all of its stakeholders to reflect this the WPP has put in place an Engagement Protocol Framework, this is carried out via the following engagement mechanisms:

Engagement mechanisms and Frequency:

- | | |
|---|----------------|
| • Strategic Relationship Review meeting | Bi-Annual |
| • JGC Engagement | Quarterly |
| • Manager Performance Meetings/ Calls | Quarterly |
| • Training Events | Quarterly |
| • OWG Engagement | Quarterly |
| • Bi-weekly meetings | Every 2 weeks |
| • Pension Fund Committees | Annual |
| • Manager Engagement Days | Annual |
| • Member Communications | Annual |
| • Pension Board Engagement | Every 6 months |
| • Engagement via the website & LinkedIn | Continuous |
| • Constituent Authority Annual Requirements & Ambitions Questionnaire | Annual |

Risk Management

The Wales Pension Partnership ('WPP') recognises that it faces numerous risks which, if left unmanaged, can limit the WPP's ability to meet its objectives and to act in the best interest of its stakeholders and beneficiaries. However, the WPP also understands that some risks cannot be fully mitigated and that in these instances' risks need to be embraced through active and effective management.

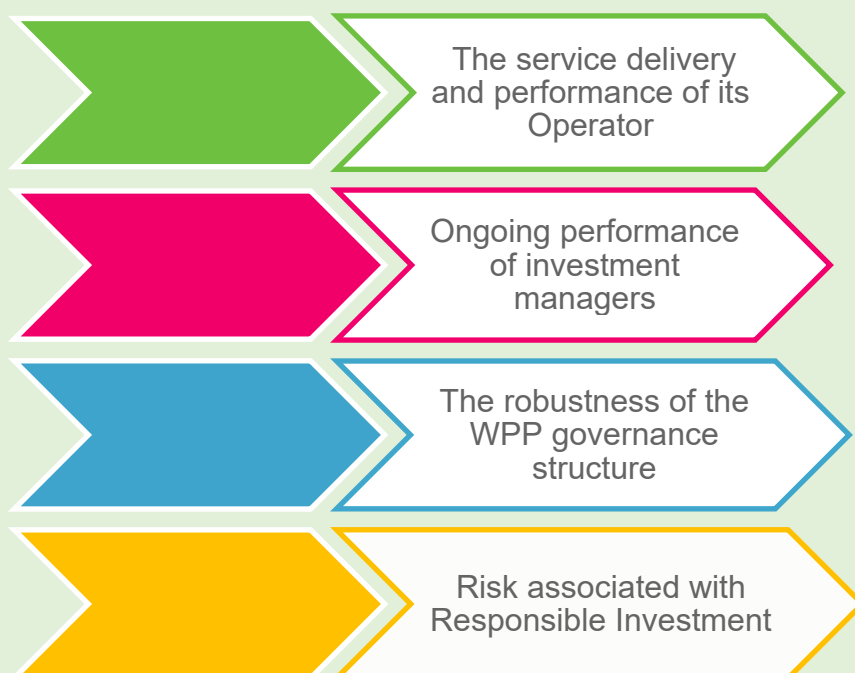
Risk management is a critical element of WPP's commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy. This strategy will be embedded into the WPP's governance framework to ensure better decision-making, improved outcomes for stakeholders and greater efficiency.

The WPP's risk strategy seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP believes that risks are fluid in nature and that the severity and probability of risks can change rapidly and without warning. To reflect this belief, the WPP's Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders.

To deliver on its objectives, the WPP needs to carry out activities or seize opportunities that subject it to risk. The extent to which the WPP is able to effectively balance risk and return will depend on the success of its Risk Policy. It is critical that prior to making decisions the WPP understands the associated risks and considers the means by which these risks could be managed.

The greatest risk to the WPP's continued operation is its ability to deliver on its primary objectives. The WPP's Business Plan is an additional means through which the WPP will give special recognition to risks that pose a material threat to the delivery of its objectives and the actions required to manage these risks.

During the course of this business plan the WPP will seek to develop mechanisms, frameworks and process for managing the following key risks:



Objectives

The WPP is proud to represent the eight Constituent Authorities and recognises its duty to ensure the needs and requirements of all stakeholders are met. The WPP, through consultation with all eight Constituent Authorities, has formulated a list of primary objectives these can be summarised as follows:

- To provide pooling arrangements which allow individual funds to implement their own investment strategies (where practical)
- To achieve material cost savings for participating funds while improving or maintaining investment performance after fees.
- To put in place robust governance arrangements to oversee the Pool's activities.
- To work closely with other pools in order to explore the benefits that all stakeholders in Wales might obtain from wider pooling solutions or potential direct investments
- To deliver an investment framework that achieves the best outcomes for its key stakeholders; the Constituent Authorities. The Constituent Authorities will be able to use this framework to deliver the best outcomes for their Scheme Members & Employers

The eight Constituent Authorities recognise that their strength derives from their shared beliefs and their ability to work together to deliver on their unified objectives for the benefit of all WPP stakeholders.

Beliefs

The WPP's Beliefs reflect the collaborative nature and shared values of the Constituent Authorities, they are as follows:

- The WPP's role is to facilitate and provide an investment pooling platform through which the interests of the Constituent Authorities can be implemented
- Good governance should lead to superior outcomes for the WPP's stakeholders
- Internal collaboration between the Host and Constituent Authorities is critical to achieving the WPP's objectives. External collaboration may also be beneficial in delivering cost savings and better outcomes for stakeholders
- Responsible Investment and effective Climate Risk mitigation strategies, alongside consideration and evidential management of broader Environmental, Social and Governance issues, should result in better outcomes for the WPP's stakeholders
- Effective internal and external communication is vital to achieving the WPP's objectives
- External suppliers can be a cost-effective means of enhancing the WPP's resources, capabilities and expertise
- Fee and cost transparency will aid decision making and improve stakeholder outcomes
- Continuous learning, innovation and development will help the WPP and its Constituent Authorities to evolve
- flexible approach to the WPP pool structure and implementation methods will enable the WPP pool to adapt in future and continue to meet the needs of its stakeholders.

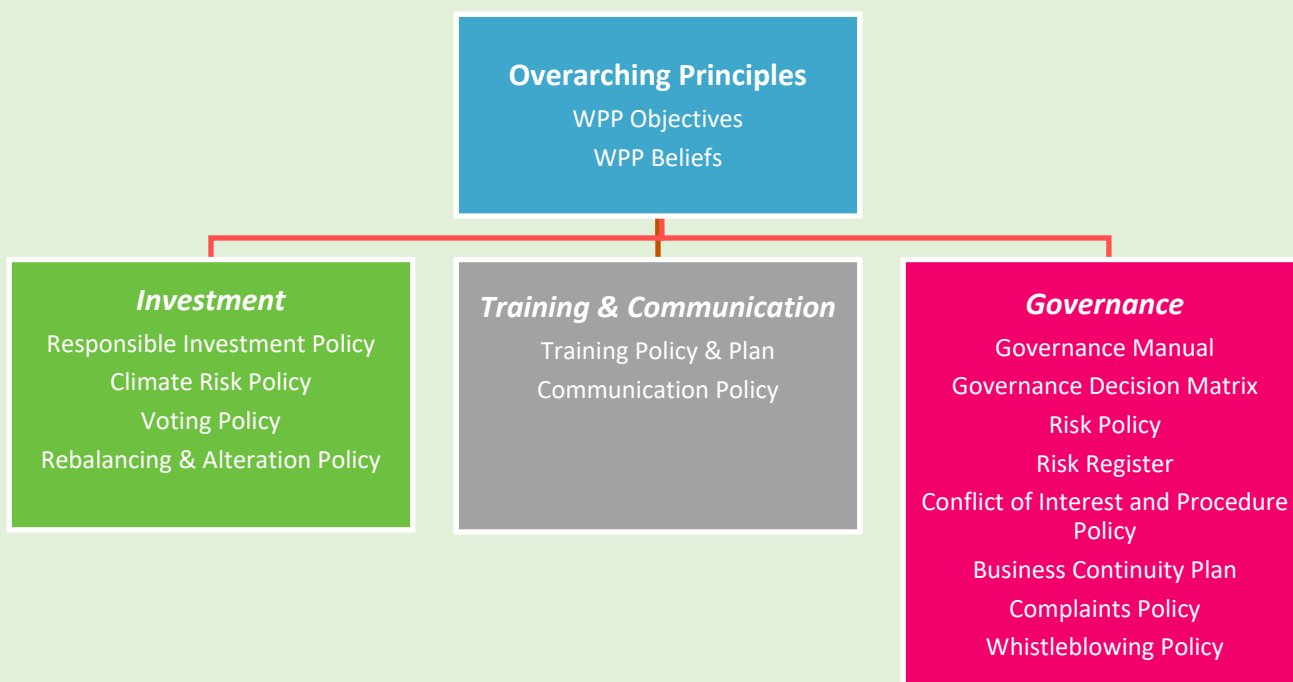
The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies.

Policies

The WPP believes that good governance should lead to superior outcomes for the WPP’s stakeholders. In recognition of this belief, the WPP, in consultation with the Constituent Authorities, has developed a robust governance structure and framework and a set of governing policies. In all instances the WPP’s policies and procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities. The WPP understands the importance of formulating and codifying its policies and procedures. This process allows the WPP and the Constituent Authorities, to:



The WPP’s key policies, registers and plans are listed below and can be found on the WPP website.



The WPP’s policies are reviewed on a regular basis and the WPP will continually assess whether any additional policies, registers or plans are required. The WPP workplan includes a number of additional governance documents that will be developed, these will be made available on the WPP website once completed. The policies play a vital role in the WPP’s governance arrangements and have been formulated with the sole purpose of providing a codified framework which will ensure that the WPP achieves its objectives in an effective and transparent means.

Work Plan

The tables below shows key priorities and objectives that the WPP aims to complete over the next three years. The workplan has been broken down into a number of key sections which are all vital to the continued success of the WPP

- **Governance** - The WPP believes that good governance leads to better outcomes for its stakeholders, as such it will further develop its governance framework by developing additional policies, registers, plans and carry out ongoing reviews of its existing governance documents and structure.
- **Ongoing Sub-Fund development** – To date the WPP has pooled c72% of its assets and a number of other sub funds are in the process of being developed. The WPP will continue to consult with the Constituent Authorities to ensure that all suitable assets are pooled.
- **Operator Services** - The Operator, alongside the third parties that it employs on behalf of the WPP, are critical to the ongoing activities of the WPP, therefore service delivery of the Operator and third-party suppliers are crucial. The current operator contract comes to an end in December 2024.
- **Investments and Reporting** - The WPP recognises the importance of ensuring that existing investment solutions remain optimal and aligned to Constituent Authority requirements, while also delivering the investment return expectations of the Constituent Authorities. The WPP will continue to deliver on its reporting requirements and will develop further reporting, as and when required.
- **Communication and Training** - The WPP wants to ensure that internal stakeholders and external parties are aware of the WPP's progress and publishes numerous report and updates to ensure that it proactively communicates its progress to stakeholders. These can all be found on the WPP website.
- **Resources, Budget and Fees** - The WPP recognises that insufficient resources poses a significant risk to its ability to deliver an investment framework that achieves the best outcomes for its key stakeholders, the WPP carries out a number of reviews to guarantee that it has suitable resources to deliver on this commitment.

Work to be completed	2023 - 2024	2024 - 2025	2025 - 2026
Governance			
Development of a WPP Breaches and Errors Policy	✓		
Legal Services provider contract (initial 3 year review)	✓		
Oversight Advisor procurement process		✓	
Voting & Engagement Service provider procurement process		✓	
Ongoing review of Inter Authority Agreement	✓	✓	✓
Annual review of WPP's policies and plans	✓	✓	✓
Quarterly reviews of the Risk Register	✓	✓	✓
Respond to any pooling related consultations and carry out any necessary changes as a result of consultation outcomes	✓	✓	✓
Ongoing Sub-Fund development			

Launch of Private Debt & Infrastructure Sub-Funds	✓		
Launch Sustainable Equities Sub-Fund	✓		
Launch of Private Equity Sub-Fund	✓		
Formulate the WPP's Property requirements and optimal means of implementation & launch the property Sub-funds	✓	✓	
Consideration of WPP's Levelling up / impact requirements	✓	✓	
Launch of other Private Market sub-funds (TBC)	✓	✓	✓
Consultation with CAs on need for further sub-funds, review and develop a mechanism to pool any suitable non-pooled assets	✓	✓	✓
Consideration of Local Investment opportunities	✓	✓	✓
Operator Services			
Operator contract / procurement process	✓	✓	
New Operator Contract		✓	
Operator Oversight	✓	✓	✓
Investments and Reporting			
Review Sub-Fund mandates to ensure compatibility with WPP's Responsible Investment and Climate Risk Beliefs	✓	✓	✓
Task Force on Climate-related Financial Disclosures (TCFD) reporting	✓	✓	✓
Stewardship Code reporting	✓	✓	✓
Consider additional reporting that demonstrates WPP's commitment to Responsible Investment	✓	✓	✓
On-going Investment Manager performance reporting, scrutiny and challenge	✓	✓	✓
Annual review of WPP's Cost Transparency Requirements	✓	✓	✓
Annual performance review of WPP Sub Funds (Equity and Fixed Income)	✓	✓	✓
On-going engagement with Constituent Authorities regarding minimum ESG / RI standards and their climate ambitions	✓	✓	✓
Communication and Training			
Formulation of WPP's Annual Responsible Investment Progress Report	✓	✓	✓
Formulation of the WPP's Annual Training Plan	✓	✓	✓
Formulation of the WPP's Annual Update	✓	✓	✓
Formulation of the WPP's Annual Report	✓	✓	✓
Resources, Budget and Fees			
Annual review of resources and capacity	✓	✓	✓
Formulation of Annual WPP Budget	✓	✓	✓
Review and Monitoring of Operator / external provider fees	✓	✓	✓

Training Plan

It is best practice for WPP personnel to have appropriate knowledge and understanding of:

- the regulations and markets relating to pensions;
- the pooling of Local Authority Pension Schemes; and
- relevant investment opportunities.

The WPP's training plan is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities.

WPP personnel should obtain a degree of knowledge and understanding that ensures they are able to carry out their duties associated with the WPP. WPP personnel should also be aware of the WPP's framework, beliefs, policies, governance matrix, the decision-making process and decision logging process.

To aid WPP personnel, the Host Authority will arrange quarterly training sessions which will cover major areas such as investments, administration, regulation requirements, government guidance and market developments. The WPP's training events will primarily focus on meeting the training needs of members of the OWG and JGC, however Constituent Authorities are encouraged to invite Pension Committee Members, as well as Pension Board Representatives if they believe that the training would be beneficial to these individuals.

We have set out below a list of training topics which the Host Authority will arrange training for during the 2022/2023 financial year. WPP's training topics are based on current WPP topical priorities and from an analysis of the WPP training requirements questionnaire/ assessment responses, completed by members of the Joint Governance Committee ('JGC') and Officers Working Group ('OWG').

Product Knowledge

- o Private Market Asset Classes – Private Equity / Property
- o Levelling up / development opportunities

Reporting

- o TCFD reporting
- o Performance reporting

Responsible Investment

- o Voting & Engagement
- o RI within the WPP sub funds

Market Understanding & Regulatory Requirements

- o Progress of other LGPS pools & Collaboration Opportunities
- o Pooling Guidance

Budget

The table below outlines the WPP's budget for the next three years.

	2023-24	2024-25	2025-26
	£'000	£'000	£'000
Host Authority *	200	205	209
External Advisors *	1,448	1,130	1,040
TOTAL to be recharged	1,648	1,335	1,249
Operator / Allocator Services **	37,257	40,982	45,080
TOTAL to be deducted from the NAV	37,257	40,982	45,080

**Host Authority and External Advisor costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.*

***Operator / Allocator Services costs are based on each Constituent Authority's percentage share of WPP assets and are deducted directly from the Net Asset Value (NAV) of the Constituent Authority's assets.*

Investments & Performance

The WPP's Constituent Authorities have total assets of circa £23bn (as at 31 March 2022). The Constituent Authorities' passive investments are effectively within the Pool but are held by the respective WPP authorities in the form of insurance policies.

The Officers Working Group receives quarterly, six monthly and annual performance reports, the group reviews and challenges the performance of Investment Managers on behalf of the WPP. The WPP hosts annual manager engagement days, which are used to challenge managers and to facilitate engagement with Constituent Authority Pension Committee and Board Members and the WPP's Investment Managers. The Constituent Authorities also carry out their own analysis of WPP's investment performance at local level, this will include manager attendance at Pension Committees. Below we outline the WPP's existing Sub-Funds.

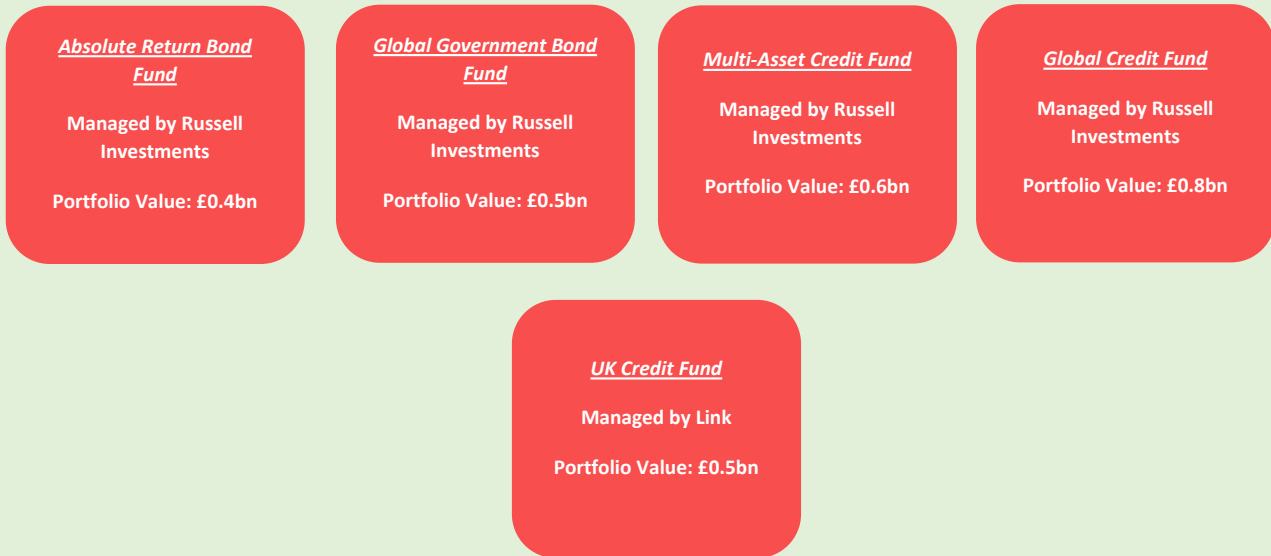
Equity Sub-Funds



* Portfolio Values as at launch date

Sub Fund	Performance Benchmark	Participating Funds	Underlying Investment Managers	Launch Date
Global Growth	MSCI ACWI ND	RCT, Dyfed, Gwynedd, Cardiff and Powys	Baillie Gifford, Veritas and Pzena	Feb 19
Global Opportunities	MSCI ACWI ND	Swansea, Torfaen, Gwynedd, RCT, Cardiff and Clwyd	Morgan Stanley, Numeric, Sanders, Jacobs Levy, SW Mitchell, Nissay, Intermede and Oaktree	Feb 19
UK Opportunities	FTSE All Share	Cardiff and Torfaen	Liontrust (Majedie), Lazard, Baillie Gifford, Ninety-One, J O Hambro and Liontrust	Sept 19
Emerging Markets	MSCI Emerging Markets Index	Cardiff, Clwyd, Gwynedd and Torfaen	Artisan, Bin Yuan, Barrow Hanley, Axiom, Numeric and Oaktree	Oct 21

Fixed Income Sub-Funds



* Portfolio Values as at launch date

Sub Fund	Performance Benchmark	Participating Funds	Underlying Investment Managers	Launch Date
Global Credit	Bloomberg Barclays Global Aggregate Credit Index (GBP Hedged)	Cardiff, Dyfed, Powys and Torfaen	Western, Metlife, Fidelity and T Rowe Price	July 20
Global Government	FTSE WGBI Index	Cardiff and Torfaen	Bluebay and Colchester	July 20
Multi-Asset Credit	3 Month GBP SONIA plus 4%	Cardiff, Clwyd, Gwynedd, Powys, and Swansea	ICG, Man GLG, BlueBay, Barings and Voya	July 20
Absolute Return Bond Fund	3 Month GBP SONIA plus 2%	Gwynedd, Powys and Swansea	Wellington, Putnam, Aegon and Insight	Sept 20
UK Credit Fund	ICE BofA ML Eur-Stg plus 0.65%	RCT	Fidelity	July 20

Contact Details

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

Postal Address - Wales Pension Partnership

Carmarthenshire County Council

Treasury & Pension Investments Section

County Hall

Carmarthen

SA31 1JP

E-mail - WalesPensionPartnership@carmarthenshire.gov.uk

Telephone - (01267) 224136

Further information on the WPP and ongoing updates on the WPP's progress can be found on the website and LinkedIn page.

The website can be found here:

<https://www.walespensionpartnership.org/>





CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 29 March 2023
Report Subject	Business Plan 2023/24 to 2025/26
Report Author	Head of Clwyd Pension Fund

EXECUTIVE SUMMARY

The Committee approves a three-year Business Plan in February or March of every year and receives updates each quarter on progress. The purpose of this report is to present the proposed Business Plan for 2023/24 to 2025/26. The Business Plan includes information on business as usual, other tasks or projects, risks and an estimate of the financial resources required.

Looking ahead, the next few years will continue to be challenging for those involved in the governance, management and operation of the Fund for a number of reasons including:

- the remedy for the McCloud court case
- implementing changes to meet, monitor and review the Fund's targets in relation to climate risk and develop the Fund's approach to stewardship
- a new Code of Practice being launched by The Pensions Regulator
- preparation for integration with the National Pensions Dashboard
- other government initiatives such as new DLUHC asset pooling guidance.

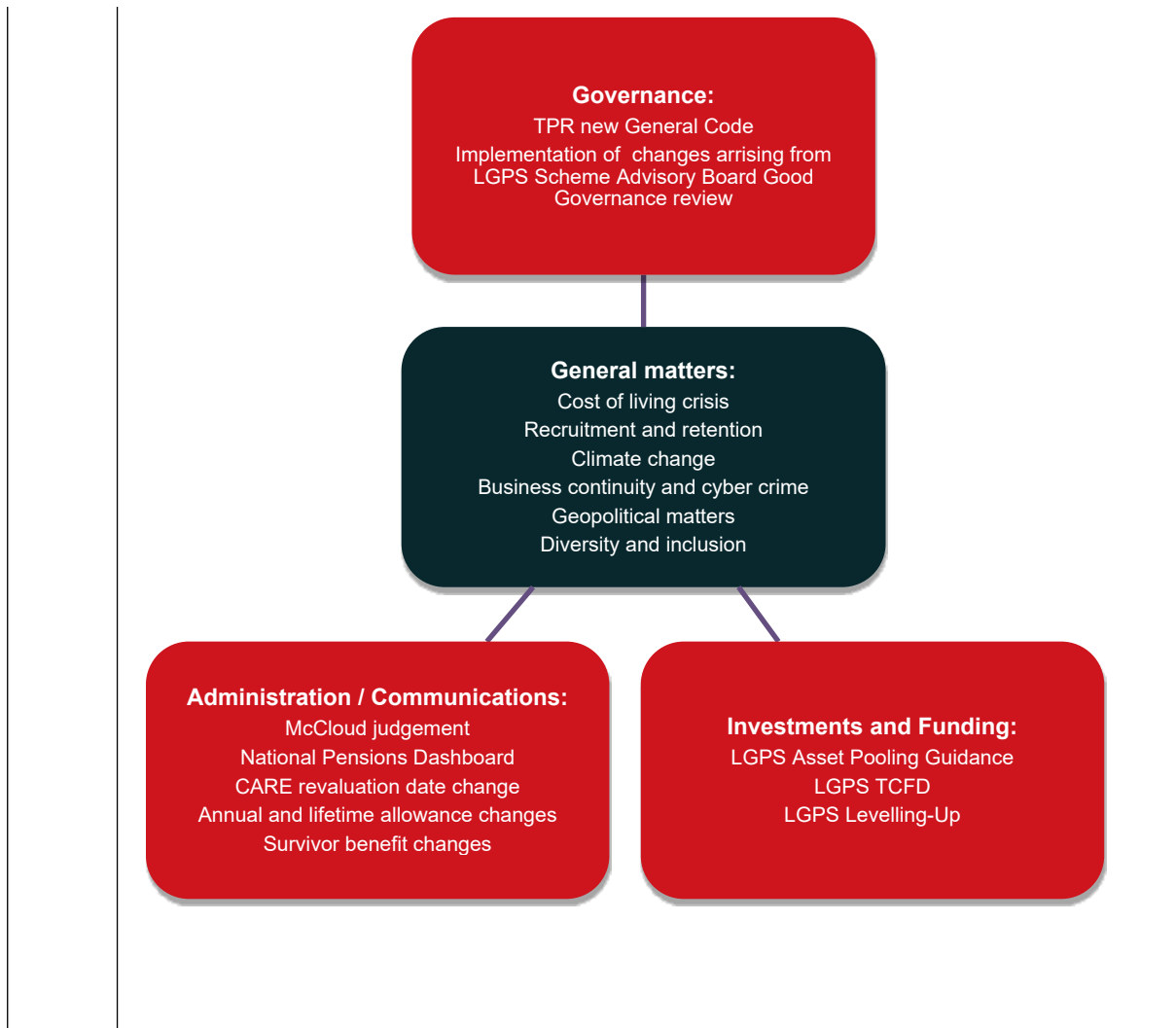
The proposed Business Plan for 2023/24 to 2025/26 has been prepared with a view to ensuring that our legal responsibilities and strategic objectives are being met, and all our known risks are being managed and resourced appropriately. The Committee are also being asked to approve the budget which is included within the Business Plan, and two staffing structure changes, as outlined in paragraph 2.03, to assist with delivering the Business Plan.

RECOMMENDATIONS

1	That the Committee approve the Business Plan in Appendix 1 relating to the period 2023/24 to 2025/26, including the budget for 2023/24.
2	That the Committee approve the two additions to the staff structure as outlined in paragraph 2.02; an additional Principal Pensions Officer for three months in 2023/24, and an additional Principal Pensions Officer for projects to 31 March 2024 at a total cost of £64,207 (including on-costs).

REPORT DETAILS

1.00	REVIEW OF THE FUND'S BUSINESS PLAN
1.01	The updated Business Plan for the three years commencing 2023/24 is attached as Appendix 1. It includes business as usual, main tasks or projects with descriptions, a current risk assessment and an estimate of the financial resources required.
1.02	<p>The Business Plan for 2022/23 was approved at the 16 March 2022 Pension Fund Committee. Much of the business plan was delivered with a number of key achievements being accomplished including:</p> <ul style="list-style-type: none"> • Updating the Council's Constitution to clarify responsibilities as a result of the change of FCC Chief Executive • Developing the Fund's first Task Force on Climate Related Financial Disclosures (TCFD) report and becoming a signatory of the Stewardship Code. • Completion of the 31 March 2022 actuarial valuation and review of the Funding Strategy. • Reviewing and agreeing the Fund's asset allocation. • Fundamental review of the Fund's Communications Strategy and development of a new brand and logo for the Fund. • Continuing the Fund's McCloud programme including initial loading of updated employer data. • Ongoing development of cyber security strategies and processes including supplier/partner organisation cyber resilience assessments. <p>The year continued to provide some challenges in relation to recruitment and retention, which started to have an impact on the delivery of some business as usual services. However a major achievement was the review of how recruitment is undertaken resulting in successful recruitment of 9 external new staff members in early 2023 in addition to internal promotions.</p>
1.03	There continues to be an exceptional amount of change which is being driven at a national level or by circumstances out of the control of the Fund. These have a major impact on the delivery of the Fund's objectives and the resources required. The following illustrates the main areas we are currently aware of, many of which are explicit in the proposed 2023/24 to 2025/26 Business Plan:



1.04 Within the 2023/24 to 2025/26 Business Plan key tasks include:

Governance:

- carrying out compliance checks against The Pension Regulator's New General Code
- implementing any governance changes as a result of the Scheme Advisory Board Good Governance review, including creating a Workforce Policy
- succession planning and reviewing ongoing resource requirements

Investments and Funding:

- implementing changes to meet, monitor and review the Fund's new targets in relation to climate risk
- reviewing the Fund's approach to stewardship and engagement
- working with our partners in WPP on the procurement of the operator contract and implementing private credit, private equity and infrastructure within WPP

Administration and Communications:

- completing the required changes relating to the McCloud remedy
- preparation for integration with the National Pensions Dashboards

	<ul style="list-style-type: none"> • further enhancements to implement the Fund’s new Communications Strategy.
1.05	<p>The key risks for the fund are articulated in the Business Plan and could be summarised into the key points, all of which would impact on the Fund’s objectives and legal obligations being met:</p> <ul style="list-style-type: none"> • the impact of externally led influence and change • insufficient staff numbers due to recruitment and retention difficulties or staff with insufficient knowledge • market uncertainty including fund managers not meeting their targets • WPP not being able to provide the required asset portfolios and also being unable to provide the tools to implement the Fund’s RI policy • the investment targets not being achieved, impacting solvency and employer contributions due to market uncertainty, national changes.
1.06	<p>Looking ahead, 2023/24 will no doubt continue to be challenging for those involved in the governance, management and operation of the Clwyd Pension Fund. The Business Plan has been updated to ensure that all our known risks are being managed and resourced. However given the ever-changing environment, the Business Plan is a live document that can be updated within the year with the approval of the Committee.</p>
1.07	<p>The introduction to the Business Plan also includes the proposed budget for 2023/24 including notes of key elements.</p>
1.08	<p>The Committee are asked to consider and approve the proposed Clwyd Pension Fund Business Plan for 2023/24 to 2025/26, and the budget for 2023/24 included within it.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>The resources required for managing the Fund and delivering this Business Plan are included in the budget section of the Business Plan. It assumes no vacancies in the current staffing structure and continuation of all temporary positions within the current staffing structure to 31 March 2024.</p>
2.02	<p>Delivering the Business Plan will be challenging which is why there are a number of temporary positions within the Administration Team. However a key risk in the delivery of the plan is the ongoing vacant Principal Pension Fund Accountant. This position has now been vacant since early 2022 and the latest recruitment exercise was unsuccessful. It is now being readvertised with a market supplement but this vacancy continues to put a major strain on the Finance Team and particularly the Deputy Head of Clwyd Pension Fund.</p>

2.03	<p>In addition, the Committee are asked to approve to the following changes to the staffing structure:</p> <ul style="list-style-type: none"> • The Principal Pensions Officer in the Technical and Payroll Team will be commencing maternity leave in the summertime. In order to assist in ensuring her role is appropriately covered during her maternity leave it is recommended that another Lead Pensions Officer acts up to a Principal Pensions Officer for the three months prior to maternity leave. This “overlap” will assist in ensuring a robust handover of duties as well as assisting in managing a number of key tasks that need completed at that level early in 2023/24. The cost of this would be £12,841 including on-costs. • To assist in protecting business as usual operational tasks (such as dealing with scheme member retirements, leavers, deaths and transfers) and to aid with succession planning for expected retirements, it is suggested that any project work is managed by a separate Principal Pensions Officer rather than the current Principal Pensions Officer who also manages the business as usual tasks. The person appointed to this new projects Principal Pensions Officer post would manage projects such as the retrospective pay award recalculations of benefits, implementing the imminent CARE revaluation regulation change and developing the Fund’s Pensions Dashboards solution. It is expected that a separate project team will be proposed as part of a staffing structure review later in the year once further workflow analysis has been completed. However in the meantime it is suggested that an additional Principal Pensions Officer to manage projects is created as a temporary measure until 31 March 2024. The cost of this would be £51,366 including on-costs.
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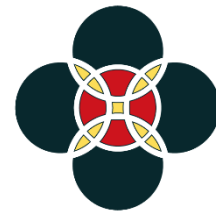
3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None directly as a result of this report.

4.00	RISK MANAGEMENT
4.01	The key risks are considered as part of the business planning process and articulated within the draft Business Plan. However delivery of the Business Plan is subject to having the appropriate resources in place, which is a key risk and is described further in paragraphs 2.01 to 2.03.

5.00	APPENDICES
5.01	Appendix 1 – Business Plan 2023/24 to 2025/26

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Previous Business Plans including Clwyd Pension Fund Business Plan 2022/23 to 2024/25 (March 2022 PFC agenda pack).</p> <p>Contact Officer: Philip Latham, Head of Clwyd Pension Fund Telephone: 01352 702264 E-mail: philip.latham@flintshire.gov.uk</p>

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) Committee or 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) Board, 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 DLUHC.</p> <p>(g) DLUHC – Department of Levelling Up, Housing and Communities – the government department responsible for the LGPS legislation</p> <p>(h) TPR – The Pensions Regulator – TPR has responsibilities to protect UK's workplace pensions and make sure employers, scheme managers and pension specialists can fulfil their duties to scheme members. This includes oversight of public service pension schemes, including the LGPS. Specific areas of oversight are set out in legislation and also expanded on within TPR's Guidance and Codes of Practice.</p> <p>NB: Other terms used in the report and its appendix are explained within Appendix 1.</p>



Clwyd Pension Fund

Business Plan 2023/24 To 2025/26

March 2023

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DRAFT

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 2023/24, 2024/25 and 2025/26. This business plan was approved at the Clwyd Pension Fund Committee meeting on 29 March 2023. 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 to and objectives for the management of the Clwyd Pension Fund
- document the priorities and improvements to be implemented by the pensions 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 2023/24 including the resources required to manage the Fund, as well as the expected cashflows over the period of this plan.

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

Philip Latham, Head of Clwyd Pension Fund, Flintshire County Council

E-mail - philip.latham@flintshire.gov.uk

Telephone - 01352 702264

Background to the Clwyd Pension Fund

The Clwyd Pension Fund ("CPF" or "the Fund") is a £2.2bn¹ 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 49,386² (49,079) with 17,641 (17,730) active contributors from 53 (52) contributing employers, 15,060 (14,395) retired and survivor members³, and 16,685 (16,954) deferred and other members.

Governance and Management of the Fund

The key decision making and management of the Fund has been delegated by Flintshire County Council ("the Council") to a formal Pension Fund Committee ("PFC"), supported by a Pensions Advisory Panel ("AP"). 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.

A Local Pension Board is in place to assist in:

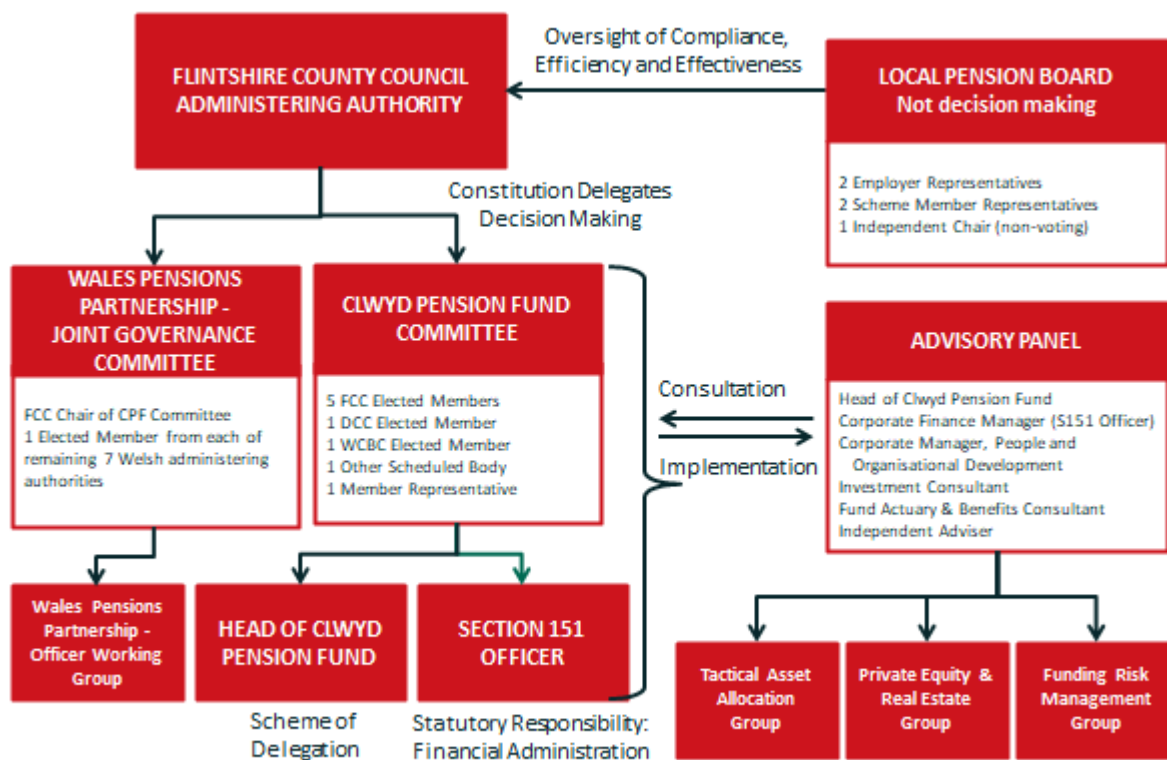
- securing compliance of Fund matters and
- ensuring the efficient and effective governance and administration of the Fund.

This structure is illustrated below.

¹ Information correct as at 31 December 2022.

² The figures related to members and employers as at 31 December 2022 and those in brackets were as at 31 December 2021.

³ In addition, approximately 990 teachers' compensation pensions are paid by the CPF team.



The Joint Governance Committee ("JGC") for the Wales Pension Partnership ("WPP" - the Wales asset pool) is a joint committee of the eight participating administering authorities and a non-voting scheme member representative. 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 ("OWG") on which each of the administering authorities are represented. The WPP has its own suppliers and advisers, and its own business plan.

The Pension Fund Management Team

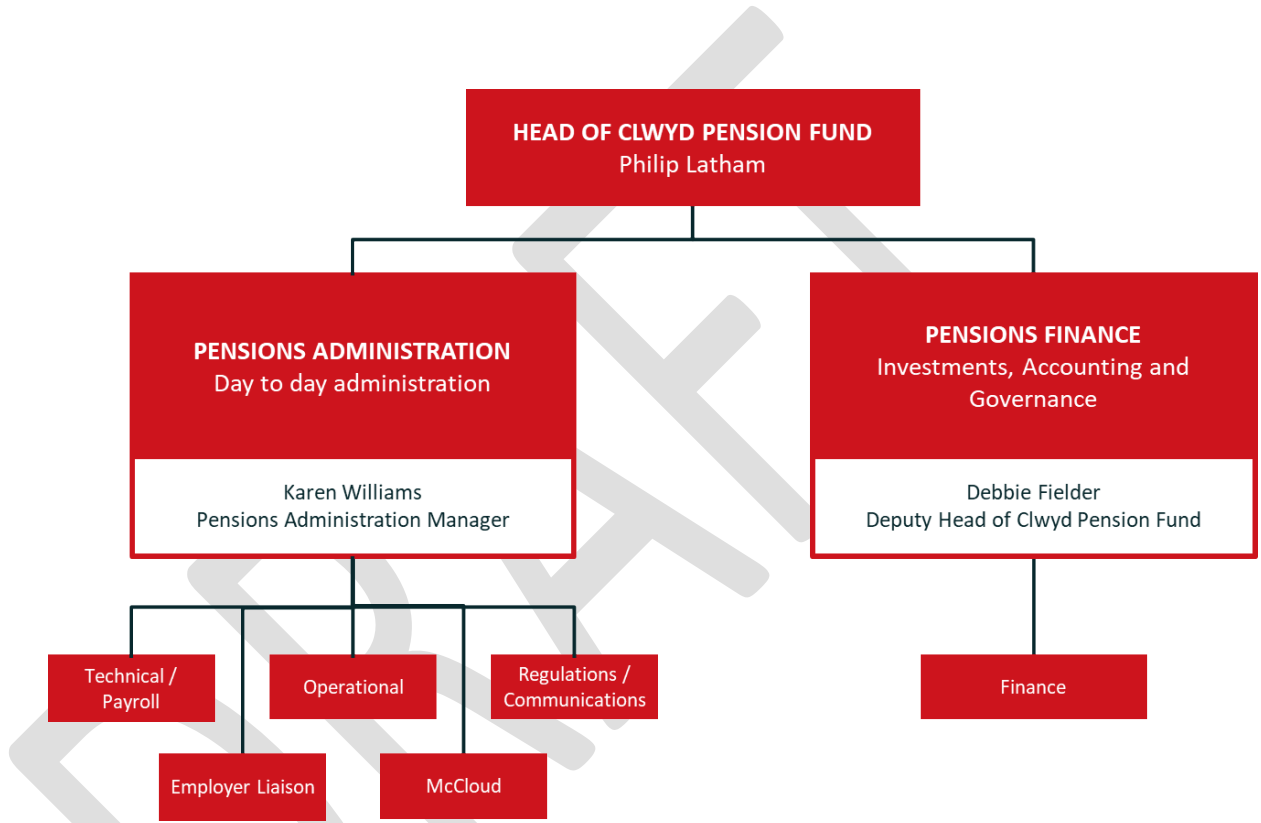
The day-to-day operations of the Fund are managed by the Head of Clwyd Pension Fund supported by the Deputy Head of Clwyd Pension Fund and the Pensions Administration Manager. There are two sections within the team:

- The Pensions Administration Section which is responsible for delivering the Fund's Administration and Communications Strategies. It is headed by the Pensions Administration Manager and has 40.4 permanent full time equivalent members of staff and 12.1 temporary full time equivalent members of staff.
 - Within the Pensions Administration Section there is an Employer Liaison Team that undertakes employer responsibilities which are recharged to the employer through their employer contribution rate. A number of the Fund's employers use this service.

- The Pensions Finance Section is responsible for delivering the Fund's Investment and Funding Strategies, as well as accounting matters. It also has overall responsibility for ensuring all governance matters are delivered. It is headed by the Deputy Head of the Clwyd Pension Fund and has 7 permanent full time equivalent members of staff.

More information about their day-to-day responsibilities is documented later in this Plan in the "Business as Usual" section.

The structure as at March 2023 is illustrated below.



The Pension Fund Management Team and Pension Fund Committee are assisted by a range of specialist consultants, suppliers and investment managers.

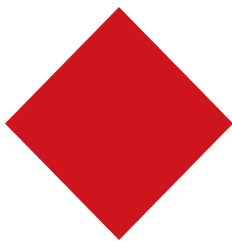
Aims and Objectives for the Management of the Fund

Our Mission Statement is:

- to be known as forward thinking, responsive, proactive and professional, providing an 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.

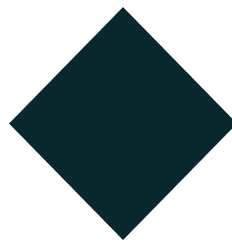
Our key strategies and policies which guide the management of the Fund are listed below and most can be found on our website at

<https://mss.clwydpensionfund.org.uk/home/investments-and-governance/strategies-and-policies/>



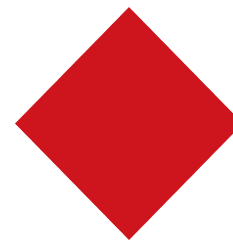
Governance

- Governance Policy and Compliance Statement
- Knowledge and Skills Policy
- Conflicts of Interest Policy
- Risk Management Policy and Reporting
- Business Continuity Policy
- Recording Breaches of the Law Procedure
- Cyber Strategy,
- Fraud Strategy



Investment and Funding

- Investment Strategy Statement
- Responsible Investment Policy
- Funding Strategy Statement



Administration and Communications

- Administration Strategy
- Communications Strategy
- Personal Data Retention Policy,
- Administering Authority Discretionary Policies,
- Voluntary Scheme Pays Policy,
- Policy on the Overpayment and Underpayment of Pension Scheme Benefits,
- Policy for Administration and Communications of Tax Allowances to Scheme Members

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

- governance
- funding and investments
- administration, communications and employer liaison team

These 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.
- Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved.

Funding and Investments

- Achieve and maintain assets equal to 100% of liabilities within the 12-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.

- Ensure that the Fund's investment and return targets are aligned with the transition to a low carbon economy through a commitment to achieving a net zero carbon dioxide emission's target by 2045.
- Promote acceptance of sustainability principles and work together with others to enhance the Fund's effectiveness in implementing these.
- Aim to use the Wales Pensions Partnership as the first choice for investing the Fund's assets subject to it being able to meet the requirements of the Fund's investment strategy and objectives (including environmental, social and governance requirements), within acceptable long-term costs to deliver the expected benefits and subject to ongoing confidence in the governance of the Partnership.

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 LGPS⁴ 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

- Increase awareness and understanding of the Scheme and provide sufficient information so members can make informed decisions.
- Communicate in a clear, concise manner.
- Ensure we use the most appropriate means of communication, taking into account the different needs of different stakeholders, but with a default of using electronic communications where efficient and effective to do so.
- Look for efficiencies and environmentally responsible ways in delivering communications through greater use of technology and partnership working.
- Regularly evaluate the effectiveness of communications and shape future communications appropriately.

⁴ Local Government Pension Scheme.

There are also individual and specific objectives for communications with members and employers.

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 to determine, every three years, 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 Flintshire County Council (the Administering Authority), an Employer Liaison team is available which can provide assistance to employers by carrying out a number of the employer responsibilities on the employers' behalf.

Managing the Fund 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 management of the Fund is significant, 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

- Ensuring decisions relating to the management of the Fund are made in accordance with agreed delegated responsibilities
- Setting the agenda, reporting and presenting to the Pension Fund Committee, Local Pension Board and Advisory Panel, and ensuring those bodies carry out their delegated responsibilities
- Implementing and monitoring the achievement of other governance areas such as the knowledge and skills policy, conflict of interest policy, risk management policy, breaches of law procedure, fraud strategy, and The Pension Regulator’s Code of Practice

- Ensuring the Fund's business plan is regularly updated, agreed and delivered
- Ensuring we adhere to Council and legal requirements for procurement, health and 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 WPP
- Ensuring business continuity arrangements are in place and regularly tested
- Managing the risk of cybercrime and ensuring our data and systems are safeguarded

Accountancy

- Preparing and publishing the Fund's Annual Report
- Completing the Annual Accounts and assisting 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 annual monitoring of its appropriateness
- 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's Department (GAD)
- Monitoring the employers' funding positions and covenants 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 cash and risk management strategy (Flight-path) with annual 'health checks'
- Working with other LGPS funds in Wales and nationally to pool investments through our role within the Joint Governance Committee and Officer Working Group
- Monthly monitoring and implementation of the tactical asset allocation decisions
- Developing, implementing, and monitoring the Fund's approach to Responsible Investment
- Identifying sustainable investments that aim to make a positive social or environmental impact
- Transitioning the Fund's investment strategy in line with its net-zero targets
- Monitoring of over 100 investments in private markets including cashflow deployment.
- Ensuring costs are fully disclosed in line with the LGPS Investment Code of Transparency.
- Working with WPP to ensure that it can support the Fund in delivering the Fund's Responsible Investment and Climate Change beliefs and requirements
- Review Additional Voluntary Contributions ("AVCs") provision on a regular basis to ensure it continues to remain appropriate

Administration

Operations

- Providing relevant individual information to scheme members and their beneficiaries, including:
 - 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

- Responding to scheme members' ad-hoc enquiries
- Providing Annual Benefit Statements to all active and deferred scheme members, and annual Pensions Increase statements to pensioner and dependant members
- Providing Annual Pensions taxation information to all affected and at risk members
- Managing ad-hoc projects such as implementing major scheme changes.

Pensioners' Payroll

- Calculating and paying monthly pensions to all pensioners and beneficiaries
- Issuing payslips (where net pay has changed)
- Processing annual pensions increases
- Issuing P60s
- Investigating returned payments and dealing with any under or overpayment of pensions
- Updating and maintaining accuracy of pensioner and beneficiary member details.

Communications

- Providing information to members via newsletters, shorter news alerts and workshops
- Maintaining the Fund's website and members' self-service facility, and promoting their use
- Developing the Fund's communications with stakeholders to ensure information is accessible to all
- Managing employers joining or leaving the Fund and providing them with information about their Fund responsibilities
- Providing ongoing training and technical updates to employers
- Running an Annual Meeting and engagement events with employers and members' representatives
- Administering the Fund's Internal Dispute Resolution Procedure.

Technical

- Maintaining and updating the pensions software system, including overseeing the monthly employer returns
- Providing guidance on changes in processes following legislation updates
- Developing reports on progress against key performance indicators and daily work management

- Monitoring timescales for employers submitting information
- Providing information to the Fund's actuary as required for new alternative delivery models for employer services
- Providing reports and extracts for the Fund Actuary and GAD
- Reporting and making payments to HMRC

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
- Responding to outstanding requests for information to cleanse the pension records
- Undertaking work as necessary to clear outstanding year-end or other data queries.

The plan for the next three years

Key Challenges and Influences

The significant number of legislative changes and external influences continue to impact the work relating to the Fund. The following are just some of the key areas of focus for the Fund over the next three years:

- Carrying out compliance checks against The Pension Regulator's General Code.
- Implementing any governance changes as a result of the Scheme Advisory Board Good Governance review.
- Finalising the development of controls relating to cybercrime and business continuity.
- Implementing further changes to meet and monitor the Fund's targets in relation to climate risk and further developing our approach to stewardship.
- Responding to the Government's new guidance on pooling of assets.
- Integration with the National Pensions Dashboards.
- Implementing the remedy following the McCloud court case.
- Continuing to implement the refreshed communications strategy.

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

- governance
- funding and investments
- administration, 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 2023/24 to 2025/26

	Estimated	Budget	Budget	Budget
	2022/23	2023/24	2024/25	2025/26
	£000s	£000s	£000s	£000s
Opening Cash	(79,645)	(96,470)	(27,227)	(121)
Payments				
Pensions	70,449	76,800	80,800	85,140
Lump Sums & Death Grants	18,068	16,000	16,000	16,000
Transfers Out	6,641	6,000	6,000	6,000
Expenses (excluding investments)	5,349	5,900	5,900	5,900
Tax Paid	42	100	100	100
Support Services	133	135	135	135
Total Payments	100,683	104,935	108,935	113,275
Income				
Employer Contributions	(56,735)	(60,000)	(62,800)	(65,200)
Employee Contributions	(19,871)	(20,200)	(21,000)	(21,800)
Employer Deficit Payments	(15,000)	9,200	11,600	12,000
Transfers In	(6,648)	(6,000)	(6,000)	(6,000)
Pension Strain	(600)	(1,200)	(1,200)	(1,200)
Income	(342)	(200)	(80)	(80)
Total Income	(99,195)	(78,400)	(79,480)	(82,280)
Cash-flow Net of Investment Income	1,488	26,535	29,455	30,995
Investment Income	(14,180)	(12,000)	(12,000)	(12,000)
Investment expenses	7,235	6,000	6,000	6,000
Total Net of In House Investments	(5,458)	20,535	23,455	24,995
In House Investments				
Draw downs	76,480	131,210	147,151	171,795
Distributions	(82,376)	(82,502)	(73,500)	(73,300)
Net Expenditure /(Income)	(5,896)	48,708	73,651	98,495
Total Net Cash-Flow	(11,354)	69,243	97,106	123,490
Rebalancing Portfolio	(5,471)		(70,000)	(131,000)
Total Cash Flow	(16,825)	69,243	27,106	(7,510)
Closing Cash	(96,470)	(27,227)	(121)	(7,631)

Operating Cost Budget 2023/24

	Actual	Budget	Estimate	Budget
	2021/22	2022/23	2022/23	2023/24
	£000s	£000s	£000s	£000s
Governance Expenses				
Employee Costs (Direct)	299	397	280	413
Support & Services Costs (Administering Authority)	23	29	19	17
Other Supplies & Services	65	95	52	95
Audit Fees	41	45	41	45
Actuarial Fees	493	879	939	722
Investment Consultant Fees	1,066	1,627	1,432	1,087
Governance Advisor Fees ^a	533	517	565	598
Legal Fees	113	100	74	30
Pension Board ^a	101	113	97	111
Pooling (Host and Consultant Costs)	144	197	197	215
Total Governance Expenses	2,878	3,999	3,696	3,333
Investment Management Expenses				
Fund Manager Fees	19,490	16,275	19,000	19,755
Custody Fees	106	112	112	192
Performance Monitoring Fees	53	53	44	46
Wales Pension Partnership Investment Costs	998	500	500	885
Total Investment Management Expenses	20,647	16,940	19,656	20,878
Administration Expenses				
Employee Costs (Direct) ^a	1,242	1,433	1,351	1,636
Support & Services Costs (Administering Authority)	150	158	114	114
Outsourcing	41	0	0	0
IT ^a	488	715	517	718
Other Supplies & Services) ^a	102	146	96	146
Total Administration Expenses	2,023	2,451	2,078	2,614
Employer Liaison Team				
Employee Costs (Direct) ^a	218	363	360	396
Total Employer Liaison Team	218	363	360	396
Total Costs	25,766	23,753	25,790	27,221

Notes relating to proposed budget:

- 1) Items marked "a" include estimates for additional costs relating to McCloud. Please see below for detail.

McCloud Budget 23/24	£000s
Employee Costs (Direct) *	282
Governance Advisor Fees	258
Pension Board	13
IT (Support & Services)	100
Other Supplies & Services)	10
Total	663
* Of the employee costs £86k is allocated to ELT	

- 2) The costs incurred by the Employer Liaison Team will be recovered from the participating employers making use of the service through their employer contribution rate.
- 3) The actuarial, consultancy and adviser costs include increases in line with the contracts. Some costs have been carried forward from previous year to complete certain projects on Private Markets and process documentation.
- 4) The above estimates assume pay inflation of 5% where appropriate.
- 5) IT costs include additional costs in relation to Dashboard project work
- 6) Actuarial costs include contingency for assistance with Finance functions until recruitment of Accountant is complete
- 7) Employee costs in Governance Expenses covers the approved establishment for the Governance and Finance Team. Given current recruitment and retention issues it is likely that some of this budget will be used on a temporary basis to cover the cost of external support.
- 8) Employee costs in Administration Expenses include additional costs of £64,207 in total (including on-costs) relating to temporary increases in the staffing establishment for 2023/24 for:
- a Lead Pension Officer acting up to a Principal Pensions Officer to ensure appropriate cover in the run up to the existing Principal Pensions Officer's maternity leave and
 - a separate Principal Pensions Officer managing projects, to assist in protecting business as usual operational tasks.

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.

Current Significant 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.

Overall, 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 red i.e. with major 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
Externally led influence and change such as scheme change (e.g. McCloud, potential exit cap, Pensions dashboard, national reorganisation, cybercrime, asset pooling, levelling up and boycotts / divestments / sanctions, Climate lobbying, Operator contract with WPP)	The Fund's objectives/legal responsibilities are not met or are compromised: external factors	Red	Orange	<ol style="list-style-type: none"> 1: Deliver final aspects of cybercrime risk mitigations into BAU 2: Refresh and document business continuity assessments / procedures 3: Establish formal project for Pensions Dashboard 4: Ongoing engagement with WPP in relation to the WPP Operator 5: Ongoing consideration of resource requirements to meet external demands
Insufficient staff numbers (e.g. sickness, resignation, retirement, unable to recruit): current issues include age profile / FCC pay grades versus other LAs, asset pools, private sector / cost of living.	Services are not being delivered to meet legal and policy objectives	Red	Green	<ol style="list-style-type: none"> 1: Recruit to vacant administration, Fund accountant and trainee Fund accountant roles. 2: Ongoing consideration of business continuity including succession planning 3: Action plan being developed for recruitment, retention, succession planning including consideration of future work levels

Funding & Investment

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
<ul style="list-style-type: none"> ▪ Markets perform below actuarial assumptions ▪ Fund managers and/or in-house investments don't meet their targets ▪ Market opportunities are not identified and/or implemented. ▪ Black swan event e.g. global pandemic such as Covid-19 ▪ Wales Pension Partnership (WPP) does not provide CPF with portfolios to deliver the Investment Strategy ▪ Internal team do not have sufficient knowledge in order to challenge the investment managers on the advice given or understand the implications of all investment choices issues on the fund 	<p>Investment targets are not achieved therefore materially reducing solvency / increasing contributions</p>			<p>1: Continue to monitor market conditions, underlying asset classes and investment managers either directly or via WPP</p> <p>2: Ongoing consideration of officer succession planning, including maintaining local investment knowledge</p>

<p>1. Responsible Investment (including Climate Change) is not properly considered within the Fund's long-term Investment Strategy meaning it is not sustainable and does not address all areas of being a Responsible Investor</p> <p>2. WPP does not provide CPF with the tools to enable implementation of RI policies</p>	<p>The Fund's long term Investment Strategy fails to deliver on its ambition and objectives as a Responsible Investor.</p>			<p>1: Implement strategic RI priorities as detailed in the business plan, including ongoing analysis of the Fund's carbon footprint. Identify sustainable investment opportunities and improve disclosure and reporting</p> <p>2: Work with WPP to ensure the Fund is able to implement the Fund's RI Policy and ambitions effectively via WPP</p>
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Administration & Communication

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
<p>That there are poorly trained staff and/or we can't recruit/retain sufficient quality of staff, including potentially due to pay grades.</p>	<p>Unable to meet legal and performance expectations (including inaccuracies and delays) due to staff issues</p>			<p>1: Ongoing recruitment of vacant posts</p> <p>2: Action plan being developed for recruitment, retention, succession planning including consideration of future work levels</p> <p>3: Ongoing training of recent recruits</p>

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
Big changes in employer numbers or scheme members or unexpected work increases (e.g. severance schemes or regulation changes including McCloud, Pensions Dashboards and potential exit cap, backdated pay awards)	Unable to meet legal and performance expectations due to external factors	High	Medium	1: Ongoing consideration of the impact on resources of backdated pay awards, likely national changes and Pensions Dashboards

Training Plan

A Clwyd Pension Fund Knowledge and Skills 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 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 2023/24 to assist in meeting that aim. Training is complemented by attendance at various external events and conferences, including by WPP. This training plan will be updated following a training needs analysis being carried out at the beginning of 2023.

Title of session	Type of session	Training Content
TPR General Code	Essential	Includes the role and powers of The Pensions Regulator, as well as the Code requirements
Tactical asset allocation and responsible investing	Essential	An overview on the Best Ideas tactical asset allocation portfolio and consideration of other responsible investing matters
CIPFA – Annual Local Pensions Board Conference	Desirable	Pension Board Event: CIPFA’s Annual Local Pensions Board Conference
Administration considerations	Essential	Overview of Goodwin court case affecting widowers
Governance update - Various	Essential	<ul style="list-style-type: none"> ▪ MIFID2 knowledge and skills requirements and the impact on the Fund around investment restrictions ▪ Changes to be introduced as a result of the national SAB good governance project
Governance considerations: Myners Principles	Essential	To include reviewing the effectiveness of the Pension Fund Committee
Investment considerations - various	Essential	To include the expected new Pooling Guidance, levelling up and any other investment related developments.

Appendix: BUSINESS PLAN 2023/24 to 2025/26: Key Tasks

Governance

Ref	Key Action: Task	2023/24 Period				Later Years	
		Q1	Q2	Q3	Q4	2024/25	2025/26
G1	Committee and Board knowledge and skills	x	x				
G2	Appointments of Local Pension Board and Pension Fund Committee Members	x	x			x	x
G3	Review against TPR new General Code	x	x	x			
G4	Ongoing developments in business continuity arrangements including managing cyber risk	x	x	x			
G5	Succession planning and ongoing resource requirements	x	x	x	x		
G6	Implement government changes relating to Scheme Advisory Board good governance review		x	x	x	x	
G7	Review of governance related policies			x	x	x	x
G8	Review/tender key supplier contracts					x	x

G1: Committee and Board Knowledge and Skills

What is it?

The Fund has put into place a Knowledge and Skills Policy which covers members of the Pension Fund Committee, members of the Pension Board and Senior Officers. The ultimate aim of this policy is to ensure that those responsible for the management, delivery and governance and decision making in the Clwyd Pension Fund have the appropriate levels of knowledge and skills.

Induction training is completed by all new members at the beginning of their role, with the most recent round of induction training taking place over the summer and autumn of 2022 for new members of the Pension Fund Committee.

A key element of delivering the Knowledge and Skills Policy objectives is ensuring that the level of knowledge and skills is monitored, and gaps in knowledge or skills are determined. We will do this in a number of ways:

- We will carry out a training needs analysis for the members of the Pension Fund Committee and Pension Board customised appropriately to the key areas in which they should be proficient (including the CIPFA competencies). This or an alternative questionnaire will also include questions relating to relevant skills.
- We will regularly ask Pension Fund Committee members and Pension Board members to highlight training needs.
- We will monitor attendance at training and events to ensure any lack of attendance is followed-up.

The output from these will be key in updating the Clwyd Pension Fund Training Plan.

Now that the induction training for the new members of the Pension Fund Committee is complete, a training needs analysis will be carried out and the Fund’s training plan will be adapted accordingly.

Timescales and Stages

Conduct a training needs analysis for Pension Fund Committee members, Pension Board members and for Senior Officers	2023/24 Q1
Consider the training plan and schedule key sessions where gaps in knowledge are highlighted	2023/24 Q1 to Q2

Resource and Budget Implications

It is expected this will mainly involve the Head of Clwyd Pension Fund and the Independent Adviser. Estimated costs are included in the budget.

G2: Appointment of Local Pension Board and Pension Fund Committee 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 current appointments will be subject to review as follows:

- Two scheme employer representatives – July 2023 (three-year point)
- Scheme member representative (trade union) – October 2025 (three-year point)
- Scheme member representative (non-trade union) – February 2025 (five-year point)

For information, 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 2020 and may be reappointed for further terms. Therefore, their existing appointments will need to be reviewed by July 2026 (which is outside the period of this business plan).

When considering Committee and Board appointments, the aspiration for diversity will be considered, albeit it is recognised that for elected members, this is largely out of the Fund’s control as (a) the Councils decide who are to be on the Committee and (b) pool of elected members is subject to local elections.

Timescales and Stages

Review Pension Board representatives (two scheme employer representatives) – already commenced	2023/24 Q1 to Q2
Review Pension Board representatives (two scheme member representatives)	2024/25 to 2025/26

Resource and Budget Implications

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

G3: Review against TPR new General Code

What is it?

The Pensions Regulator (TPR) is expected to introduce a new code of practice (to be called the “General Code”) in 2023 with expectations that this will be laid in Parliament in April and come into force shortly after. The first iteration of the new General Code will include Code of Practice No.14 (the relevant Code for Public Service Pension Schemes) as part of the merger of 10 of the 15 codes currently in place. This is expected to result in changes to the requirements placed on Public Service Pension Schemes, including the LGPS. Once the code has been laid before parliament, work will be undertaken to review whether the Fund complies with the requirements within the new General Code. After the initial review, ongoing compliance checks will be carried out on a regular basis.

Timescales and Stages

Start reporting the Fund's compliance and activity against the new General Code from TPR	2023/24 Q1 to Q3
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Resource and Budget Implications

This work will be performed by the Deputy Head of Clwyd Pension Fund and Pensions Administration Manager working with the Independent Adviser. Estimated costs of the review are included within the budgets shown.

G4: Ongoing developments in business continuity arrangements including managing cyber risk

What is it?

The Fund has been carrying out a fundamental review of their business continuity arrangements, which has included developing their cyber resilience given that cybercrime is a key risk to the Fund. Whilst the focus of the last few years has been developing new or enhanced ongoing internal controls, as this development is largely complete, the key focus for the next few years will be ensuring this has become embedded within the Fund's business as usual activities. In order to ensure that this can become business as usual there are some key areas where further work is required including:

- developing a Fund specific cybercrime incident response plan in partnership with FCC.
- documenting processes where gaps were identified as part of the Business Impact Analysis and developing a plan for further staff training.
- creating a testing schedule (covering both general business incidents as well as cyber-attacks).

Timescales and Stages

Produce a cyber incident response plan	2023/24 Q1 to Q2
Develop Testing Schedule	2023/24 Q2 to Q3
Finalise schedule of cybercrime resilience testing for suppliers: already commenced	2023/24 Q1
Document key processes (where not already documented): already commenced	2023/24 Q1 to Q2
Identify ongoing officer training needs and produce a training schedule: subject to recruitment: already commenced	2023/24 Q1 to Q2

Resource and Budget Implications

To be led by the Deputy Head of Clwyd Pension Fund and the Pensions Administration Manager with input from the Head of Clwyd Pension Fund and guidance from the Independent Adviser. All expected costs are included within the existing budgets.

G5: Succession Planning and Ongoing Resource requirements

What is it?

The Fund is aware of a number of senior members of staff who are approaching retirement age or have plans to retire over the next two to five years. In order for the Fund to continue to offer the current levels of service and meet their statutory requirements, it is important that suitable succession plans are in place to ensure these roles can be filled with individuals who have the appropriate level of expertise and skills.

Further, there has been and continues to be quite significant increases in the Fund's work, mainly due to national changes such as McCloud, National Pensions Dashboard, back-dated pay awards and TCFD. Some of the increases in workloads are temporary, but in many there are longer term implications. In addition, there appears to be an increase in the amount of administration case work in certain areas, such as the number of deferred members deciding to take payment of their benefits. This is being investigated further to try to forecast likely future case workloads.

In the short term, officers have increased the establishment with temporary members of staff with contracts that are due to cease in March 2024, and the temporary resource needs will continue to be monitored.

Longer term, work is being carried out to consider the resource requirements and whether any changes should be made to the team structure. This may include creating a project team within the Administration Team as a potential solution to assist with peaks in workload whilst also ensuring that external factors and ad-hoc projects do not impact on business as usual. In the meantime, it is proposed that a new temporary position of Principal Pensions Officer – Projects is created to assist in managing projects until the new team structure is determined.

This will also prepare the Fund to put in place the Workforce Policy that is to be introduced as part of the government's response to the Good Governance review (see next point).

Timescales and Stages

Consider the roles that are most at risk and ensure succession planning is in place: already commenced	2023/24 Q1 to Q2
Forecast future levels of work and consider if any further recruitment is required: already commenced	2023/24 Q1 to Q2
Develop proposed changes to resources and team structure	2023/24 Q3 to Q4

Resource and Budget Implications

To be led by the Pensions Administration Manager and Deputy Head of Clwyd Pension Fund in relation to their respective teams, with input from the Head of Clwyd Pension Fund and the Independent Adviser. All expected costs are included within the existing budgets including provision for a temporary Principal Pensions Officer – Projects until 31 March 2024.

G6: Implement government changes relating to outcome of Scheme Advisory Board good governance review

What is it?

The national LGPS Scheme Advisory Board (SAB) carried out a project which considered the structure of LGPS pension funds and their relation to the Host Authority. This review then evolved to focus on the elements of good governance aiming to ensure those responsible for managing funds met best practice. A number of recommendations were made including ensuring appropriate conflicts of interest management, knowledge and skills and having a designated LGPS lead officer in each administering authority.

In 2021 the SAB made a number of formal recommendations to DLUHC, including the request for DLUHC to issue statutory guidance relating to the areas of best practice identified by the project. SAB may also issue guidance in due course. The DLUHC consultation on draft regulations and statutory guidance has been delayed due to other national priorities. It is currently expected that this will be issued during 2023/24. DLUHC has announced that it also intends to require funds to put in place a Workforce Policy as part of the requirements.

Timescales and Stages

Respond to DLUHC consultation	2023/24 Q2 to Q3 (estimated)
Expected period to review existing arrangements against new statutory guidance and/or guidance	2023/24 Q4 and 2024/25 (estimated)

Resource and Budget Implications

Estimated costs for this work are included within this year's budget although costs are uncertain at this time and may vary depending on the final guidance and requirements. It is expected this will mainly involve the Head of Clwyd Pension Fund taking advice from the Independent Adviser.

G7: Review of Governance Related Policies

What is it?

The Fund has several policies focussing on the good governance of the Fund, all of which are subject to a fundamental review, usually at least every three years. The policies that is due for review in 2023/24 are Risk Policy and Business Continuity Policy.

Timescales and Stages

Policy	Last reviewed	Next review due	Timescales for review work
Risk Policy	October 2020	October 2023	2023/24 Q3
Business Continuity Policy	March 2021	March 2024	2023/24 Q4
Conflicts of Interest Policy	September 2021	September 2024	2024/25
Knowledge and Skills Policy	September 2021	September 2024	2024/25
Procedure for Recording and Reporting Breaches of the Law	March 2022	March 2025	2024/25
Cyber Strategy	March 2022	March 2025	2024/25
Governance Policy and Compliance Statement	November 2022	November 2025	2025/26
Fraud Policy	March 2023 (expected)	March 2026	2025/26

Resource and Budget Implications

It is expected this will mainly led by the Head of Clwyd Pension Fund taking advice from the Independent Adviser. Estimated costs are included in the budget.

G8: Review/Tender Key Supplier Contracts

What is it?

The Fund's actuary and benefits consultant contract reaches its initial break point on 31 March 2025 albeit, it can be extended by the Committee for 1 year.

The Fund's investment consultancy and independent adviser reach the end of their respective contracts on 31 March 2025. The independent adviser can also be the Chair of the Pension Board and therefore that needs to be considered at the same point.

For information, the contract for the Fund's Administration Software has been extended until February 2028 (which is outside the period of this business plan).

Timescales and Stages

Conduct tenders for investment consultancy services and independent adviser	2024/25
Consider extension of actuarial and benefits consultancy contract	2024/25
Conduct tender for actuarial and benefits consultancy services (assuming extension has been applied)	2025/26

Resource and Budget Implications

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

Funding and Investments (including accounting and audit)

Ref	Key Action: Task	2023/24 Period				Later Years	
		Q1	Q2	Q3	Q4	2024/25	2025/26
F1	Investment Strategy Implementation	x	x				
F2	Climate Change, TCFD and TNFD	x	x	x	x	x	x
F3	UK Stewardship Code	x	x	x		x	x
F4	LGPS Investment Related Developments (later timescales unknown at this time)	x	x	x	x		
F5	Asset Pooling	x	x	x	x	x	x
F6	Interim Funding Review					x	
F7	Funding Strategy Statement Review and Triennial Actuarial Valuation						x
F8	Review of Investment Strategy Review						x

F1: Investment Strategy Implementation

What is it?

This relates to the implementation of the recently agreed changes to the Investment Strategy of the Fund.

The investment strategy review took place concurrently with the review of the Funding Strategy Statement in 2022/23. The outstanding actions now are implementing the agreed changes to the investment strategy. The implementation of the revised investment strategy will occur over a period of time in order to manage transition risks.

Timescales and Stages

Implementation of any changes	2023/24 Q1 to Q2
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Resource and Budget Implications

The work will be led by Deputy Head of Clwyd Pension Fund, working with the Fund's Investment Consultant. The Investment Consultant's estimated costs in relation to this exercise are included in the 2023/24 budget.

F2: Climate Change, TCFD and TNFD

What is it?

Climate change has been identified as a significant investment risk by the Committee. As such a Responsible Investment Implementation Plan has been developed. The RI plan for the year ahead includes:

- a review of the Fund's underlying carbon reduction targets
- investment into Wales Pension Partnership's ("WPP") Sustainable Equity Fund
- a review of the Tactical Asset Allocation portfolio and setting specific RI objectives for the portfolio
- implementation of climate aligned synthetic equities (where applicable)
- incorporation of the Hedge Fund mandate into carbon reporting a reduction targets
- RI & Climate data collection on private markets
- continued commitments to sustainable private market funds.

This will have regard to non-investment related factors e.g. life expectancy which will be considered as part of the required Funding Strategy Statement review in F6 and F7 below as well as updates to the Climate Change scenario analysis.

The Task Force on Climate-Related Financial Disclosures ("TCFD") have released climate-related financial disclosure recommendations to help organisations provide better information to support informed capital allocation. In 2022/23 the Fund drafted an initial report on a TCFD basis to ensure transparency of the work the Fund is undertaking with respect to climate change. This included reporting on the various commitments the Fund has made relating to meeting its net zero target, and any other climate related targets set by Committee.

The DLUHC consultation on climate risk was launched in Q3 2022, which the Fund responded to. The Fund had regard for the consultation when it developed its initial TCFD report noting that at this stage it was not compulsory and the report was likely to evolve over time to ensure that the reporting meets the necessary LGPS requirements.

The Taskforce on Nature-related Financial Disclosures ("TNFD") aims to replicate the success of the TCFD. It seeks to understand the interactions between business and natural capital, with the aim of agreeing a framework to monitor nature impacts, and to encourage businesses and investors to minimise negative impacts and maximise positive impacts on

nature. TNFD will seek to create a toolkit for business leaders and the financial community to allocate capital away from nature-negative and towards nature-positive outcomes. Nature based solutions are one of the few investment opportunities that are net negative in terms of carbon emissions and natural capital opportunities will form a vital and increasingly important part of investment portfolios as investors seek to realise their net zero ambitions. The Fund will be considering how to integrate TNFD into its investment strategy.

Timescales and Stages

Responsible Investment Implementation Plan	2023/24 Q1 to Q4
Review TCFD reporting template (if required) in line with LGPS requirement	2023/24 Q2 to Q3
Produce the Fund’s TCFD report	2023/24 Q3
Initial training on TNFD	2023/24 Q4 (or later)

Resource and Budget Implications

This work will be led by the Deputy Head of Clwyd Pension Fund, supported by the Investment Consultant. Estimated costs for the development of the reporting are contained within the 2023/24 budget.

F3: UK Stewardship Code

What is it?

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

The UK Stewardship Code 2020 comprises a set of 12 ‘apply and explain’ Principles for asset owners. As part of the Fund’s desire to demonstrate its good governance and stewardship of its assets, the Fund submitted its first report in October 2022. The Fund was successful in its submission and is now a signatory to the UK Stewardship Code. The Fund has received feedback from the FRC on its submission and the Fund will develop its submission following this feedback.

The Fund will submit a report annually to the Financial Reporting Council (“FRC”) in order to maintain its status as signatories to the Code.

As part of the work on the Stewardship Code the Fund will review its approach to stewardship and engagement to ensure that it continues to meet the requirements of the Committee. The review will also include an evaluation of WPP’s policy and procedures to ensure that reporting lines and processes are fully understood.

Timescales and Stages

Review of approach to stewardship and engagement and WPP's policy and procedures	2023/24 Q1 to Q2
Consider and implement actions from 2022 Stewardship Code feedback from FRC and develop 2023 Stewardship Code submission	2023/24 Q2
Stewardship Code submission (pre October 2023 deadline)	2023/24 Q2

Resource and Budget Implications

This work will be led by the Deputy Head of Clwyd Pension Fund, supported by the Investment Consultant. Estimated costs for the development of the submission are contained within the 2023/24 budget.

F4: LGPS Investment Related Developments

What is it?

The Government (“DLUHC”) will continue to produce guidance for the LGPS community. It is expected that, the Fund will be asked to consider a number of significant consultation exercises (though these may also be issued within a single “consolidated” consultation). The Fund intends to respond to the consultation(s) in respect of all areas covered.

Further detail will be provided in due course but it is anticipated the various consultation(s) will encompass the following areas:

- Levelling up – it is expected this will eventually result in the publication of a mandatory plan on investing in the UK by all LGPS Funds.
- Asset Pooling Guidance - DLUHC undertook an informal consultation on new asset pooling guidance during early 2019. DLUHC has since confirmed its intention to carry out a formal consultation which is expected in 2023.
- Competition and Markets Authority Order 2019 – covering the requirement to set strategic objectives for investment consultants.

Timescales and Stages

Respond to consultations	2023/24
Respond to changes in requirements	Unclear

Resource and Budget Implications

This work will be led by the Deputy Head of Clwyd Pension Fund, supported by the Investment Consultant. Estimated costs for the development of the reporting are contained within the 2023/24 budget albeit this may need revisited when the requirements are better understood.

F5: Asset Pooling

What is it?

To enable the Wales LGPS funds to pool assets an operator is required to provide the investment infrastructure and advice for the WPP. The current operator contract will end during 2025 and the WPP plan to have a new contract in place by December 2024 to allow for a period of transition. A full public procurement will commence organised by the WPP Host Authority. However, the scoring criteria for the tender and appointment of the operator are reserved matters for Constituent Authorities (“CA”) - i.e. the participating Welsh LGPS administering authorities - and a WPP Procurement Sub-Group has been established with representatives from the eight CAs.

During 2023/24 new commitments made by Clwyd Pension Fund for private credit, infrastructure and private equity will be made through WPP allocators for the first time, although precise details are uncertain on how this will operate and updates will be provided to Committee. Research has also commenced on how to pool property assets. The Deputy Head of CPF is a member of the WPP Private Markets sub-group who lead on this work and updates will provided to Committee.

The Deputy Head of CPF is also a member of the WPP RI sub-group and works continues to be developed based on views on stewardship and managing climate risk from CAs.

The launch of Global Equity Sustainable Fund, in which the Fund will invest in, is planned for Q1 2023/24 and the transition of assets will need to be managed by the Fund’s officers via a transition manager.

Further details are contained within the WPP Business Plan.

Timescales and Stages

Transition of assets to Global Sustainable Equity Fund	2023/24 Q1 to Q2
Committee approval of scoring criteria for the Operator tender	2023/24 Q1
Committee approval of Operator appointment	2023/24 Q4
Agree arrangements for Private Market commitments	2023/24 Q1 to Q4
Participate in further development on WPP Stewardship and managing climate risk and providing CPF policy input	2023/24 Q1 to 2025/26

Resource and Budget Implications

This work will be led by the Deputy Head of Clwyd Pension Fund, supported by the Head of Clwyd Pension Fund and the Investment Consultant. All expected costs are included within the 2023/24 budget.

F6: Interim Funding Review

What is it?

In advance of the 2025 actuarial valuation, the Actuary will assess the funding position as at 31 March 2024 in order to prepare the Fund and employers for the potential contribution outcomes from the 2025 valuation.

The 2024 interim review will be carried out in the same way as a full actuarial valuation process. It would allow the Fund to update the contribution requirements in the same way as a statutory valuation for some employers where appropriate and permissible under the LGPS Regulations and Funding Strategy Statement.

This analysis will assist the Fund to understand employer contribution affordability and budgets so that plans can be made considering the funding position at that point and the outlook for returns. It will also involve discussions with the Fund's employers.

Timescales and Stages

Carry out interim funding review	2024/25
Results and discussion with employers	2024/25

Resource and Budget Implications

This exercise will be performed by the Fund Actuary. It will involve input from both the Clwyd Pension Fund Administration and Finance teams.

F7: Funding Strategy Statement Review and Triennial Actuarial Valuation

What is it?

The next formal triennial actuarial valuation of the Fund is due to be undertaken as at 31 March 2025. This considers the solvency position and other financial metrics and is a legal requirement of the LGPS Regulations. It determines the contribution rates payable by the employers to fund the cost of benefits including the impact of any shortfall or surplus. These

aspects are driven by the contents of the separate Funding Strategy Statement which is approved by the Committee and which is reviewed and consulted on as part of the process.

This is considered in conjunction with the employer risk management framework implemented by the Fund. Employers will be required to provide financial statements and evidence of affordability and security before contributions can be agreed. The exercise will include cash flow projections to input into the Cash and Risk Management policy framework.

Timescales and Stages

Effective date	31 March 2025
Initial whole Fund results (expected)	2025/26 Q2
Individual Employer results (expected)	2025/26 Q2 to Q3
Deadline for agreement of all contributions and sign-off valuation report	31 March 2026

Resource and Budget Implications

The exercise is led by the Deputy Head of Clwyd Pension Fund and will be performed by the Fund Actuary. It will determine contribution requirements for all participating employers from 1 April 2026. It is a major exercise for the Fund and will involve considerable resource from the Administration and Finance teams over 2025/26. Employers will be formally consulted on the funding strategy as part of the process.

F8: Review of Investment Strategy

What is it?

This relates to the triennial review of the Investment Strategy having regard to the findings of the actuarial valuation and the review of the Funding Strategy.

This is expected to take place concurrently with the review of the Funding Strategy Statement in 2025/26.

Timescales and Stages

Review of Investment Strategy	2025/26 Q2 to Q3
Approve Investment Strategy (with consultation if required)	2025/26 Q4
Implementation of any changes	2026/27

Resource and Budget Implications

The work will be led by Deputy Head of Clwyd Pension Fund, working with the Fund's Investment Consultant.

Administration, Communications and Employer Liaison Team

Ref	Key Action: Task	2023/24 Period				Later Years	
		Q1	Q2	Q3	Q4	2024/25	2025/26
Essential Regulatory-Driven Areas							
A1	Change to CARE revaluation and changes affecting pensions tax	x	x				
A2	McCloud judgement	x	x	x	x	x	
A3	National Pensions Dashboard	x	x	x	x	x	
A4	Implement Survivor Benefits Changes (dates unknown)						
A5	Other Expected National Changes (dates unknown)						
A6	Preparation of Member Data for Interim Valuation, Triennial Valuation and Funding Reviews					x	x
Priority Fund-Driven Projects							
A7	Review Administration & Communications Related Policies and Strategies	x				x	x
A8	Implement the new Communications Strategy	x	x	x	x	x	
Employer Liaison Team (ELT) Projects							
E1	McCloud ELT Services	x	x	x	x	x	
E2	Expand ELT to more employers						x

Essential Regulatory Driven Areas

A1: Change to CARE revaluation and changes affecting pensions tax

What is it?

With effect from April 2023, the date at which career average pension accounts in the LGPS are revalued will change from 1 April to 6 April. The aim of the change is to lessen the impact of high inflation on pensions growth when compared against the annual allowance. Before the change, LGPS career average accounts would have increased by 10.1% in April 2023 but the allowance for inflation in the pension growth calculation would be only 3.1%. This would have led to a significant increase in the number of members breaching the annual allowance threshold and potentially incurring a tax charge, despite the revaluation not representing a 'real terms' increase in pension.

The Fund will need to ensure that calculations of member benefits (including annual benefit statements) are amended accordingly. It is expected that the software will be updated in May/June 2023 which will involve retrospective correction of part-year revaluation for members who retired within 2022/23, and an update for the Fund's annual allowance exercise. If any individual members request annual allowance calculations before then, manual calculations will be required.

In addition, the Budget on 15th March 2023 announced that:

- the Annual Allowance will be increased from £40,000 to £60,000 from April 2023 and
- the lifetime allowance (LTA) will be abolished completely from April 2024, with lifetime allowance charges removed from April 2023

These changes will be relevant for the Fund's Annual Allowance/Pension Saving Statement project in Autumn 2024 as this assesses the growth for the period 6 April 2023 to 5 April 2024.

Further guidance is expected on the options available for members taking benefits in excess of the LTA in 2023/24 and on how members with existing protections may be affected.

Timescales and Stages

Retrospective correction of April 2023 PI	2023/24 Q1
Manual calculations for individuals requesting annual allowance calculations	2023/24 Q1
Update processes, including communications for PSS exercise	2023/24 Q1 to Q2

Resource and Budget Implications

This will be led by the Pensions Administration Manager. All costs for the updates to the 2023 revaluation exercise will be met from the existing budget. There may be additional software costs for the 2024 Pensions Increase process.

A2: McCloud judgement

What is it?

The McCloud judgement relates to an age discrimination case brought by a member of the Judicial Pension Scheme challenging the protections for older members introduced when the Government reformed public service pension schemes in 2014 and 2015. The Court of Appeal ruled that the transitional provisions gave rise to unlawful age discrimination. Government subsequently confirmed that there would be changes to all the main public service pension schemes, including the LGPS, to remove the discrimination.

When the LGPS changed from a final salary to a career average pension scheme in 2014, members who were within ten years of their Normal Pension Age (NPA) on 1 April 2012 were given a “better of both” promise, i.e. when a protected member takes their pension, the benefits payable under the career average and final salary schemes are compared and the higher amount is then paid. This protection is called the underpin.

To remove the discrimination, the Government proposes to provide all qualifying members with protection based on a remedy period from 1 April 2014 to 31 March 2022. It consulted on the proposed changes to the LGPS to do this in 2020, and in May 2021 issued a statement confirming the key changes it will make to the LGPS to remove the discrimination. The Department for Levelling Up Housing and Communities (DLUHC) recently published its response to the consultation, providing clarity on the remedy which enables the Fund to take further steps towards implementation.

Draft LGPS remedy regulations are currently being consulted upon and are expected to be made in the coming months, before coming into force on 1 October 2023.

Implementation of the McCloud remedy involved a large-scale retrospective data collection exercise, which is drawing to a close. Guidance on missing/unreliable member data has been provided by the Scheme Advisory Board (SAB), enabling the McCloud data collection exercise to be completed.

Additionally, it has a significant impact on administration processes and systems, and requires a robust communication exercise with employers and scheme members. The additional resource requirements are significant.

Whilst final regulations are awaited, the focus is on:

- finalising the collection of data to calculate the new statutory underpin
- liaising with the pensions administration software supplier to ensure software is updated in line with the new regulations
- planning which processes and calculations will need to change to implement McCloud into ongoing administration
- planning for the recalculation of leavers' benefits
- planning communications, particularly to scheme members.

The Fund established the McCloud programme to implement the remedy for Clwyd Pension Fund in 2020, including some team members who are 100% dedicated to this work for the duration of the programme.

Timescales and Stages

Data collection from all employers, validation and upload to Altair (ongoing)	2023/24 Q1
Review of leavers' benefits (benefit rectification) – planning, process recalculations and prepare letters to members	2023/24 Q1 to Q2
Review of and updating ongoing administration processes, calculations and letters to comply with regulations coming into force on 1 October 2023	2023/24 Q1 to Q2
Communications with members (and employers as appropriate)	2023/24 Q1 to Q4
Final regulations come into force, including retrospective changes to members' benefits	01/10/2023
Implement new regulations: <ul style="list-style-type: none"> • new administration processes, calculations and letters • issue benefit rectification letters and pay updated benefits 	2023/24 Q3 to Q4

Resource and Budget Implications

Although the work is being led and managed by a separate Fund McCloud programme team, it impacts across all of the Administration Team. The additional internal resource allocated to the dedicated McCloud programme team is expected to continue throughout 2023/24. There continues to be additional costs relating to consultancy (including programme management which being provided by Aon), incidentals such as postage and printing, and system costs. The budget for 2023/24 is £270k in total.

A3: National Pensions Dashboard

What is it?

The National 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. The Pension Schemes Act 2021 provides the legal framework for implementing the dashboard. All pension schemes must connect to the dashboard infrastructure by their “staging date” as determined by the Department for Work and Pensions (DWP) with the dashboards made publicly available shortly after schemes have onboarded. The staging date for all public sector pension schemes including the LGPS was 30 September 2024. However, the DWP issued a written ministerial statement on 2 March 2023 announcing a delay, allowing additional time to ensure that the dashboard infrastructure is safe and secure and works for both pension schemes and the end users of the service. Legislation is expected soon which will amend the timings and provide further clarity. However, the Fund intends to continue with its existing dashboard project. The reason for this is the significance of dashboards and the steps required to becoming ‘dashboard ready’ and, because the staging date for LGPS was already significantly later than the earliest date for private sector schemes, the delay to the Fund’s staging date may not be significant.

Due to the ongoing work for McCloud, some of the requirements in relation to the data which must be able to be viewed through the dashboard have a later deadline of 1 April 2025 (known as the “value” data) which displays the current value of the member’s pension benefits and projections for active members.

A formal Fund Pensions Dashboard project to implement the dashboard will be established in early 2023/24. Key elements of the project will include:

- appointing an Integrated Service Provider (ISP) who will collect dashboard data from the Fund and provide it to the National Pensions Dashboard so members can see it.
- testing the functionality provided by the ISP including the interfaces between the Fund’s administration system and the ISP
- ensuring data is in a fit state for sharing - work had already commenced in 2022 in this area (for example, a bulk exercise to pay outstanding refunds has been undertaken)
- agreeing what fields of data will be used to “match” scheme members which will then allow the ISP to release Fund members’ information to the National Pensions Dashboard
- determining what reporting needs to be developed and testing it
- identifying and implementing changes to ongoing administration processes
- identifying the impact on resources in the long-term
- communicating with scheme members.

The dashboard requirements also extend to Additional Voluntary Contributions. Therefore the Fund needs to engage with Prudential and Utmost, who are its AVC providers, to ensure they are meeting the dashboard requirements.

Although the Fund will be relying on its ISP, its administration software provider (Heywood) and the AVC providers to carry out the majority of the work relating to the implementation project, there will be additional work for the Fund including new processes when the dashboard is up and running. Also, the Fund’s responsibility is to ensure the legal requirements relating to dashboards are met. Therefore there will still be a significant amount of work for the Fund relating to the implementation of the dashboard and once it is live.

The Pensions Administration Manager is participating in a PLSA working group on the development of the Dashboard. The Fund has also volunteered to be part of the testing of the pension dashboard enhancements being integrated into the administration software.

Timescales and Stages

Project set up, appointing ISP, initial engagement with AVC providers, data cleansing	Already commenced 2022/23 to 2023/24 Q1
Agree the Fund’s staging date and finalise detailed project plan	2023/24 Q1 to Q2
Consider and agree data matching criteria	2023/24 Q1 to Q2
Ongoing data cleansing and system functionality testing (including reporting)	2023/24 Q1 to September 2024
Review and update administration processes, and consider impact on future resources/budget	2023/24 Q1 to Q4
Develop and issue various member communications	2023/24 Q2 to 2024/25
Latest staging date	Unknown
Final work on value data post McCloud benefit rectification and data updates	2024/25

Resource and Budget Implications

The proposed 2023/24 budget includes estimated additional system costs for the ISP (including set up costs) and consultancy costs for project management set up and technical support. Costs will be monitored throughout the year and any necessary changes will be brought back to Committee for consideration. The biggest uncertainty will be the impact on

the workload of the Pensions Administration Team once the dashboard goes live. Ongoing resources will be considered as part of the 2024/25 budget.

A4: Implement Survivor Benefit Change: Amendment LGPS Regulations & Elmes versus Essex High Court Ruling

What is it?

The LGPS (Miscellaneous Amendment) Regulations 2018 (SI2018/1366) came into force with effect from 10 January 2019. These included changes that impact on the calculation of and entitlement to surviving partner pensions in respect of Civil Partners or same sex marriages. As a result, it is necessary for the Fund to carry out a major review to identify any members who are affected and to ensure the correct benefits are paid. In addition, LGPS funds need to action the outcome of the Elmes versus Essex case where it has been ruled in the High Court that for any LGPS members who left the scheme between 1 April 2008 and 31 March 2014, and who subsequently died leaving a Cohabiting Partner, that partner could have a survivor's pension paid to them even without a completed nomination form in place so long as they still meet the eligibility criteria. Any potential cohabiting partners need to be contacted and surviving partner pensions put into payment if applicable. Guidance is awaited from LGA to finalise the work on these changes.

Furthermore, a June 2020 Employment Tribunal ruling (the "Goodwin ruling") relating to the Teachers' Pension Scheme concluded that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female member in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The Chief Secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. It is expected that it will be necessary to contact any male dependant members affected by this ruling to recalculate their benefits. The Scheme Advisory Board has confirmed that a consultation paper from DLUHC is expected in 2023 proposing changes to the LGPS regulations to implement recent court judgements in this area.

It is possible there are other elements relating to the inequality of survivor benefits that need incorporated into amending legislation.

The work in relation to these changes commenced during 2019/20 but is now on hold awaiting Regulations.

Timescales and Stages

Tracing, contacting, verifying entitlement and recalculating benefits for affected surviving partners	Unclear
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Resource and Budget Implications

This project is being absorbed by the Operations Team within Pensions Administration to ensure benefits for all surviving partners are reviewed and amended where applicable.

A5: Other Expected National Changes

There are a number of further changes that are expected but the final details of their impact and the timescales are not yet available. These include the following changes detailed below based on the situation in early 2023.

Harpur Trust Vs Brazel Supreme Court Judgement

On 20 July 2022 a Supreme Court Judgement case Harpur Vs Brazel was published. This case relates to the calculation of holiday pay for part-year employees and employees who work irregular work patterns, with the final judgement meaning that employers should now consider revising how pay is calculated for part-year employees. Part-year employees are expected to include employees on term-time only and zero hours contracts.

While this is primarily an issue for employers, there will be some implications for the LGPS. Firstly, it seems likely that part-year only employees will see an increase in their pay, and it would appear this increase will fall within the definition of pensionable pay. This could have knock-on implications for the calculation of employer and employee pension contributions, particularly for education-based employers who are likely to have large numbers of term-time employees, increasing CARE pay. Secondly, increases in pay could also increase the amounts of final salary benefits for those employees affected. Thirdly, there's the possibility that affected employees will be able to submit claims in relation to previous years, which could lead to pension benefits (including career average benefits) having to be further recalculated.

There are potential resource implications for administration teams (and employers in collecting historical contributions and providing historical information to the administering authorities).

Cost Management

When the Public Sector Pension Schemes (including the LGPS) were reformed in 2014/15 the scheme design included a cost management mechanism. At the first cost cap valuations as at 31 March 2016 the lower threshold within that mechanism (i.e. the cost floor) was deemed to be breached by more than 2% of pay which meant member benefits would need to increase or their contributions reduce. Following the McCloud judgement, Government announced that any additional McCloud costs would fall to be deemed "member costs" within the cost management mechanism and in June 2022 the Government Actuary's Department finalised the 2016 valuation confirming that no changes to member benefits or contributions are required for the LGPS. The LGPS Scheme Advisory Board (SAB) also confirmed that no changes will be needed by virtue of its separate mechanism which applies to the LGPS in England and

Wales in addition to the HMT mechanism which applies across all of the public service pension schemes. However, in October 2021 the SAB set out its determination to revisit third tier ill health and contributions for the lowest paid members with the view to making recommendations in these areas separately to the cost management process. These recommendations have not yet been made.

It should also be noted that the Trades Unions were granted a Judicial Review of the decision to allocate McCloud costs to members as part of the 2016 cost management process. It is not yet known what the outcome will be but until the issue is resolved we cannot say with certainty that no changes will be required following the 2016 process.

In relation to the 2020 cost management process, on 24 June 2021 the Chief Secretary to the Treasury published a Written Ministerial Statement announcing publication of a consultation on proposed reforms to the cost control mechanism for Public Service Pension Schemes following the publication of the Government Actuary's review of the mechanism. On 4 October 2021, HM Treasury released their response to the consultation confirming that there will be changes to the mechanism from the 2020 scheme valuations. On 30 January 2023 DLUHC published a consultation to amend the LGPS SAB cost management process which operates in addition to the Treasury process. The consultation closed on 24 March 2023. Whilst the Government Actuary's Department has begun collecting data for the 2020 cost management valuations it is not yet known if any changes to member benefit or contributions flowing from the 2020 exercise will be required. The widening of the corridor in the HMT process is intended to reduce the likelihood that changes will be required, and the proposals for the LGPS SAB process include introducing greater flexibility for the SAB in determining its recommendations on cost (the current Regulations require that recommendations to bring the cost back to the target must be made under the SAB process if costs have changed by 2% of pay or more).

From an administrative perspective, should there be changes to member benefits and/or contributions as a result of the 2016 or 2020 cost management process, this could have a significant impact on administration processes and systems as well as requiring a robust communication exercise with employers and scheme members.

Fair deal

In May 2016, DCLG (now DLUHC) proposed that the New Fair Deal be extended to the LGPS. This would mean that any staff being outsourced would remain in the LGPS and their 'new' employer would gain admission body status, rather than using the previous option of being able to offer a pension scheme that is broadly comparable to LGPS.

On 10 January 2019, a consultation document was published - Fair Deal – Strengthening Pension Protection. The consultation confirmed the 2016 proposal of service providers offering LGPS membership to individuals who have been compulsorily transferred from an LGPS employer, even if the contract is outsourced a second time (and removal of the option of a broadly comparable scheme). Within the 2019 consultation, there were also proposals

about automatically transferring LGPS assets and liabilities when scheme employers are involved in a merger or takeover. This consultation closed on 4 April 2019. The Scheme Advisory Board has sought to ensure this remains on DLUHC's agenda, most recently writing to then Minister Paul Scully on 19 October 2022 following an update to the government website suggesting the Fair Deal was being reconsidered in light of the earlier consultation. However, there has not yet been a response to the 2019 policy consultation from Government.

Exit Payment Reform

With effect from 4 November 2020 a £95k cap on exit payments made by public sector employers came into effect and this included the cost of early payment of LGPS pensions. However, in the face of legal challenge, HMT issued a direction to disapply the £95k exit cap with effect from 12 February 2021 and the regulations were subsequently revoked. At that time HMT confirmed it will bring forward proposals to tackle unjustified exit payments in the near future. In August 2022, HMT issued their consultation on Public Sector Exit Payments which closed on 17 October 2022 seeking views on a new administrative control process for public sector exit payments over £95,000, and amendments to the process for special severance payments. The outcome of the consultation response is not yet known but whilst the consultation related to staff working in central government some LGPS employers could be affected. It is unclear at this stage when we may hear more on wider reform of exit payments and conditions around how LGPS benefits are paid. Bodies under the devolved administrations were not covered by HMT's most recent consultation and Welsh Government might implement a different approach to meeting any exit cap requirements for public sector employers in the Fund.

Increase in minimum retirement age

In February 2022 the Finance Act 2022 received Royal Assent. The Act implements previous proposals to increase the normal minimum pension age from 55 to 57 in April 2028. This change is designed to maintain a 10-year gap between minimum retirement age and state pension age, as confirmed as part of Government policy in 2014. The Finance Act does provide for protected pension ages for members meeting certain conditions, but for this protection to apply the LGPS regulations must be amended accordingly and currently there has been no indication from DLUHC whether they intend to make these changes.

In the meantime, the Fund needs to keep a note of any protected pension ages to which new members may be entitled, which will generally be due to existing scheme membership or a transfer-in from another pension arrangement.

Death Grants

Along with the consultation paper from DLUHC that proposes to amend the LGPS regulations to implement recent court judgements relating to survivors' benefits this is also expected to remove the upper age limit on entitlement to death grants (which is currently age 75).

Timescales and Stages

Liaising with employers, re-calculation of both final salary and CARE benefits for affected members	Unclear
Implement changes to member benefits and/or contributions if required as a result of the 2016 or 2020 cost management process	Unclear
Update admissions processes in light of new Fair Deal	Unclear
Implement changes to calculation of early retirement benefits and associated strain payments if an exit cap is introduced	Unclear
Monitor protected retirement ages and communicate with members and employers as appropriate if the minimum retirement age is increased	Unclear
Implement removal of upper age limit on death grants	Unclear

Resource and Budget Implications

In relation to the Harpur v Brazel judgement and review of the calculation of holiday pay for part-year employees it is expected that this project will be resourced by the Employer Liaison Team to ensure that employers are aware of their responsibilities in this area and that the Fund is provided with any relevant data to re-calculate benefits for those members in scope.

In relation to other expected national changes, the Fund is increasing headcount within the Pensions Administration Team in anticipation of the additional work these changes are likely to require.

A6: Preparation of Member Data for Interim Valuation, Triennial Valuation and Funding Reviews

What is it?

An interim valuation (as at 31 March 2024) may be completed during 2024/25 which may require the pension administration team to provide data to the actuary. This will highlight any initial data validation to be completed ahead of the formal triennial valuation.

The next formal triennial actuarial valuation will be as at 31 March 2025 and requires the pension administration team to provide data to the actuary. This involves an additional year end cleansing exercise post 31 March 2024 to ensure the data is of sufficient quality for the formal valuation and to then rectify any anomalies discovered during the valuation process.

Timescales and Stages

Preparation of data for 31 March 2024 interim valuation, and investigating and responding to data queries from Fund Actuary	2024/25
Preparation of data for 31 March 2025 triennial valuation, and investigating and responding to data queries from Fund Actuary	2025/26

Resource and Budget Implications

This will be carried out by the Technical Team in the main with assistance from the rest of the Operations Team depending on the requirements. All internal costs are being met from the existing budget. The work by the Fund Actuary will be included in proposed budget for 2025/26.

Priority Fund Driven Projects

A6: Review Administration and Communication Related Policies and Strategies

What is it?

Due to the changes announced in the budget the Policy for Administration and Communications of Tax Allowances will need to be reviewed in advance of the scheduled review date of March 2025. The Fund Administration Strategy was last approved at the May 2021 PFC and the Fund Communications Strategy was last approved at the June 2022 PFC. The strategies state that they will be reviewed at least once every three years to ensure they remain relevant and up to date.

There are a number of other administration and communications related policies that also need to be reviewed regularly as shown in the table below.

In addition, it is proposed that the Fund will develop a Data Improvement Policy at the same point as reviewing the existing Administration Strategy.

Timescales and Stages

Policy for Administration and Communications of Tax Allowances to Scheme Members (approved March 2022)	2023/24 Q1
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Review of Administration Strategy (last approved May 2021)	2024/25 Q1
Approve first Data Improvement Policy	2024/25 Q1
Review of Under / Overpayment Policy (approved September 2021)	2024/25 Q2
Personal Data Retention Policy (reviewed March 2022)	2024/25 Q4
Review of Communications Strategy (last approved June 2022)	2025/26 Q1
Review of Scheme Pays Policy (assumed last approved January 2023)	2025/26 Q4
Review of Administering Authority Discretionary Policy (assumed last approved January 2023)	2025/26 Q4

Resource and Budget Implications

This will be led by the Pensions Administration Manager. All costs are being met from the existing budget.

A7: Implement the new Communications Strategy

What is it?

The Fund approved a new Communications Strategy in June 2022 and since then officers have been working on implementing the strategy including developing the Fund's new logo and branding. The new Strategy is focussed on increasing awareness and understanding of the scheme, encouraging stakeholders to take ownership and providing positive experiences including through embracing technology for greater accessibility as well as efficiencies. All communication materials are being updated to make them clearer and more concise, and hence improving readability.

The ongoing work involved in implementing the new strategy is outlined in the table below.

Timescales and Stages

Launch redesigned communications with new logo and branding	2023/24 Q1
Gather feedback via scheme member and employer surveys, focus groups and employer engagement discussion. Establish test review group for new communications (already commenced)	2023/24 Q1
Create communication plan for 2023/24	2022/23 Q4
Update the communication plan post survey results, focus groups and feedback	2023/24 Q1

Update for future years and to implement wider segmentation, videos and other improvements	Q4
Review and update the branding, structure and content of the Fund's website (already commenced)	2023/24 Q1 to Q4
Videos and webcasts - Develop initial phase of videos and webcasts for the website (already commenced)	2023/24 Q1 to Q4
Agree plan and create wider suite of videos and webcasts	2023/24 Q4 to 2024/25
Investigate options to improve telephony – monitoring and user experience – and agree a plan for implementation	2023/24 Q1
Review and update content in communications (e.g. lower reading age) and develop messaging and branding guidelines.	2023/24 Q1 to Q4
Continue to develop the range of online processes within MSS	Ongoing as functionality becomes available
MSS promotional communications to active and deferred members not already registered/stated communication preference	2023/24 Q3 and ongoing
Create and deliver a visual roadmap (the journey to retirement)	2024/25
Ongoing development and delivery of communications relating to new communication plan	2024/25 and 2025/26

Resource and Budget Implications

These projects are mainly being delivered from internal resource, particularly the Communications Team and the Website and Technical Development Officer. The internal costs are included in the existing budget. Aon are providing a small element of ongoing external guidance which is included in their budget. There is a significant amount of work involved in reviewing and updating all communications including the content of the existing website but it is hoped this can be completed using internal resource. There may be additional costs relating to new or updated telephony systems and websites but the costs are unknown at this point in time.

Employer Liaison Team Projects

Understanding the continuing pressure on resources and budgets for employers, the Fund offers assistance to its 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 undertakes outstanding requests for information in order to cleanse the pension records. All ELT costs are recharged to employers using the ELT service through their employer contribution rate. Resources continue to be reviewed to meet demand depending on ongoing employer uptake albeit there is no planned increase in the FTE posts already in place. The total budget allocated for 2023/24 is £363k. £60k of this total budget relates to temporary McCloud services.

E1: McCloud ELT Services

What is it?

Provide and continue developing ELT services in relation to data provision and other ongoing support to assist with the impact of the McCloud Judgement.

Timescales and Stages

Assisting employers with data collation for McCloud	2023/24
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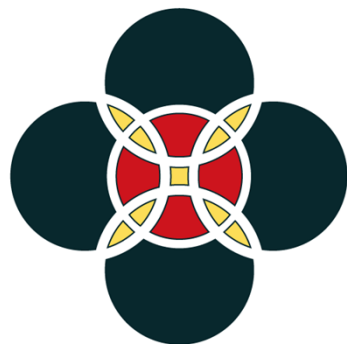
E2: Expand ELT to more employers

What is it?

Consider expanding the ELT service to a wider range of employers and generally making employers more aware of the facility that is available, particularly to those employers that are not meeting their KPIs.

Timescales and Stages

Start discussions with other employers	2024/25
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Cronfa Bensiynau

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CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 29 March 2023
Report Subject	Clwyd Pension Fund Anti-Fraud and Corruption Strategy
Report Author	Head of Clwyd Pension Fund

EXECUTIVE SUMMARY

The Fund has several policies focussing on good governance. Given the potential risks relating to fraud and corruption, a Fund Anti-Fraud and Corruption Strategy has been developed outlining the Fund's approach to the prevention and detection of, and response to, fraud and related activity.

The proposed Strategy has been developed to be consistent with Flintshire County Council's Anti-Fraud and Corruption Strategy and guidance from CIPFA.

The Committee are asked to consider and approve the proposed Strategy, which will be subject to review at least every three years.

RECOMMENDATIONS

1	That the Committee review and approve the newly created Clwyd Pension Fund Anti-Fraud and Corruption Strategy.
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REPORT DETAILS

1.00	PROPOSED FUND ANTI-FRAUD AND CORRUPTION STRATEGY
1.01	<p>As the Administering Authority for the Clwyd Pension Fund (CPF), Flintshire County Council hold and have responsibility for a large amount of personal data and financial assets which put the Fund and our members at risk of potentially fraudulent activities.</p> <p>The Strategy relates to acts of fraud as defined in the Fraud Act 2006:</p> <ul style="list-style-type: none">• Fraud by misrepresentation• Fraud by failing to disclose information where there is a legal duty to do so; and• Fraud by abuse of position <p>The proposed Strategy also extends to corruption, bribery and collusion and money laundering as well as other unlawful acts which could lead to financial, reputational or other damaging consequences for the Fund and our members.</p> <p>It also includes the Fund's controls and measures to prevent members being the victim of a pension scam.</p> <p>The Strategy applies to: scheme members, employers, officers, Pension Fund Committee members, Pension Board members, advisers, providers and partner organisations.</p>
1.02	<p>The development of this Strategy is in line with best practice and has been identified as good governance by the Fund's governance advisors. The Business Plan also envisaged development of a CPF Anti-Fraud and Corruption Strategy, a draft of which is attached in Appendix 1 for approval.</p>
1.03	<p>The proposed Strategy has been developed in line with the Council's deter, prevent and detect framework and includes the following aims in relation to the management of fraud:</p> <ul style="list-style-type: none">• we will create a culture which deters the committing of fraud• we will ensure we have measures in place to help prevent fraud occurring• we will ensure we have measures in place to detect fraud should it occur <p>The proposed Strategy also has regard to CIPFA's guidance on managing the risk of fraud and corruption, which is underpinned by five key principles:</p> <ul style="list-style-type: none">• Acknowledge the responsibility of the governing body for countering fraud and corruption• Identify the fraud and corruption risks• Develop an appropriate counter fraud and corruption strategy• Provide resources to implement the strategy• Take action in response to fraud and corruption

1.04	<p>The key principles which apply in response to fraudulent incidents include:</p> <ul style="list-style-type: none"> • Seeking to recover monies from those who have defrauded the Fund • Carrying out appropriate recovery action, liaising with the Council's internal audit team where required, and having regard to Council Policy <p>It is anticipated that the actions required and outcomes are likely to vary and may depend on the nature and type of fraud along with who has committed it. In certain cases recovery may need to be resolved through appropriate civil or criminal proceedings.</p>
1.05	<p>A key element of delivering this strategy will be working in partnership with Flintshire County Council as the Administering Authority for the Fund, whilst ensuring that the Pension Fund Committee and Fund officers have appropriate ownership of the risk and understand where Fund specific action, internal controls and resources are required.</p>
1.06	<p>Updates, as required will be provided to the Committee and the Board on how fraud is being managed in accordance with this Strategy.</p>
1.07	<p>The Committee are asked to consider and approve the Strategy.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>The ongoing prevention and management of fraud is an important task and in the situation where a suspected or actual act of fraud occurs will require CPF Management Team's time with input from Flintshire County Council internal audit and in some cases external expert advice.</p>

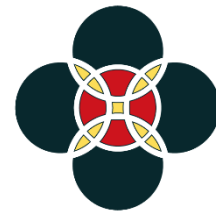
3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	<p>None directly as a result of this report.</p>

4.00	RISK MANAGEMENT
4.01	<p>This Anti-Fraud and Corruption Strategy and the work associated are key internal controls in managing Governance Risk 1 (Losses or other detrimental impact on the fund and its stakeholders).</p>

5.00	APPENDICES
5.01	<p>Appendix 1 – Draft Clwyd Pension Fund Anti-Fraud and Corruption Strategy</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Philip Latham, Head of Clwyd Pension Fund</p> <p>Telephone: 01352 702264</p> <p>E-mail: philip.latham@flintshire.gov.uk</p>

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) Committee or 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) Board, 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 DLUHC.</p> <p>(g) DLUHC – Department of Levelling Up, Housing and Communities – The Government department responsible for the LGPS legislation</p> <p>(h) TPR – The Pensions Regulator – TPR has responsibilities to protect UK's workplace pensions and make sure employers, scheme managers and pension specialists can fulfil their duties to scheme members. This includes oversight of public service pension schemes, including the LGPS. Specific areas of oversight are set out in legislation and also expanded on within TPR's Guidance and Codes of Practice.</p> <p>(i) CIPFA – The Chartered Institute of Public Finance and Accountancy – CIPFA is a professional accountancy body specialising in public services. Its framework centres around sound public financial management and good governance.</p>



Clwyd Pension Fund

Anti-Fraud and Corruption Strategy

March 2023

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Introduction

This is the Anti-Fraud and Corruption Strategy for the Clwyd Pension Fund ('the Fund'), which is managed by Flintshire County Council ('the Administering Authority').

This strategy outlines:

- our commitment to the prevention and detection of fraud
- our zero tolerance of acts of fraud and
- our response to fraud.

It principally covers situations where the Fund is at risk of fraudulent activity in relation to its data or assets. However, whilst members have a responsibility to safeguard themselves against fraud, the Administering Authority has a role to play in ensuring its procedures and controls adhere to relevant legislation, guidance and best practice to protect its members and stakeholders from fraudulent activity relating to their pension benefits. This strategy therefore also covers situations where Fund members are at risk of being defrauded.

Strategy objectives

Flintshire County Council manages the Clwyd Pension Fund on behalf of its stakeholders which include:

- approximately 49,000 current and former members of the Fund, and their dependants
- around 50 employers within the Flintshire, Denbighshire and Wrexham Council areas
- the local taxpayers within those areas.

The Clwyd Pension Fund's 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.

The Fund has a number of objectives within its key strategies and policies. Objectives that are relevant to this Fraud and Corruption Policy include the following:

Governance Policy

- Act in the best interests of the Fund's members and employers
- Have robust government arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies

- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- Understand and monitor risk
- Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved

Administration Strategy

- Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- 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.

Types of fraud covered by this strategy

This strategy covers the following types of (potential) fraud:

- Payment fraud (i.e. a payment being paid to an incorrect individual or the setting up of a bogus record)
- Overpayments of pension that are identified to be fraudulent (all types)
- False impersonation
- Receipt fraud (incoming monies are stolen or records of amounts owed are adjusted)
- Pension scams against members
- Unauthorised access to the Fund's bank account
- Bribery and collusion
- Money laundering

Further detail of the mitigations the Fund has in place to prevent fraud are covered in the Management of Fraud section.

Definitions

This strategy is based on the following definitions:

Fraud: where an individual has undertaken, or intends to undertake, actions in order to obtain gain for themselves or another, or cause loss to another, or expose another to risk of loss.

The Fraud Act 2006 (legislation.gov.uk) refers to a single offence of fraud which can be committed in three separate ways:

- Fraud by false representation;
- Fraud by failing to disclose information where there is a legal duty to do so; and
- Fraud by abuse of position.

Corruption: where an individual who has obtained advantage through means which are illegitimate, immoral and/or inconsistent with their responsibilities to the Administering Authority or the rights of others. Examples include bribery for financial or other advantage with the intention of inducing or rewarding the improper performance and seeking to influence others through the offering of, giving, soliciting or acceptance of an inducement or award.

Bribery: giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith as defined in the Bribery Act 2010.

Money Laundering: handling or possessing criminal property, including possessing the proceeds of one's own crime, and facilitating any handling or possession of criminal property as defined in the Proceeds of Crimes Act 2002 (POCA).

Where we refer to fraud in this strategy, where appropriate, this should be interpreted to cover corruption, bribery and money laundering which the Fund believes are inter-linked.

To whom this strategy applies

The strategy applies to:

- All members and former members of the Clwyd Pension Fund and their dependants
- Officers of the Fund
- Employers participating in the Fund
- The Clwyd Pension Fund Committee ("the Committee")
- Members of the Clwyd Pension Board
- Professional organisations that provide services to the Fund (e.g., Custodian, fund managers) and
- The Fund's professional advisors.

Responsible Officers

Under Flintshire County Council's Constitution, the Governance and Audit Committee is responsible for overseeing the Council's arrangements for the prevention and detection of fraud and the Chief Finance Officer has responsibility for ensuring an effective internal audit

function is resourced and maintained. Further responsibilities relating to fraud prevention, detection and response are then delegated to Chief Officers (e, f and g of clause 4.3 and e) 5.1 of the Constitution) which includes the Chief Finance Officer (Section 151 Officer for the Fund) and the Head of the Clwyd Pension Fund.

The ultimate responsibility for the management of the Clwyd Pension Fund lies with the Pension Fund Committee. However, the Head of Clwyd Pension Fund is responsible for ensuring the requirements of this strategy are met. The exercise of any discretions or decisions required under this strategy is also the responsibility of the Head of Clwyd Pension Fund, taking expert legal advice where appropriate, unless otherwise provided in this strategy or the Council's Constitution.

Principles underpinning this strategy

The approach adopted by the Fund is in line with Flintshire County Council's Anti-Fraud and Corruption Strategy and involves a three-stage process as follows:

- Deter: by having a culture within the Fund which deters the committing of fraud
- Prevent: by having measures in place to help prevent fraud occurring
- Detect: by having measures in place to detect fraud, should it occur

Further detail on these key stages is set out in the Management of Fraud section below.

This strategy also has regard to CIPFA's: Managing the risk of fraud and corruption guidance which outlines five key elements that organisations should follow to avoid fraud as follows:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption

Other relevant Council and Fund policies which support this strategy are listed in the appendix.

Management of Fraud

Deter: Embedding a culture of deterring fraud

The Fund adopts an approach in line with the broader strategy of Flintshire County Council which:

- publicises its counter fraud measures using all available means

- aims to enforce/increase awareness that fraud and corruption are serious offences through this publicised information along with the implementation and publication of its Anti-Fraud and Corruption Strategy.
- recognises that disciplinary action, in accordance with the Council's Anti-fraud and Corruption Strategy may be necessary should there be sufficient evidence of involvement in fraudulent activities.

Pension Fund Committee members and Pension Board members receive reports on any fraudulent activities related to the Fund as part of the Fund's risk management processes. These include information about any investigations into allegations of fraud or irregularity along with preventative actions taken to mitigate the chances of a repeat occurrence as appropriate.

Fraud and the importance of deterring fraudulent or related activity is also considered as appropriate at Committee, Board and officer training events.

Prevent: Fraud prevention measures

All Fund officers have a responsibility to help prevent fraud, corruption and related criminal activity. The CPF Management Team will ensure appropriate training takes place for all Fund officers and that sufficient levels of internal controls are maintained within the Fund's systems and procedures.

The Fund's fraud prevention measures include the following:

1. Measures to reduce the risk that pension payments continue after a member has died, through a deliberate failure to advise the Fund
 - a. Participation in the National Fraud Initiative (NFI), a bi-annual exercise conducted by the Wales Audit office which compares the Fund's data on pensioners and deferred members with the Department for Work and Pensions' database of the deceased and highlights matches for investigation in order to identify (and hence prevent) potential overpayments to the Fund's UK pensioners.
 - b. Participation in the government's Tell Us Once service. This service allows individuals to report a death to most government organisations in one go and reduces the risk of the Fund not being advised of a member's death.
 - c. Monthly mortality screening in relation to UK pensioners, carried out by the Fund's appointed mortality screening provider.
 - d. Triennial existence checks in relation to the Fund's overseas pensioners.
2. Regular reviews of tier 3 ill-health pensions in payment to reduce the risk that an incorrect payment is made to members who are in gainful employment.
3. Annual reviews of children's pensions in payment to establish education status or incapacity as appropriate, and as required by the scheme regulations to determine continuing eligibility for payment and minimise the risk of incorrect payments.

4. Ensuring appropriate security is in place for self-serve facilities where members can make changes to some of their pension details online.
5. Investigating returned post (including pensioner payslips) which suggests the member no longer resides at the address held by the Fund to prevent further information being sent to that address which could lead to fraudulent activity.
6. Investigating pension payments returned by banks and building societies, to protect the Fund's money and highlight where the Fund may not have been informed of a pensioner's death.
7. Ensuring pay and other data affecting pension benefits is only accepted from authorised contacts at the Fund's employers (and that employer contacts cannot submit data on behalf of themselves). Data validation checks are also carried out within a specified tolerance and in accordance with internal procedures to prevent data being submitted that could fraudulently inflate a member's benefits.
8. Ensuring that appropriate due diligence is carried out when dealing with and onboarding new admission bodies to reduce the risk of the Fund being used for money laundering or other fraudulent purposes.
9. Ensuring that employee and employer contributions are reconciled on a monthly basis in accordance with statutory timeframes and investigating any irregularities between payments, the accompanying remittance advice and member data submissions to reduce the risk of contributions not being fully paid to the Fund.
10. Ensuring separation of duties and restrictions of system access so that individuals cannot request and authorise the same payments.
11. Ensuring all non-contribution income received by the Fund, such as transfer in payments from third parties and member payments to buy additional benefits, is appropriately verified and appropriate controls are in place to reduce the risk of the Fund being used for money laundering purposes. This includes monthly monitoring and appropriate ledger coding of all income including monies initially coded as miscellaneous on receipt.
12. Implementing robust procedures for changing bank account details for pensioners/dependants when requests are made in writing or via online self-service. The Fund's policy is to only pay pensions into bank accounts in the name of the pensioner unless there is formal authorisation to do otherwise.
13. Ensuring internal processes prevent pensions officers from accessing their own pension record and restricting access to the records of their spouses/partners to

reduce the likelihood of internal fraud and corruption. The Fund's pension administration software system is able to identify all changes/deletions on member records and the risk of detection is a key disincentive to commit fraud.

14. Internal verification processes relating to verbal requests from members asking for information on their pension. For certain types of requests three security questions must be passed by the caller before updates can be made to a member record.
15. Transfer out processes which adhere to the Pension Regulator's 2021 pension scams guidance and take into account the Pension Scams industry Group (PSIG) Code of Good Practice to protect scheme members.
16. Implementing appropriate controls relating to the transfers of funds between investment managers via the use of the Fund's Custodian and by appointing transition managers where appropriate, to minimise the risk of fraud or related activity.
17. Ensuring that all outgoing payments from the Fund's bank account are subject to appropriate checking and approvals (based on the Council's approval limits) and officers have a dedicated authorisation number within the finance system to help prevent fraud by ensuring payments are not approved and paid beyond individual authorisation limits.
18. Enforcing the Fund's Conflicts of Interest policy to support robust decision making and the proper management of the Fund, including reducing the risk of fraud and related activity.
19. Adhering to the Council's procurement policy in relation to the appointment of suppliers to reduce the risk of inappropriate awarding of contracts and potential allegations of bribery or collusion
20. Annual audit reviews are carried out by Flintshire County Council's internal audit team across selected areas of Fund activity which can play a vital preventative role in ensuring that systems, procedures and controls are in place to prevent and detect fraud and corruption
21. Annual independent external audit of the Fund's financial accounts to provide a further safeguard to prevent and detect fraud and corruption. In signing off the financial accounts the auditor's responsibilities including obtaining reasonable assurance that the Fund's financial statements are free from material misstatement whether due to fraud or error. Furthermore, the Chief Finance Officer and Chair of the Pension Fund Committee are required to sign a letter of representation declaring that they have fulfilled their responsibilities in the design, implementation, maintenance and review of internal controls to prevent and detect fraud and error.

Detect: Detection, Investigation and reporting of fraud

One of the biggest fraud risks to the Fund relates to unauthorised access to the Fund's bank account. Key detections the Administering Authority operates include:

- reconciling of the opening and closing positions in the Fund's bank account against all incoming and outgoing payments on a monthly basis to ensure all payments are received as expected, and creditors are verified against the vendor number
- weekly checks of entries in the bank account to identify any suspicious payments out.

All those covered by this strategy should report suspected cases of fraud and corruption relation in accordance with the Council's Anti-fraud and Corruption Strategy. Those who are not subject to the Council's policy and procedures, (including external advisers and Pension Board members) should report suspected cases to the Head of Clwyd Pension Fund who will then ensure the Council's policies and procedures are followed as far as possible.

The investigation and actions required are likely to vary based on the nature and type of incident but include situations where member benefits may be overpaid, or pension fund money may be obtained due to a fraudulent act.

The general principles which will be applied in relation to incidents of fraud:

The Fund will always seek to recover monies from those individuals who defraud the Fund. All cases of suspected or actual fraud will be documented and investigated. An appropriate recovery action and/or criminal proceedings will be initiated to recover lost monies where actual fraud is identified, liaising with the Council's Internal audit team, where appropriate and in accordance with the Council's Fraud and Irregularity response plan. If the fraudulent act has resulted in an overpayment being made, then the Fund's Over and Underpayment Policy will also be followed.

The settlement of overpayments may be resolved through appropriate civil or criminal legal process which may include contacting the Police.

Where an act of fraud or wrong-doing is discovered by anyone covered by this strategy that does not relate to monies (e.g. an act of non-financial-bribery or the falsifying of data), the Fund officers will ensure the evidence is documented and follow the actions within the Council's response plan (which depend on who has committed the suspected fraud). Internal audit is likely to be involved and the investigative action required, and outcomes are likely to vary depending on the nature and type of fraud and who has committed it. In the case of a fraudulent incident relating to the Fund which is not covered by the Council's response plan, advice from internal audit will be obtained and legal advice obtained if this is deemed appropriate.

In dealing with all suspected and actual fraudulent incidents the Fund will also follow the principles set out in the Fund's Procedure for Recording and Reporting Breaches of the Law, as well as Flintshire County Council's Corporate Anti-Fraud and Corruption Strategy and Fraud and Irregularity Response Plan.

Further information relating to Pension Scams

One of the biggest risks of potential fraud relating to scheme members relates to member requests to transfer their benefits out. Industry wide pension scams are on the increase and the Pensions Regulator takes regular measures to update its scams guidance. The guidance includes options for pension schemes to refuse a transfer or to refer members to MoneyHelper based on certain circumstances.

The Fund takes this risk and its commitment to safeguard its members very seriously. The Fund's policy is to ensure that any updates are promptly made to its internal procedures in line with the Regulator's requirements. This is intended to reduce the risk of a potential scam being successful and hence protect the member, and the Fund from the risk of this type of fraud.

As part of continued good practice the Fund has taken 'the pledge' to combat pension scams. This involves pledging commitment to a series of steps relating to pension scams.

Strategy adoption and review

This Anti-Fraud and Corruption Strategy was approved by the Clwyd Pension Fund Committee on 29 March 2023.

The Committee will review this strategy as required in the light of future changes to LGPS or other relevant legislation. It will also be reviewed at least every three years and updated as necessary. Updates will be approved by the Clwyd Pension Fund Committee and the revised strategy published as a public document following approval.

Further information

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

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Telephone: 01352 702264

Appendix: Related documents

Flintshire County Council documents:

- Anti-fraud and corruption strategy (including fraud response plan)
- Recording and reporting breaches of the law
- Anti-Money Laundering policy
- Whistleblowing policy
- Codes of Conduct
- Information Security policy
- Gifts and hospitality policy and register
- Risk Policy and register
- Pecuniary interest and conflicts of interest policies and register

Clwyd Pension Fund related policies and strategies:

- Cyber Strategy and supporting cyber hygiene guidelines and Incident Response Plan
- Over and underpayments policy
- Administration Strategy
- Communication Strategy

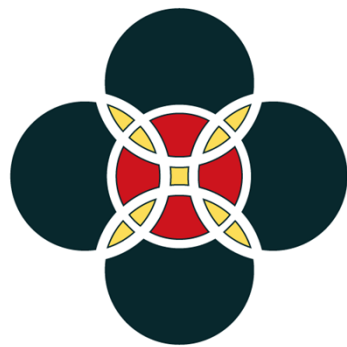
Further useful websites:

The Fraud Act 2006: [Fraud Act 2006 \(legislation.gov.uk\)](http://legislation.gov.uk)

CIPFA Code of Practice: [Code of practice on managing the risk of fraud and corruption: CIPFA](#)

The National Fraud initiative: [National Fraud Initiative: GOV.UK \(www.gov.uk\)](http://www.gov.uk)

The Pensions Regulators Scams guidance: [Our strategy to combat pension scams: The Pensions Regulator](#)



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CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 29 March 2023
Report Subject	Governance Update
Report Author	Head of Clwyd Pension Fund

EXECUTIVE SUMMARY

An update on LGPS governance matters and the impact on the Clwyd Pension Fund (CPF) are provided for discussion at each Committee agenda, including updates on the Clwyd Pension Fund's governance strategy and policies. This update report includes developments since the last update report provided at the November 2022 Committee meeting.

This update includes matters that are for noting only, albeit comments are clearly welcome.

The report includes updates on:

- progress against the governance section of the 2022/23 to 2024/25 Business Plan
- the asset pooling reference in the Government's Spring Budget
- changes to the governance risks on the Fund's risk register since the last meeting
- the latest changes to our breaches of the law register
- forthcoming training and events, some of which are essential for Members.

RECOMMENDATIONS

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

1.00	GOVERNANCE RELATED MATTERS
1.01	<p>Business Plan Update</p> <p>Appendix 1 summarises progress with the work for the governance tasks in the 2022/23 Business Plan. Good progress is being made with most actions. The Committee should note the following in relation to the outstanding items:</p> <ul style="list-style-type: none">• <i>G1 – Induction Training</i> The induction training was carried out over the summer / autumn of 2022 but not all new members were able to attend all sessions. However, those unable to attend were provided with the recordings of the missed training sessions. We have now received confirmation that all but one of the members have watched all the recordings and so completing their induction training. The one Councillor unable to complete all training missed three of the sessions.• <i>G2 – Develop business continuity arrangements including managing cyber risk</i> The development of a draft Fund-specific business continuity plan is being undertaken based on the current practices that were identified by the Deputy Head of Clwyd Pension Fund and Pensions Administration Officer. This specific element of the Business Plan is running behind schedule due to other priorities. Progress continues to be made in relation to cyber security, particularly around the next phase of provider reviews and the production of an incident response plan.• <i>G3 – Review against TPR new Single Code</i> The Pension Regulator’s new Single Code has still not been laid before Parliament and it is now expected in April 2023. Accordingly, this work is now planned to take place in 2023/24 and it has been incorporated into the new Business Plan. The Pensions Regulator has confirmed that the name of the new code will be the new General Code (rather than Single Code).• <i>G5 – Outcome of Scheme Advisory Board good governance review</i> DLUHC have still not yet issued their consultation on proposed changes from the good governance review. This work is now planned to take place in 2023/24. The timescales in the new Business Plan have been updated accordingly.
1.02	<p>Current Developments and News</p> <p><i>15 March 2023 Budget – pension implications</i></p> <p>In addition to the changes to tax allowances which are mentioned in the Administration and Communications Update Report, the Budget announced that there will shortly be a consultation on LGPS funds transferring all listed assets into pools by March 2025, and also to ‘set</p>

	<p>direction for the future' which may include moving to fewer pools with assets in excess of £50 billion. The consultation will also look at LGPS funds investing more in illiquid assets such as venture and growth capital. It is clear that the Government wishes to see LGPS funds making more use of the economies of scale offered by the pools and it will be interesting to see the detail of these proposals in the forthcoming consultation.</p>
1.03	<p><i>Pension Board meetings</i></p> <p>The Clwyd Pension Board met on the 1 March 2023. Full minutes are not yet available. Key items of discussion included:</p> <ul style="list-style-type: none"> • A significant amount of time was spent discussing the current workforce issues within the Fund. There are ongoing concerns about difficulties filling the Principal Pension Fund Accountant vacant role and succession planning for staff who are approaching retirement age. Increases in work areas are also impacting the ability of the Fund to continue to meet target service standards. It was noted that The Board may need to escalate their concerns about the need to appoint the Principal Pension Fund Accountant to the committee if the next recruitment round isn't successful. • Another key discussion related to an update from the Deputy Head of the Fund on the management of the Fund's cash flows. This focused on how the cash balances needed for pension payments and other expenditure required to be paid from the Fund is maintained, either through contribution income from employers or disinvestment of the Fund's assets, and how this is monitored on a regular basis. <p>These were discussed alongside a number of standing and other items covering information such as administration performance, Committee meetings, asset pooling arrangements, risks to the Fund, breaches of the law, cyber security and the recent consultation on changes to the revaluation date for the CARE element of pensions.</p> <p>The next Pension Board meeting is on 5 September 2023 following an agreement to change the timing of meetings. However an interim meeting will be set up should it be required before then.</p>
1.04	<p><i>LGPS Scheme Advisory Board (SAB) meetings</i></p> <p>The LGPS SAB met on 10 October and 5 December and we want to highlight the following governance point which was discussed:</p> <ul style="list-style-type: none"> • Good Governance: DLUHC are currently planning to streamline funds' annual report documents. The requirement will likely be for funds to report their performance against their various strategies. There are also plans to formalise the training requirements for pension committee members and produce a standard set of administrative KPIs to allow the performance of funds to be compared. <p>The full summary of these meetings is attached at Appendix 2.</p> <p>The most recent meeting of the LGPS SAB was on 20 February. At the point of writing the summary of this meeting was not published but papers</p>

	<p>and an agenda for the meeting are available here which include:</p> <ul style="list-style-type: none"> • An update on the McCloud remedy and Exit Pay regime • An update on the TPR Single Code and recent consultations • Consideration of reports from the Compliance & Reporting Committee, the Cost Management Committee and the Investment Committee. <p>It has not yet been announced when the next SAB meeting is scheduled to be held.</p>
1.05	<p><i>Cost management</i></p> <p>On 10 March 2023 the application for judicial review of the Government’s decision to allocate McCloud costs to members as part of the cost cap process for public service pensions schemes in the UK was dismissed on all grounds. It is understood that the unions are seeking permission to appeal.</p> <p>Background - The cost cap process was introduced as part of the reform of public service pension schemes in 2015 (2014 for the LGPS in England and Wales) as a means of controlling costs to employers/taxpayers. The mechanism was designed as a cap and a floor, so employers would be protected where costs had risen but members could benefit where costs had fallen. The 2016 cost cap process initially found that employer costs (under the HMT process) had fallen by more than 2% of pay and therefore would have required an increase to member benefits and/or reductions to member contributions (for the LGPS, a draft package of benefit improvements and changes to member contributions was put together). Following the McCloud/Sargeant judgement in 2018/19, which found that the transitional arrangements put in place as part of the replacement of the final salary schemes with a new career average scheme structure in 2015/2014 constituted illegal age discrimination, the 2016 cost cap process was paused. The process was subsequently “unpaused” and the 2016 valuations were re-run with McCloud costs allocated to scheme members as required by HM Treasury Directions. This led to the change in costs falling within the +/-2% of pay corridor and so no changes to member benefits or contributions were then required. The additional SAB cost cap process for the LGPS in England and Wales also concluded with no changes being recommended by virtue of the 2016 process.</p> <p>The Fire Brigades Union (FBU) and British Medical Association (BMA) applied for a judicial review of the Government’s decision to allocate McCloud costs to members as part of the 2016 Cost Cap process for the public service pension schemes. The March 2023 judgement dismissed that application. As noted above it is understood that the unions are seeking permission to appeal so the position is not yet fully resolved.</p> <p>Separately, the Government has consulted on and subsequently announced changes to the cost cap process which are being implemented for the 2020 process, although there is still uncertainty over how the new “economic check” will operate for the LGPS. The changes made were principally intended to reduce the likelihood of the HMT process triggering</p>

	<p>changes to member benefits and whilst we understand that the Government Actuary's Department (GAD) have been collecting data for the 2020 cost cap valuations, we do not yet know when the results might be available. As mentioned at the February Committee meeting, there is a currently open consultation in relation to potential changes to the SAB cost cap process. It is worth bearing in mind that not all factors affecting employer costs to the LGPS are allowed for within the cost cap process – the quadrennial process largely deals with the effect of demographic changes as they relate to members in respect of post 2014 CARE accrual – and it is the results of the triennial valuations for funding purposes which determine contributions actually payable by employers, with investment returns and change to financial assumptions often being the key drivers of the results of the funding valuations. The intention behind the introduction of an economic check was to try to ensure the cost cap outcome isn't inconsistent with that of the funding valuations (i.e. where actual employer contributions are increasing but the cost cap process suggests costs are falling and hence member benefits should increase, or vice versa).</p>
1.06	<p>Policy and Strategy Implementation and Monitoring</p> <p><i>Knowledge and Skills Policy and Training Plan</i></p> <p><u>Policy requirements</u></p> <p>The Clwyd Pension Fund Knowledge and Skills Policy requires all Pension Fund Committee members, Pension Board members and Senior Officers to:</p> <ul style="list-style-type: none"> • attend training on the key elements identified in the CIPFA Knowledge and Skills Framework as part of their induction and on an ongoing refresher basis • attend training sessions on "hot topic" areas, such as a high risk area or an area of change for the Fund and • attend at least one day each year of general awareness training or events. <p><u>Training undertaken</u> - Appendix 3 sets out the Training Plan for the Fund. Recent events include:</p> <ul style="list-style-type: none"> • 5 December 2022 – WPP responsible investments, Stewardship Code and TCFD reporting • 20 January 2023 – LGA annual LGPS governance conference (Cardiff) • 18 January 2023 - Private Markets • 1 February 2023 – LGPS Task Force on Climate-Related Financial Disclosures. <p>A summary of attendance at the Fund's essential training sessions (other than induction training) over 2022/23 to date is included below:</p>

	Date	Number of Committee attending (Proportion of total)	Number of Board attending (Proportion of total)	Number of Officers attending (Proportion of total)
Hot Topic Sessions – Target attendance is 75%				
Communications Strategy Review	Jun-22	6 (100%)	4 (80%)	4 (80%)
Actuarial Valuation and Funding Strategy	Aug-22	7 (78%)	5 (100%)	5 (100%)
Investment Strategy	Oct-22	7 (78%)	4 (80%)	4 (80%)
Private Markets	Jan 23	7 (78%)	5 (100%)	5 (100%)
TCFD Reporting	Feb 23	5 (56%)	2 (40%)	3 (60%)
Total		32 (71%)	20 (80%)	21 (84%)

Future training and events

Officers will continue to provide information on further training sessions and events as this becomes available. In the meantime, if any Committee or Board members wish to attend any of the following optional events that count as general awareness training, please contact the Deputy Head of Clwyd Pension Fund:

- 18 May 2023 – CIPFA - Annual Local Pensions Board Conference (Pension Board members only)

Committee members should note the following training sessions which are classed as **essential** for all Committee and Board members and senior officers:

- 26 April 2023 – TPR new General Code (note due to a delay in the Code, this may be used for an alternative training topic)
- 3 May 2023 – Best Ideas tactical asset allocation and responsible investments.

1.07

Recording and Reporting Breaches Procedure

The Fund's procedure requires that the Head of Clwyd Pension Fund maintains a record of all breaches of the law identified in relation to the management of the Fund. Appendix 4 details the current breaches that have been identified.

The new breaches that have been added since the last Committee are included in F99 onwards – These new breaches relate to late submission of remittances and contributions by four separate employers. All the breaches are now resolved other than two relating to remittance advice for January 2023 contributions. Both are expected to be resolved very soon. The ongoing issues with Hafen Deg are also expected to be resolved long term as they are being transferred to Denbighshire County Council with effect from April 2023.

1.08	<p>Delegated Responsibilities</p> <p>The Pension Fund Committee have delegated a number of responsibilities to officers or individuals. There have been no uses of delegated powers for governance matters since the last update report.</p>
1.09	<p>Calendar of Future Events</p> <p>Appendix 5 includes a summary of all future events for Committee and Pension Board members, including Pension Fund Committee meetings, Pension Board meetings, Training and Conference dates. Key dates to note are:</p> <ul style="list-style-type: none"> • The next Committee meeting is on 21 June 2023 • The next Board meeting is on 5 September 2023.

2.00	RESOURCE IMPLICATIONS
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2.01	<p>As previously referred to there has been some difficulties in recruitment, which are impacting on services. The most critical area relates to the vacant Pension Fund Accountant position. This position is being re-advertised with a slightly higher salary. There are also likely to be a number of retirements over the next few years which could also impact on service delivery. Ongoing discussions are taking place at the Advisory Panel, with further work being undertaken on succession planning and forecasting trends in workloads.</p>
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3.00	CONSULTATIONS REQUIRED / CARRIED OUT
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3.01	None.
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4.00	RISK MANAGEMENT
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4.01	<p>Appendix 6 provides the risk dashboard showing current risks relating to the Fund as a whole, as well as the extract of governance risks. The risk register has been updated since it was last presented to the Committee in November.</p>
4.02	<p>The key changes relate to:</p> <ul style="list-style-type: none"> • risk number 2 – Governance is poor including due to: short appointments, poor knowledge and advice, poor engagement / preparation / commitment, poor oversight, resulting in inappropriate or no decisions being made. The likelihood has been reduced from Significant to Low. This is due to the fact that almost all members have completed their induction training which helps with understanding their roles and responsibilities. • risk number 3 – decisions are influenced by conflicts of interest and therefore may not be in the best interest of fund members and employers, meaning our legal fiduciary responsibilities are not met. The likelihood has been increased from Very Low to Low, and the impact has been increased from Negligible to Marginal, which

	<p>brings this risk off target. This is due to the ongoing discussions relating to responsible investment and particularly with reference to climate change targets.</p> <ul style="list-style-type: none"> risk number 6 – Insufficient staff numbers (e.g. sickness, resignation, retirement, unable to recruit) - current issues include age profile / FCC pay grades versus other LAs, asset pools, private sector / cost of living), meaning services are not being delivered to meet legal and policy objectives. The likelihood has been reduced from Very High to Significant due to the appointment of a Governance Assistant Officer and almost all vacant administration team positions. <p>Risk number 6 is the risk furthest from target.</p>
4.03	There has been a fundamental review of the risk register and, as a result, there have been a number of changes to the wording within the risk register to ensure it is fully up to date in relation to the risk descriptions, current controls in place and outstanding actions.

5.00	APPENDICES
5.01	<p>Appendix 1 - Business plan progress 2022/23</p> <p>Appendix 2 – SAB Meetings – Summaries of 10 October and 5 December meeting</p> <p>Appendix 3 - Training plan</p> <p>Appendix 4 - Breaches log</p> <p>Appendix 5 - Calendar of future events</p> <p>Appendix 6 - Risk Register</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>None in this report</p> <p>Contact Officer: Philip Latham, Head of Clwyd Pension Fund</p> <p>Telephone: 01352 702264</p> <p>E-mail: philip.latham@flintshire.gov.uk</p>

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>

- (c) **Committee or 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.
- (d) **Board, 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.
- (e) **LGPS – Local Government Pension Scheme** – the national scheme, which Clwyd Pension Fund is part of.
- (f) **SAB – The national Scheme Advisory Board** – the national body responsible for providing direction and advice to LGPS administering authorities and to DLUHC.
- (g) **DLUHC – Department of Levelling Up, Housing and Communities** – the government department responsible for the LGPS legislation.
- (h) **JGC – Joint Governance Committee** – the joint committee established for the Wales Pension Partnership asset pooling arrangement.
- (i) **CIPFA – Chartered Institute of Public Finance and Accountancy** - a UK-based international accountancy membership and standard-setting body. They set the local government accounting standard and also provide a range of technical guidance and support, as well as advisory and consultancy services. They also provide education and learning in accountancy and financial management.
- (j) **TPR – The Pensions Regulator** – TPR has responsibilities to protect UK's workplace pensions and make sure employers, scheme managers and pension specialists can fulfil their duties to scheme members. This includes oversight of public service pension schemes, including the LGPS. Specific areas of oversight are set out in legislation and also expanded on within TPR's Guidance and Codes of Practice.
- (k) **PLSA - Pensions and Lifetime Savings Association** – PLSA aims to bring together the industry and other parties to raise standards, share best practice and support its members. It works collaboratively with members, government, parliament, regulators and other stakeholders to help build sustainable policies and regulation which deliver a better income in retirement.
- (l) **HMT – His Majesty's Treasury** – HMT has a responsibility to approve all LGPS legislation before it is made.

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Business Plan 2022/23 to 2024/25 – Q4 Update

Governance

Cashflow projections

	2020/21 £000s	2021/22 £000s	2022/23 £000s			
	Actual	Actual	Budget	Actual	Projected for full year	Final under/over
Opening Cash	(20,237)	(37,078)	(75,898)	(79,645)		
Payments						
Pensions	64,908	66,794	68,400	52,837	70,449	2,049
Lump Sums & Death Grants	12,475	17,158	16,000	13,551	18,068	2,068
Transfers Out	5,901	4,459	6,000	4,981	6,641	641
Expenses	5,073	5,047	6,800	4,012	5,349	(1,451)
Tax Paid	174	73	100	5	42	(58)
Support Services	173	173	200	0	133	(67)
Total Payments	88,704	93,704	97,500	75,386	100,683	3,183
Income						
Employer Contributions	(49,282)	(49,897)	(49,000)	(42,551)	(56,735)	(7,735)
Employee Contributions	(17,518)	(17,530)	(17,200)	(14,903)	(19,871)	(2,671)
Employer Deficit Payments	(14,977)	(14,383)	(15,000)	(14,923)	(15,000)	0
Transfers In	(3,393)	(6,957)	(6,000)	(4,986)	(6,648)	(648)
Pension Strain	(107)	(1,482)	(1,200)	(578)	(600)	600
Income	(30)	(13)	(40)	(211)	(342)	(302)
Total Income	(85,307)	(90,262)	(88,440)	(78,152)	(99,195)	(10,755)
Cashflow Net of Investment Income	3,397	3,442	9,060	(2,766)	1,488	(7,572)
Investment Income	(10,270)	(11,635)	(8,000)	(10,635)	(14,180)	(6,180)
Investment Expenses	3,918	6,162	4,000	5,426	7,235	3,235
Total Net of In House Investments	(2,955)	(2,031)	5,060	(7,975)	(5,458)	(10,518)
In House Investments						
Draw downs	43,927	66,941	103,661	42,396	76,480	(27,181)
Distributions	(63,533)	(117,117)	(98,146)	-39,480	(82,376)	15,770
Net Expenditure /(Income)	(19,606)	(50,176)	5,515	2,916	(5,896)	(11,411)
Total Net Cash Flow	(22,561)	(52,207)	10,575	(5,059)	(11,354)	(21,929)
Rebalancing Portfolio	5,720	9,640		0	(5,471)	(5,471)
Total Cash Flow	(16,841)	(42,567)	10,575	(5,059)	(16,825)	
Closing Cash	(37,078)	(79,645)	(65,323)	(84,704)	(96,470)	

Operating Costs

	2020/21	2021/22	2022/23			
	Actual	Actual	Budget	Actual	Projected for full year	Projected under/over
	£000s	£000s	£000s	£000s	£000s	£000s
Governance Expenses						
Employee Costs (Direct)	261	299	397	203	280	(117)
Support & Services Costs (Internal Recharges)	22	23	24	0	19	(5)
IT (Support & Services)	1	0	5	0	0	(5)
Other Supplies & Services)	54	65	95	(17)	52	(43)
Audit Fees	39	41	45	6	41	(4)
Actuarial Fees	504	493	879	567	939	60
Consultant Fees	847	1,065	1,627	811	1,432	(195)
Advisor Fees	576	532	517	375	565	48
Legal Fees	16	113	100	47	74	(26)
Pension Board	106	101	113	71	97	(16)
Pooling (Consultants & Host Authority)	101	144	197	33	197	0
Total Governance Expenses	2,527	2,876	3,999	2,096	3,696	(303)
Investment Management Expenses						
Fund Manager Fees*	16,924	19,490	16,275	5,416	20,000	3,725
Custody Fees	69	106	112	19	112	0
Performance Monitoring Fees	67	53	53	22	44	(9)
Pooling (Operator / Manager)	304	998	500	0	500	0
Total Investment Management Expenses	17,364	20,647	16,940	5,457	20,656	3,716
Administration Expenses						
Employee Costs (Direct)	1,091	1,242	1433	987	1,351	(82)
Support & Services Costs (Internal Recharges)	156	150	158	0	114	(44)
Outsourcing	197	41	0	0	0	0
IT (Support & Services)	408	488	715	459	472	(243)
Other Supplies & Services)	112	103	146	66	96	(50)
Miscellaneous Income	0	0	0	0	0	0
Total Administration Expenses	1,964	2,024	2,452	1,512	2,033	(419)
Employer Liaison Team						
Employee Costs (Direct)	199	218	363	270	360	(3)
Total Costs	22,054	25,765	23,754	9,335	26,745	2,991

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	2022/23 Period				Later Years	
		Q1	Q2	Q3	Q4	2023/ 24	2024/ 25
G1	Induction training (if required)	x	x				
G2	Develop business continuity arrangements including managing cyber risk	x	x	x	x		
G3	Review against TPR new Single Code	*	*	*	*	xM	
G4	Review appointment of Local Pension Board and Pension Fund Committee Members		x	x	x		
G5	Outcome of Scheme Advisory Board good governance review			*	*	x	
G6	Review/Tender Fund Actuary, Investment Consultancy and Independent Adviser Contracts			x	x		x
G7	Review of governance related policies				x	x	x

Governance Task Descriptions

G1 – Induction training (if required)

What is it?

The Pension Fund Committee includes a number of elected members from Flintshire County Council, Denbighshire County Borough Council and Wrexham County Council. The Welsh local authority elections are taking place in May 2022. After those elections each Council will decide which elected members will be put forward as members of the Clwyd Pension Fund Committee.

Given the complexity of managing the Clwyd Pension Fund, it is always preferred that changes to the Committee are kept to as a minimum, but where this is unavoidable, it is important that any new members are given a full programme of induction training as soon as possible. Accordingly, if required, officers and advisers will put in place an induction programme which is likely to commence in June 2022.

Timescales and Stages

Develop and deliver induction training	2022/23 Q1 to Q2
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Resource and Budget Implications

The estimated costs for delivering induction training is included within this year's budget. It is expected this will be led by the Head of Clwyd Pension Fund and the Independent Adviser, albeit other officers and advisers will be involved in the delivery of the training.

G2 – Develop business continuity arrangements including managing cyber risk

What is it?

The Fund has been carrying out a fundamental review of their business continuity arrangements, and this has included developing their cyber resilience given cybercrime is a key risk to the Fund. Although much of this will result in new or enhanced ongoing internal controls which will be part of the Fund's business as usual activities, there are some key areas that are still being developed including:

- finalising the Fund's new business continuity plan.
- developing a cyber specific incident response plan.
- creating a testing schedule (covering both general business incidents as well as cyber-attacks)
- documenting processes where gaps were identified as part of the Business Impact Analysis and developing a plan for further staff training.

Timescales and Stages

Developing Business Continuity Plan	2022/23 Q1 to Q2
Develop cyber incident response plan	2022/23 Q1 to Q2
Document processes relating to gaps & identify ongoing training needs	2022/23 Q1 to Q3
Develop Testing Schedule	2022/23 Q2 to Q3

Resource and Budget Implications

To be led by the Deputy Head of Clwyd Pension Fund and the Pensions Administration Manager with input from the Head of Clwyd Pension Fund and guidance from the Independent Adviser. All expected costs are included within the existing budgets.

G3 – Review against TPR new Single Code

What is it?

The Pensions Regulator (TPR) is expected to introduce a new Single Code during 2022; it is unlikely to be laid in Parliament before spring 2022 and therefore unlikely to be effective before summer 2022. This new Code will merge the existing 15 codes the Regulator has in place. The first iteration of the new Code will include Code of Practice No.14 (the relevant Code for Public Service Pension Schemes) as part of the merger of 10 of the 15 codes currently in place. This could result in changes to the requirements placed on Public Service Pension Schemes, including the LGPS. Work will be undertaken to review whether the Fund complies with the requirements within the new Code. After the initial review, ongoing compliance checks will be carried out on a regular basis.

Timescales and Stages

Consider implications of the new Single Code once it is laid in Parliament and start working towards compliance	2022/23 Q1 to 2 (estimated)
Start reporting the CPF's compliance and activity against the new Single Code from TPR	2022/23 Q3 to 4 (estimated)

Resource and Budget Implications

This work will be performed by the Deputy Head of Clwyd Pension Fund and Pensions Administration Manager working with the Independent Adviser. Estimated costs of the review are included within the budgets shown.

G4 – Review appointment of Local Pension Board and Pension Fund Committee 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 current appointments will be subject to review as follows:

- Scheme member representative (trade union) – October 2022 (five-year point)
- Scheme member representative (non-trade union) – February 2023 (three-year point)
- Two scheme employer representatives – July 2023 (three-year point)

For information, 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 2020 and may be reappointed for further terms. Therefore, their existing appointments will need to be reviewed by July 2026 (which is outside the period of his business plan).

When considering Committee and Board appointments, the aspiration for diversity will be considered, albeit it is recognised that for elected members, this is largely out of the Fund’s control as (a) the Councils decide who are to be on the Committee and (b) pool of elected members is subject to local elections.

Timescales and Stages

Appoint Pension Board representative (trade union scheme representative)	2022/23 Q2 to Q3
Review Pension Board scheme member representative (non-trade union)	2022/23 Q3 to Q4

Resource and Budget Implications

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

G5 – Outcome of Scheme Advisory Board good governance review

What is it?

The national LGPS Scheme Advisory Board (SAB) carried out a project to help and assist with the successful management of potential conflict of interests arising between a pension fund and its parent local authority. It was originally investigating options for change regarding the separation of LGPS pension funds and their host authorities.

The review has now evolved to focus on the elements of good governance, rather than the structure of the organisation. A number of recommendations have been made including ensuring appropriate conflicts of interest management, knowledge and skills and having a designated LGPS lead officer in each administering authority. The SAB has now made a number of formal recommendations to DLUHC, including the request for DLUHC to issue statutory guidance relating to the areas of best practice identified by the project. SAB will also be undertaking a number of surveys to take forward some of the work and is expected to issue guidance in due course. The actual timescales are estimated and may be delayed due to other national priorities.

Timescales and Stages

Expected period to review existing arrangements against new statutory guidance and/or guidance	2022/23 Q3 to 2023/24 (estimated)
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Resource and Budget Implications

Estimated costs for this work are included within this year's budget although costs are uncertain at this time and may vary depending on the final guidance and requirements. It is expected this will mainly involve the Head of Clwyd Pension Fund taking advice from the Independent Adviser.

G6 – Review/Tender Fund Actuary, Investment Consultancy and Independent Adviser Contracts

What is it?

The Fund's actuary and benefits consultant contract reaches its initial break point on 31 March 2025 albeit, it can be extended by the Committee for 1 year.

The Fund's investment consultancy and independent adviser contracts reach their initial break point on 31 March 2023 albeit, they can be extended by the Committee for 2 years. The independent adviser can also be the Chair of the Pension Board and therefore that needs to be considered at the same point.

Timescales and Stages

Consider extension of investment consultancy and independent adviser contracts	2022/23 Q3 & Q4
Conduct tenders for investment consultancy services and independent adviser (assuming extensions have been applied)	2024/25
Consider extension of actuarial and benefits consultancy contract	2024/25
Conduct tender for actuarial and benefits consultancy services (assuming extension has been applied)	2025/26

Resource and Budget Implications

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

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Scheme Advisory Board – summary note of recent meetings

Recovered from: <https://lgpsboard.org/index.php/board-updates> on 15 March 2023

Summary note of (hybrid) meeting held on 5th December 2022

Full details of the meeting and agenda papers can be found on the [board meetings page](#).

The minutes of the meeting on 10th October were approved.

The main points arising from the meeting are shown below:

SAB 2022/23 Workplan and Budget - The budget for 2022-23 was still awaiting approval from the Minister; the levy invoices could not be issued to funds until this had been done. There was expectation of significant upwards pressure on the levy for 2023-24 due to various active items on the workplan for the new year. The Secretariat would also need to recruit another staff member to maintain current capacity levels after Bob Holloway's retirement. The approval of additional expenditure for improvements to the Code of Transparency online reporting tool would also lead to upwards pressure on the levy. Jeremy Hughes (JH) explained that a definite figure will be brought to the next Board. Cllr Phillips confirmed that he would discuss the approval of the current year's SAB budget at his meeting with Lee Rowley MP.

Agenda Steering Group Update - Members were informed that the steering group had met and discussed reporting standards and consistency, MIFID II and climate risk reporting. On reporting standards and consistency, it was agreed that the SAB Secretariat would provide an update to the Board of which annual reports had been published and which included audited data.

McCloud/Exit Pay Update – On McCloud, LGPC and SAB had met with its working group and drawn up guidance which was being reviewed by lawyers. Timings for DLUHC's work on this issue had been pushed back; a response to the last McCloud consultation was not now expected before the new year. There was still an expectation that there will be a further consultation on issues not addressed by the initial consultation in the new year. It was expected that the new regulations would be in place before the summer recess. The Department will reconvene its working group on McCloud remedy implementation in the new year and will seek LGPC/SAB input. On exit pay, SAB had responded to Treasury's consultation, but Government had not yet indicated a timeline for its response or next steps in local government.

SAB/Committee Membership – The Board was informed that Councillor Christopher Weaver's Board membership was awaiting approval from DLUHC. John Cornett (Audit Scotland) was no longer a member of the Compliance and Reporting Committee and had been replaced by John Boyd (Audit Scotland). The Board also approved Oliver Simms (Institute of Chartered Accountants in England & Wales) joining the CRC as an observer.

Risk Register – The first iteration of this register was presented to the Board and included the Scoring Matrix, Risk Heat Map and the Risk and Mitigation Register. The document remains a "work in progress" and would be developed further in line with any comments from the Board in relation to the format, the kinds of risks that it should cover and the suggested mitigations. Board members commented on the risk register and it was agreed that the comments made by Board members would be considered in the next iteration of the risk register.

Good Governance Review -The Department had held meetings of its working group; most recently on 29th November 2022. The Department's plans included the streamlining of the annual report document, with funds reporting their performance against their various strategies (rather than just reproducing their strategy statements). There were also plans for more formal training requirements for pension committee members and a standard set of administrative KPIs to allow comparisons of relative performance between funds. The Department's consultation on this is expected to happen in 2023. JH reminded the group that the Department's proposals were likely to include the need for funds to have a workforce strategy. He felt that it would be beneficial for the Board, LGPC and LGA to work out what opportunities that presented. The Chair welcomed the update and the work being done by the Department.

Compliance and Reporting Committee Report - The Chair of the committee reported to the Board details of the meeting held on 14th November. All of the workstreams were now underway and had either already had or were soon to have their first meeting. There were a host of volunteers on these

workstreams who had already made invaluable contributions. The Chair's priority now was to ensure that these working groups had clear delivery plans and that, where relevant, links were made between them.

Cost Management, Benefit Design and Administration Committee Report -The Chair of the committee reported to the Board details of the meeting held on 21st November. The Chair gave an overview of the proposals from GAD on scheme level assumptions for the cost control mechanism and the standardised valuation assessment. These were accepted by the Board. On the Gender Pensions Gap, the Board gave approval for GAD to provide some initial analysis by mid-January. The Cost Management Committee would then agree the scope of the more detailed analysis of factors which may be driving gender differences next year. The cost of the work was approved and would be recouped through the levy next year. The Secretariat reported that it had collected data from funds on members opting out from the Scheme and was in the process of analysing the returns. These would be reported to the Committee at its next meeting.

Investment, Governance and Engagement Committee Report -The Chair of the committee reported to the Board details of the meeting held on 28th November. The committee was given an update on compliance with the Code of Transparency and discussed the next steps to be taken with the Code of Transparency online reporting tool. The development of quarterly reporting of data and integrating email reminders to complete templates, with the associated expenditure, had been approved by the Board Chair. It was now necessary to ensure that funds and pools are aware of and are deriving maximum value from the tool's current functionality and the Investment Committee would be developing proposals to improve awareness of the tool.

AOB -On Sharia Compliance in the LGPS, it was agreed that the Secretariat would explore procurement of a report into LGPS assets with a view to determining what proportion were acceptable from a Sharia point of view. The Board was informed that the ONS review had concluded, and the Further Education sector had been reclassified from private to public sector. The Department for Education had confirmed that there were no immediate consequences for their participation as employers in the LGPS, but that the wider implications were under consideration. On collection of the 2021-22 levy, the Board was informed that to date, there were two funds that had not yet paid.

The Board was also informed that the response to DLUHC's climate risk reporting consultation had been submitted and published. On the Autumn Statement, JD informed the Board that there were no announcements in the statement that would have direct impact on the LGPS or the SAB, aside from the confirmation that state pensions would be uprated by the September measure of CPI (the "triple lock") and that therefore LGPS pensions in payment would also be uprated by the same amount for 2023-24.

The Board was notified of a letter that had been sent to the Chair from the Royal Borough of Kensington and Chelsea (RBKC) Pension Fund regarding a proposed change in its approach to the pooling of investments. The Board had been invited to reply to the consultation on changes to RBKC's investment strategy statement by 31 December. The Board discussed the issue at length. The need for greater clarity and transparency in the pooling agenda was emphasised, and the Board Chair said that he would discuss the issue at his meeting with the Local Government Minister later in the week. It was not felt that a response to the RBKC consultation from the Board was necessary.

Date of Next Meeting – 20th February 2023

Summary note of (hybrid) meeting held on 10th October 2022

Full details of the meeting and agenda papers can be found on the [board meetings page](#).

The minutes of the meeting on 6th June were approved.

The main points arising from the meeting are shown below:

SAB 2022/23 Workplan and Budget - The SAB budget and workplan had been sent to DLUHC for Ministerial approval. The workplan included continued work on the Code of Transparency and work on the Good Governance review. There was a need for additional resource in the team to complete the workplan. The additional resource would potentially include a Data Analyst to assist with the completion of scheme wide reports and a replacement for Bob Holloway, once he had retired. The

expansion of the team would lead to upward pressure on the levy. The Chair agreed that the successful delivery of the workplan would require additional resource to deal with the increased workflow. It was agreed that more detailed plans would be brought to SAB in December.

Agenda Steering Group Update - Members were informed that the steering group met for the first time and discussed current fund valuations, Good Governance proposals and pensions fund administration capacity and capability. On fund valuations, it was agreed the Board publish a statement drawing attention to the need for long term stability in employer contributions.

McCloud/Exit Pay Update – On McCloud, it was expected that the Department would publish their response to the consultation on McCloud remedy and draft regulations by the end of the calendar year. As there was now less than a year before the implementation deadline (1st October 2023), it was imperative for the regulations to be agreed before then. On exit pay, the HMT consultation was issued in mid-August and would be closing on 17th October 2022. The process for handling exit pay only affected central government staff; they did not apply to local authority staff. The proposals will apply to some LGPS members (primarily members working at academy schools) so the Secretariat are developing a response and the Board delegated authority for the Chair and Vice-Chair to clear the Board's response.

SAB/Committee Membership – The Board approved a number of appointments to the Board and both committees that do not require formal approval from the Secretary of State. These included the nomination of Andrew Dobbie (UNISON) replacing Colin Meech (UNISON) as a scheme member representative on the Investment, Governance and Engagement Committee, Richard Lane (Academies Representative) joining the IGE Committee and Charity Main (Academies Representative) joining the Cost Management, Benefit Design and Administration Committee. Alan Wilkinson (SPPA) had stepped down as an observer to the Board; Kimberly Linge (SPPA) attended the meeting for the SPPA. Jon Richards (UNISON) stepped down as a Scheme Employer Representative from the Compliance and Reporting Committee; his post had yet to be filled. Councillor Christopher Weaver's Board membership was awaiting approval from DLUHC.

Risk Register – It was agreed to develop a formal document outlining identified risks to the Board. The Secretariat agreed to bring a first draft to the Board at the next meeting.

Climate Risk Reporting Consultation - The Board was informed that the Responsible Investment Advisory Group (RIAG) had discussed and advised on SAB's response to DLUHC's climate risk reporting consultation. The discussion included the type of methodology the LGPS should use in data collection, scenario analyses, the approach to target setting and the impact that climate risk reporting could have on fiduciary duty. It was agreed that the Climate Risk Reporting consultation response would be written, circulated to the Board and signed off by the Chair and Vice-Chair.

Good Governance Review - The Department had taken on the recommendations the Board had made regarding Good Governance and a working group would be meeting soon to discuss the implementation of these recommendations. The Chair welcomed the update and the work being done by the Department.

Compliance and Reporting Committee Report - The Chair of the committee reported to the Board details of the meeting held on the 5th September. The Committee had discussed the development of FSS guidance, and the resulting product will be free to users and will be a joint product of the SAB and CIPFA. The committee workplan was starting to mature; workstreams had been agreed, each had volunteers who would lead progress with them. The Board was informed that CRC Chair, Mark Wynn had been speaking with senior CIPFA colleagues to establish reporting routes into the organisation.

Cost Management, Benefit Design and Administration Committee Report - The Chair of the committee reported to the Board details of the meeting held on the 12th September. The committee was informed that work to collect data on opt outs was being scoped by the Secretariat. On survivor benefits, it had been confirmed by the Department that they would propose to amend the LGPS Regulations to implement the Elmes and Goodwin judgments (i.e. remove the disappplied provisions in the Transitional Regulations which had required nomination of cohabitants and equalise survivor pension calculation for male and female survivors of members in line with that of widows) and also to remove the upper age limit on entitlement to death grants (which is currently 75). On the Gender Pensions Gap, GAD had informed the Secretariat that much of the data requested on the gap will be part of the 2020 valuation report. GAD were still preparing an estimate for the additional reporting and

analysis needed. On Fair Deal, the Board agreed to write to the Minister to request an update on the New Fair Deal consultation.

Investment, Governance and Engagement Committee Report - The committee was given an update on compliance with the Code of Transparency and had a discussion about the next steps to be taken with the Code of Transparency online reporting tool. Recommended changes included allowing for quarterly reporting of data and integrating email reminders to complete templates into the system. Members were also informed about the suggestion of producing a manual for the system. It was agreed that a working group of fund representatives be established to discuss improvements and that the Secretariat would consider conducting a survey at fund level to gather wider opinions about improvements to the system. The deadline to agree changes for implementation in 2023 would be 1st December 2022, before the next meeting Board meeting on 5th December 2022. The Board agreed on the delegated approval for the expenditure incurred to implement email reminders and quarterly reporting of data.

AOB -- The Chair informed the Board that a request had been made by Martin George of the LGC to attend SAB meetings. The Board were of the opinion that this would not be necessary as public attendance at other public sector scheme advisory board meetings was not common practice. The papers and minutes for the Board's meetings, however, are public record and available to access. DLUHC representatives confirmed that CMA will be updating their website to include the Department's position on the CMA Order. On the UKLFI, the Board agreed that the secondary revised published statement was accurate.

Date of Next Meeting – 5th December 2022

Training Plan as at 29 March 2023

External or CPF event?	Essential or Desirable	Title of session	Training Content	Timescale	Training Length (Hours)	Audience	Comments / Timescales
External	Desirable	LGC Investment Conference	LGC Investment Conference (Carden Park, Chester)	30 Mar 2023	0		
Internal	Essential	TPR Single Code	Includes the role and powers of The Pensions Regulator, as well as the Code requirements	26 Apr 2023	0	Committee members, Board members	March/April 2023
External	Essential	Best Ideas tactical asset allocation portfolio	Best Ideas tactical asset allocation portfolio	03 May 2023	0	Committee members, Board members	
External	Essential	CIPFA - Annual Local Pensions Board Conference	Pension Board Event - CIPFA's Annual Local Pensions Board Conference	18 May 2023	6	Board members	Held at KPMG Birmingham
Internal	Essential	Investment Considerations - TNFD	An overview of the Taskforce on Nature-related Financial Disclosures (TNFD) including opportunities for investments	TBC	TBC	Committee members, Board members, Senior Officers	
Internal	Essential	Investment Considerations - various	To include the expected new Pooling Guidance, levelling up and any other investment related developments	TBC	TBC	Committee members, Board members, Senior Officers	
Internal	Essential	Administration considerations	Overview of Goodwin court case affecting widowers	TBC	0.5	Committee members, Board members, Senior Officers	
Internal	Essential	Governance update - Various	-The role and powers of The Pensions Regulator and Codes of Practice- MIFID2 knowledge and skills requirements and the impact on the Fund around investment restrictions- Changes to be introduced as a result of The national SAB good governance project	TBC	2	Committee members, Board members, Senior Officers	
Internal	Essential	Governance considerations - Myners Principles	To include reviewing the effectiveness of the Pension Fund Committee	TBC	0.5	Committee members, Board members, Senior Officers	

Training Plan as at 29 March 2023

External or CPF event?	Essential or Desirable	Title of session	Training Content	Timescale	Training Length (Hours)	Audience	Comments / Timescales
External	Desirable	WPP LGPS pools and collaboration	Progress of other LGPS Pools / Collaboration Opportunities	27 Feb 2023	2.5		
External	Desirable	WPP Q1 Training session	The- WPP last training session of 2022/23 covering : Progress of other LGPS pools and Collaboration Opportunities	27 Feb 2023	2		
External	Essential	TCFD Reporting (Mercer)	TCFD Reporting Training	01 Feb 2023	1.5	Committee members, Board members, Senior Officers, Committee members (Induction), Board members (induction)	
External	Desirable	LGA Annual Conference	LGA LGPS Governance Conference (Cardiff)	19 Jan 2023	6		Jan 19th - Jan 20th
Internal	Essential	Investment considerations - Private markets (Mercer)	All aspects of investing in Private Markets	18 Jan 2023	2	Committee members, Board members, Senior Officers	
External	Desirable	AJCM	Annual Joint Committee Meeting	13 Dec 2022	5		
External	Desirable	LAPFF Annual conference	LAPFF Annual conference (Bournemouth)	07 Dec 2022	16		
External	Desirable	RI for WPP / Stewardship Code / TCFD Reporting	esponsible Investments for WPP / Stewardship Code / TCFD Reporting	05 Dec 2022	2.5		
External	Desirable	CIPFA/Isio Local Pension Board Training Event	CIPFA/Isio Local Pension Board Training Event (Webinar)	08 Nov 2022	3		
External	Essential	Pension Fund Cyber Security	Pension Fund Cyber Security Induction Training	28 Oct 2022	1.5	Committee members, Committee members (Induction), Board members (induction)	
External	Desirable	WPP Governance & Administration / Roles & Responsibilities	WPP Governance and Administration, and Roles and Responsibilities within the WPP	19 Oct 2022	2.5		Start time 9.30 am

Training Plan as at 29 March 2023

External or CPF event?	Essential or Desirable	Title of session	Training Content	Timescale	Training Length (Hours)	Audience	Comments / Timescales
External	Desirable	LGA Fundamentals Training Programme 2022	Fundamental Training - scheme overview, covering current issues in relation to administration, investments and governance of the LGPS.	18 Oct 2022	18		Taking place over three days with options to attend online and in person (in Westminster LGA Offices and Birmingham Eversheds Offices)
External	Essential	Investment considerations - investment strategy review including asset classes	Setting the strategy and delivery of Investment objectives, including the risk and return characteristics of the asset classes	05 Oct 2022	2.5	Committee members, Board members, Senior Officers	
External	Essential	Actuarial/Funding, Accounting, Audit & Procurement	Actuarial/Funding, Accounting, Audit & Procurement Induction Training	28 Sep 2022	1.5	Committee members, Committee members (Induction), Board members (induction)	Cllr wedlake veiwed recording 27 Dec
External	Essential	Responsible Investment / Climate Training	Pension Fund Responsible Investment/ Climate Induction Training	23 Sep 2022	2	Committee members, Committee members (Induction), Board members (induction)	
External	Desirable	WPP Private Market Allocators/ Active Sustainable Equities	Sustainable Equities: Private Credit / Infrastructure Asset classes and role of Allocator	22 Sep 2022	2.5		Start time 9.30 am
External	Desirable	LGC Conference September 2022	LGC Investments and Pensions Summit (Leeds)	08 Sep 2022	12		
External	Desirable	National Pensions Dashboard	Pension dashboard training	31 Aug 2022	0.5		
External	Essential	Funding Considerations - the valuation	Actuarial valuation and Funding Strategy Statement (FSS)	24 Aug 2022	1.5	Committee members, Board members	
External	Essential	Administration and communications	Administration and communications induction	10 Aug 2022	1.5	Committee members	
External	Desirable	Room 151(Housing - Income Strategies/ Inflation/ Build to Rent/ Impact)	Room 151(Housing - Income Strategies/ Inflation/ Build to Rent/ Impact)	26 Jul 2022	2		
External	Essential	Investments & Flightpath training	Investments Induction Training	20 Jul 2022	1.5	Committee members	
External	Essential	Governance Training	Governance Induction Training	24 Jun 2022	1.5	Committee members	

Training Plan as at 29 March 2023

External or CPF event?	Essential or Desirable	Title of session	Training Content	Timescale	Training Length (Hours)	Audience	Comments / Timescales
External	Desirable	Barnet Waddingham Pension Board Event	Pension Board Event	22 Jun 2022	6.5		
External	Desirable	PLSA Conference June 2022	PLSA Local Authority Conference 2022	13 Jun 2022	14		
Internal	Essential	Communications Strategy Review	Communications Strategy Review Training	08 Jun 2022	2	Committee members, Board members	
External	Desirable	Room 151 (Property- Sustainability/ Levelling up)	Room 151 (Property- Sustainability/ Levelling up)	26 May 2022	2		
External	Essential	CIPFA	Pension Board Event	18 May 2022	6	Board members	
External	Desirable	CIPFA Annual Conference LB	CIPFA Annual Conference LB (Barnet Waddingham)	01 May 2022	7		
External	Desirable	Unison Forum	Unison Forum	20 Apr 2022	2		
Internal	Essential	Governance considerations - Myners Principles	To include reviewing the effectiveness of the Pension Fund Committee	TBC	0.5	Committee members, Board members, Senior Officers	

Ref	A1	Date entered in register	19/09/2017
Status	Open	Date breached closed (if relevant)	
Title of Breach	Late notification of joining	Owner	SB
Party which caused the breach	CPF + various employers		
Description and cause of breach	<p>Requirement to send a Notification of Joining the LGPS to a scheme member within 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.</p> <p>Due to a combination of late notification from employers and untimely action by CPF the legal requirement was not met. 20/11/18 - (Q2) Staff turnover in August/September reduced number actioned. 29/1/19 The introduction of I-connect is also producing large backlogs at the point of implementation for each employer. I-connect submission timescales can also leave only a few days for CPF to meet the legal timescale. 14/8/19 General data cleansing including year-end is affecting whether legal timescale is met. Individual on long-term sick impacting this. 14/2/22 Previous issues no longer relevant. Current situation is purely due to magnitude of cases being received and potentially employer delays. 31/10/2022 Staff member doing this process had internal secondment, so vacancy now needs to be filled, and then trained. 10/3/2023 New staff member is now being trained so will continue to have impact until fully up to speed.</p>		
Category affected	Active members		
Numbers affected	<p>2017/18: 2676 cases completed / 76% (2046) were in breach. 2018/19: 3855 cases completed / 66% (2551) were in breach. 2019/20: 3363 cases completed / 50% (1697) were in breach. 2020/21: 3940 cases completed / 39% (1544) were in a breach 2021/22 -Q1 - 789 cases completed / 15% (118) were in breach -Q2 - 769 cases completed / 25% (190) were in breach -Q3 - 1444 cases completed / 15% (190) were in breach -Q4- 1070 cases completed / 12% (128) were in breach 2022/23 -Q1 - 947 cases completed / 5% (50) were in breach -Q2 - 968 cases completed / 12% (112) were in breach -Q3 - 1437 cases completed / 20% (286) were in breach</p>		
Possible effect and wider implications	<ul style="list-style-type: none"> - Late scheme information sent to members which may result in lack of understanding. - Potential complaints from members. - Potential for there to be an impact on CPF reputation. 		
Actions taken to rectify breach	<ul style="list-style-type: none"> - Roll out of iConnect where possible to scheme employers including new admitted bodies to ensure monthly notification of new joiners (ongoing). - Set up of Employer Liaison Team (ELT) to monitor and provide joiner details more timelessly. - Training of new team members to raise awareness of importance of time restraint. - Prioritising of task allocation. KPIs shared with team members to further raise awareness of importance of timely completion of task. <p>Actions prior to 2022 not shown, but recorded on the breaches log. 14/02/2022 - Appointed to vacant positions and Modern Apprentices trained in this area. 22/05/2022 - Training now complete. Expecting further reductions in next quarter results as staff members become more efficient. 12/08/2022 - Number of breaches fallen as expected due to completion of training. Recent staff vacancies will impact on this measure going forward as vacancies are filled and training starts again. 31/10/2022 - Number of breaches has increased this quarter. Staff vacancies have been advertised, shortlisting and interviews planned in the coming weeks. Prioritising workloads will be key so the number of cases in breach do not continue to rise. 03/03/2023 - Vacant positions filled and training underway.</p>		
Outstanding actions (if any)	<p>22/05/22 - Analyse new employer reports and escalate to individual employers if required. Continually review resource requirements to meet KPI. 10/3/2023 - Ensure training of new staff member is finalised.</p>		
Assessment of breach and brief summary of rationale	03/03/2023 - Number of cases has increased this quarter but due to the higher number in breach, assessment will remain at Amber. Improvement expected once new staff are fully trained.		
Reported to tPR	No		

Ref	A2	Date entered in register	19/09/2017
Status	Open	Date breached closed (if relevant)	
Title of Breach	Late transfer in estimate	Owner	SB
Party which caused the breach	CPF + various previous schemes		
Description and cause of breach	<p>Requirement to obtain transfer details for transfer in, and calculate and provide quotation to member 2 months from the date of request.</p> <p>Breach due to late receipt of transfer information from previous scheme and late completion of calculation and notification by CPF. Only 2 members of team fully trained to carry out transfer cases due to new team structure and additional training requirements. 29/1/19 National changes to transfer factors meant cases were put on hold / stockpiled end of 2018 / early 2019.</p> <p>31/10/2022 New regulatory requirements have resulted in additional steps having to be taken, which makes process longer and more complex.</p>		
Category affected	Active members		
Numbers affected	<p>2017/18: 235 cases completed / 36% (85) were in breach. 2018/19:213 cases completed / 45% (95) were in breach. 2019/20: 224 cases completed / 32% (71) were in breach 2020/21: 224 cases completed / 25% (57) were in breach 2021/22 -Q1 - 76 cases completed / 62% (47) were in breach -Q2 -76 cases completed / 22% (17) were in breach -Q3 - 91 cases completed / 15% (14) were in breach -Q4 - 66 cases completed / 14% (9) were in breach 2022/23 -Q1 - 98 cases completed / 9% (9) were in breach -Q2 - 104 cases completed / 19% (20) were in breach -Q3 - 66 cases completed / 12% (8) were in breach</p>		
Possible effect and wider implications	<ul style="list-style-type: none"> - Potential financial implications on some scheme members. - Potential complaints from members/previous schemes. - Potential for impact on CPF reputation. 		
Actions taken to rectify breach	<p>17/11/2020 - Continued training of team members to increase knowledge and expertise to ensure that transfers are dealt with in a more timely manner. 02/02/2021 - Training to continue. Complex area of work so training taking longer to complete. Training will continue through Q4. 21/05/2021 - Staff members attended external training course. 08/03/2022 - Have investigated how much of the delay is due to external schemes. 22/05/2022 - Additional checks required in transfer process. Schemes taking longer to process therefore knock on effect. Expect this to reduce as industry adjusts to new processes. 12/8/2022 - Ensure team is up to date with legislative and procedural changes. Some of this requirements are out of the Funds control so need to ensure required timescales are communicated effectively. 31/10/2022 - A review of this process is being undertaken as additional steps are now required. 03/03/2023 - Process has been reviewed and improvements expected in the next quarter results.</p>		
Outstanding actions (if any)			
Assessment of breach and brief summary of rationale	03/03/2023 - Number of breaches has reduced, assessment to remain at Amber until further improvements have been made.		
Reported to tPR	No		

Ref	A4	Date entered in register	19/09/2017
Status	Open	Date breached closed (if relevant)	
Title of Breach	Late notification of retirement benefits	Owner	SB
Party which caused the breach	CPF + various employers + AVC providers		

Description and cause of breach	<p>Requirement to provide notification of amount of retirement benefits within 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.</p> <p>Due to a combination of:</p> <ul style="list-style-type: none"> - late notification by employer of leaver information - late completion of calculation by CPF - for members who have AVC funds, delays in receipt of AVC fund values from AVC provider. - temporary large increases in work due to retrospective pay award recalculations <p>31/10/2022 Also seeing general increase in number of retirements.</p>
Category affected	Active members mainly but potentially some deferred members
Numbers affected	<p>2017/18: 960 cases completed / 39% (375) were in breach.</p> <p>2018/19: 1343 cases completed / 30% (400) were in breach</p> <p>2019/20: 1330 cases completed / 25% (326) were in breach</p> <p>2020/21: 1127 cases completed / 24% (269) were in breach</p> <p>2021/22</p> <ul style="list-style-type: none"> -Q1 - 329 cases completed / 16% (53) were in breach -Q2 - 388 cases completed / 16% (64) were in breach -Q3 - 444 cases completed / 14% (64) were in breach -Q4- 373 cases completed / 11% (41) were in breach <p>2022/23</p> <ul style="list-style-type: none"> -Q1 - 413 cases completed / 19% (81) were in breach -Q2 - 442 cases completed / 18% (81) were in breach -Q3 - 419 cases completed / 14% (58) were in breach
Possible effect and wider implications	<ul style="list-style-type: none"> - Late payment of benefits which may miss payroll deadlines and result in interest due on lump sums/pensions (additional cost to CPF). - Potential complaints from members/employers. - Potential for there to be an impact on CPF reputation.
Actions taken to rectify breach	<ul style="list-style-type: none"> - Roll out of iConnect where possible to scheme employers including new admitted bodies to ensure monthly notification of retirees (ongoing). - Set up of ELT to monitor and provide leaver details in a more timely manner. - Prioritising of task allocation. - Set up of new process with one AVC provider to access AVC fund information. - Increased staff resources. <p>Actions prior to 2022 not shown, but recorded on the breaches log.</p> <p>12/08/2022 - Staff members leaving and re-calculation of benefits following a retrospective pay award have negatively impacted the performance in this area. Recruitment drive to fill vacant positions and review of resource in this area to tackle number of required recalculations should improve performance following necessary training. 31/10/2022 - Recalculation of benefits still impacting this area with additional recalculations due in relation to retrospective 2022 pay award. Vacancies advertised and shortlisting and interviews planned in the coming weeks. Assessment of workload and staffing in this area is underway to determine appropriate staffing levels for the continued increase in number of cases. 03/03/2023 - New staff have been appointed but will not be fully trained for a number of months.</p>
Outstanding actions (if any)	<p>22/05/22 - Analyse new employer reports and escalate to individual employers if required. Complete all recalculations so all appropriate staff can focus on retirements.</p> <p>31/10/2022 - Assessment of changes in workloads to determine any additional resource requirements.</p> <p>10/3/2023 - Training of new staff to be able to carry out retirements.</p>
Assessment of breach and brief summary of rationale	03/03/2023 - Number in breach remains too high to amend assessment. Recalculation of benefits due to late pay award and vacant staff positions within this area will impact this KPI. Improvement may not be seen until all recalculations and training is complete for all new staff.
Reported to tPR	No

Ref	A6	Date entered in register	20/09/2017
Status	Open	Date breached closed (if relevant)	
Title of Breach	Late notification of death benefits	Owner	SB
Party which caused the breach	CPF		

Description and cause of breach	<p>Requirement to 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).</p> <p>Due to late completion by CPF the legal requirements are not being met. Due to complexity of calculations, only 2 members of team are fully trained and experienced to complete the task.</p> <p>31/10/2022 More staff now trained on deaths but they are impacted due to increases in other workloads.</p>
Category affected	Dependant members + other contacts of deceased (which could be active, deferred, pensioner or dependant).
Numbers affected	<p>2017/18: 153 cases completed / 58% (88) were in breach.</p> <p>2018/19: 184 cases completed / 30% (56) were in breach</p> <p>2019/20: 165 cases completed / 28% (53) were in breach</p> <p>2020/21: 195 cases completed / 27% (53) were in breach</p> <p>2021/22</p> <p>-Q1- 59 cases completed / 8% (5) were in breach</p> <p>-Q2 - 42 cases completed / 5% (2) were in breach</p> <p>-Q3 - 52 cases completed / 17% (9) were in breach</p> <p>-Q4 - 54 cases completed / 19% (10) were in breach</p> <p>2022/23</p> <p>-Q1- 59 cases completed / 17% (10) were in breach</p> <p>-Q2 - 37 cases completed / 22% (8) were in breach</p> <p>-Q3 - 51 cases completed / 39% (20) were in breach</p>
Possible effect and wider implications	<ul style="list-style-type: none"> - Late payment of benefits which may miss payroll deadlines and result in interest due on lump sums/pensions (additional cost to CPF). - Potential complaints from beneficiaries, particular given sensitivity of cases. - Potential for there to be an impact on CPF reputation.
Actions taken to rectify breach	<ul style="list-style-type: none"> - Further training of team - Review of process to improve outcome - Recruitment of additional, more experienced staff. <p>3/6/19 - Review of staff resources now complete and new posts filled.</p> <p>3/2/20 - Training of additional staff now complete.</p> <p>18/8/21 - Further work completed identifying where the delay fell e.g. request or receipt of information to facilitate the calculation of benefits, and action taken to improve these issues.</p> <p>31/10/2022 - Due to pressures of other processes and vacancies within the team, key staff responsible for this process are stretched. Vacancies advertised, shortlisting and interviews planned within coming weeks.</p> <p>03/03/2023 - Vacant positions have now been filled and training is underway.</p>
Outstanding actions (if any)	10/3/23 Ensure all training continues as quickly as possible to free up people to refocus on death cases.
Assessment of breach and brief summary of rationale	03/03/2023 - Number in breach remains too high to amend assessment. Recalculation of benefits due to late pay award and vacant staff positions within this area will impact this KPI. Improvement may not be seen until all recalculations and training is complete for all new staff. Consider changing to Red if no improvement made next quarter.
Reported to tPR	No

Ref	A20	Date entered in register	03/02/2021
Status	Closed	Date breached closed (if relevant)	03/03/2023
Title of Breach	Members not entered into LGPS	Owner	KW
Party which caused the breach	Aura		
Description and cause of breach	Number of employees entered into the Peoples' Pension, rather than the LGPS, by their employer. Some employees did opt out of Peoples' Pension.		
Category affected	Active members		
Numbers affected	18 employees		
Possible effect and wider implications	<ul style="list-style-type: none"> - As a result the employees may have less valuable pension rights, and so LGPS membership will need to be applied retrospectively. - Unclear if the employees who opted out, would have also opted out of the LGPS. - LGPS Contributions will need to be collected from employer and employee/employer contributions paid into Clwyd Pension Fund in relation to retrospective period. - Employer will need to liaise with Peoples' Pension to reverse membership there. 		

Actions taken to rectify breach	3/2/2021 - Liaising with employer to determine how best to put employees back in correct position. Letters sent to members to explain 21/05/2021 - Regular meetings held with employer and have an action plan in place. Exact number of 18 members have now been identified. 14/10/2021 - All active members have been communicated with and next steps agreed. 14/02/2022 - CPF Pensions Administration Manager has been chasing for final cases to be resolved. 22/05/2022 - Employer requested figures from payroll department on multiple occasions. CPF Pension Administration Manager contacted payroll team leader requesting dates for completion of outstanding actions. 12/08/2022 - Financial figures have now been provided by payroll department to the employer. Letters to the four members that had left employment have been issued with a response date of the 16/9/22. 31/10/2022 - Communications with members now concluded, therefore refund of contributions requested by the employer to People's Pension. Contributions to be paid to CPF in November payroll and an APC to be set up for additional member contributions paid. 10/3/2023 - Member records now updated and contributions have been paid to CPF. No further actions.
Outstanding actions (if any)	
Assessment of breach and brief	03/03/2023 - All actions are now complete so breach can be closed.
Reported to tPR	No

Ref	A22	Date entered in register	21/05/2021
Status	Open	Date breached closed (if relevant)	
Title of Breach	Members not entered into LGPS	Owner	KW
Party which caused the breach	Glyndwr		
Description and cause of breach	Number of employees entered into alternative pension schemes, rather than the LGPS, by Glyndwr.		
Category affected	Active members		
Numbers affected	6 employees		
Possible effect and wider implications	<ul style="list-style-type: none"> - As a result the employees may have less valuable pension rights, and so LGPS membership will need to be applied retrospectively. - LGPS Contributions will need to be collected from employer and employee/employer contributions paid into Clwyd Pension Fund in relation to retrospective period. - Employer will need to liaise with alternative provider to reverse membership there. 		
Actions taken to rectify breach	<p>21/05/2021- Liaising with employer to determine how best to put employees back in correct position and detailed plan of actions has been developed. Letters sent to members to explain 14/10/2021 - Letter to 5 outstanding employees requesting confirmation of next steps issued with close date of 31/10/21. 14/2/2022 - Employer being chased by CPF. 22/05/2022 - CPF continuing to work with employer to resolve individual cases once employee responds with preferred action. Three outstanding cases remain. 12/08/2022 - As above, two outstanding cases remain. 31/10/2022 - All employees have now responded. Breakdown of contributions received by employer and member records to be amended. 10/3/2023 - All CPF member records have now been updated.</p>		
Outstanding actions (if any)	03/03/2023 - Employer to pay outstanding contributions. Being chased by CPF.		
Assessment of breach and brief	03/03/2023 - Breach will be closed when contributions paid.		
Reported to tPR	No		

Ref	A23	Date entered in register	21/05/2021
Status	Open	Date breached closed (if relevant)	
Title of Breach	Incorrect member contributions paid	Owner	KW
Party which caused the breach	Aura		
Description and cause of breach	When employees are stepping up from their substantive post to higher graded post, incorrect employee and employer contributions have been made. This is due to an incorrect recording on the payroll system.		
Category affected	Active and Deferred		
Numbers affected	20 current and previous employees		

Possible effect and wider implications	- As a result the employees may have less valuable pension rights, and so LGPS CARE pay and contributions will need to be checked and difference in contributions paid retrospectively. - LGPS Contributions will need to be collected from employer, and employee/employer contributions paid into Clwyd Pension Fund in relation to retrospective period.
Actions taken to rectify breach	21/05/2021- Process has been updated to ensure correct contributions/CARE pay going forward. - Liaising with employer to determine how best to put employees back in correct position retrospectively and letters to be sent to members to explain. 14/10/2021 Current employees contacted and all have agreed to pay outstanding contributions/payment plans agreed. 14/02/2022 - CPF Pensions Administration Manager has been chasing for final cases to be resolved. 22/05/2022 - Employer and Payroll provider being chased by CPF. Escalated to Payroll Team Leader. 12/08/2022 - Financial figures have now been provided by payroll department to the employer. Letters to the nine members that have left employment have been issued with a response date of the 16/9/22. 31/10/2022 - One member has now paid the difference in contributions and eight remaining are still due. Employer contributions to be paid in November. 10/3/2023 - Employer contributions were paid in November for the one member. For eight remaining members, Aura has written to them and has sent reminders to them but responses are still awaited.
Outstanding actions (if any)	03/03/2023 - Once responses have been received from the final eight members, outstanding contributions are to be paid by both employer and employee and member records can be updated (if applicable). CPF will write to Aura to ask them to conclude this matter by paying the correct contributions to the Fund.
Assessment of breach and brief summary of rationale	03/03/2023 - Lowered to green as employer has written to all members. Awaiting response from 8 members that are deferred. Once response received, any outstanding contributions can be paid and member records updated.
Reported to tPR	No

Ref	A24	Date entered in register	22/05/2022
Status	Closed	Date breached closed (if relevant)	31/10/2022
Title of Breach	Individuals not offered membership of the scheme	Owner	KW
Party which caused the breach	Employer		
Description and cause of breach	Breach of Disclosure Regulations to a number of individuals who were not given the relevant paperwork to opt-in to the LGPS upon appointment in 2008.		
Category affected	Active members		
Numbers affected	A small number but total not yet known (expected to be less than 50)		
Possible effect and wider implications	- As a result the members may have less valuable pension rights, and so LGPS membership will need to be offered retrospectively to the affected members. - If any choose to proceed with retrospective membership, LGPS contributions will need to be collected from the members and then employee/employer contributions paid into Clwyd Pension Fund in relation to retrospective period.		
Actions taken to rectify breach	22/05/2022 Been liaising with employer to determine how best to proceed and develop a detailed plan of actions. 31/10/2022 Employer dealing with cases on a one to one basis and other than that, they will not be taking further action at this point.		
Outstanding actions (if any)	22/05/2022 - If appropriate, relevant process and forms to be completed by all parties to confirm membership in CPF, payment of arrears of contributions to be made and pensions system to be updated reflecting correct membership. 12/08/2022 - waiting update from employer on action being taken.		
Assessment of breach and brief summary of rationale	31/10/2022 Breach remains amber given employer dealing with on a case by case basis, but as no further action is being taken for now, breach has been closed		
Reported to tPR	No		

Ref	A25	Date entered in register	12/08/2022
Status	Open	Date breached closed (if relevant)	

Title of Breach	Members entered into LGPS in error	Owner	KW
Party which caused the breach	North Wales Fire		
Description and cause of breach	Number of employees entered into LGPS by employer instead of alternative pension schemes.		
Category affected	Active members		
Numbers affected	18 employees		
Possible effect and wider implications	<ul style="list-style-type: none"> - As a result the employees may have different pension rights, and so LGPS membership will need to be deleted and membership to correct scheme applied retrospectively. - LGPS Contributions will need to be collected and returned to employer and employee/employer Contributions paid into the correct scheme in relation to retrospective period. - employer will need to liaise with alternative provider to create membership there. 		
Actions taken to rectify breach	<p>12/08/2022- Liaising with employer and finance department to determine how best to put employees in correct position and detailed plan of actions is being developed.</p> <p>10/3/2023 - All employees have now been notified and CPF records have been updated. Contributions have been returned from CPF to North Wales Fire. Two of three transfers that were paid out have been returned and sent to NWF.</p>		
Outstanding actions (if any)	03/03/2023 - Awaiting response from one other LGPS fund to accept a transfer of benefits. Breach can be closed once transfer complete.		
Assessment of breach and brief summary of rationale	03/03/2023 - Lowered to green as all affected employees and been advised of the situation and all bar one member has had their record corrected.		
Reported to tPR	No		

Ref	F84	Date entered in register	26 Jul 2022
Status	Closed	Date breached closed (if relevant)	25 Nov 2022
Title of Breach	No submission of contribution remittance advice	Owner	DF
Party which caused the breach	Hafan Deg (K L Care Ltd)		
Description and cause of breach	<p>A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made.</p> <p>Contributions relating to June 2022 were not received within the deadline and no remittance advice was received. Multiple breaches between 2019 and Feb 2022 (21 breaches in total). Previous breach in 22/23 is F82.</p>		
Category affected	Active members and employer		
Numbers affected	1 active member		
Possible effect and wider	Unable to verify information being paid or reconcile with member year end information.		
Actions taken to rectify breach	<ul style="list-style-type: none"> - 26/07/22 emailed Employer to request remittance 07/11/2022 - Escalated within CPF to agree next steps given there have now been a series of breaches since this one. Further email sent to employer highlighting concerns and employer agreed to send remittance asap. 		
Outstanding actions (if any)			
Assessment of breach and brief	Remittance received 25/11/2022		
Reported to tPR	No		

Ref	F89	Date entered in register	25 Oct 2022
Status	Closed	Date breached closed (if relevant)	25 Nov 2022
Title of Breach	No submission of contribution remittance advice	Owner	DF
Party which caused the breach	Hafan Deg (K L Care Ltd)		
Description and cause of breach	<p>A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made.</p> <p>Contributions relating to September 2022 were received within the deadline but no remittance advice was received. Multiple breaches between 2019 and Feb 2022 (21 breaches in total). Previous breaches in 22/23 are F82, F84, F86, F88.</p>		
Category affected	Active members and employer		
Numbers affected	1 active member		
Possible effect and wider	Unable to verify information being paid or reconcile with member year end information.		
Actions taken to rectify breach	<ul style="list-style-type: none"> - 25/10/22 emailed Employer to request remittance - 7/11/22 emailed a reminder to employer 		

Outstanding actions (if any)	
Assessment of breach and brief	Remittance received 25/11/2022
Reported to tPR	No

Ref	F93	Date entered in register	24 Nov 2022
Status	Closed	Date breached closed (if relevant)	25 Nov 2022
Title of Breach	Late payment of contributions	Owner	DF
Party which caused the breach	Hafan Deg (K L Care Ltd)		
Description and cause of breach	Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions. Contributions in relation to October 2022 were not received within the deadline. Multiple breaches between 2019 and Feb 2022 (21 breaches in total). Previous breaches in 22/23 are F82, F83, F85,F87.		
Category affected	Active members and employer		
Numbers affected	1 active member		
Possible effect and wider implications	- Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer.		
Actions taken to rectify breach	- 24/11/22 emailed Employer to request payment		
Outstanding actions (if any)			
Assessment of breach and brief	Payment received 25/11/2022		
Reported to tPR	No		

Ref	F94	Date entered in register	24 Nov 2022
Status	Closed	Date breached closed (if relevant)	25 Nov 2022
Title of Breach	No submission of contribution remittance advice	Owner	DF
Party which caused the breach	Hafan Deg (K L Care Ltd)		
Description and cause of breach	A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. Contributions relating to October 2022 were not received within the deadline and no remittance advice was received. Multiple breaches between 2019 and Feb 2022 (21 breaches in total). Previous breaches in 22/23 are F82, F83, F84, F85, F86, F87,F88 & F89.		
Category affected	Active members and employer		
Numbers affected	1 active member		
Possible effect and wider implications	Unable to verify information being paid or reconcile with member year end information.		
Actions taken to rectify breach	- 24/11/22 emailed Employer to request remittance		
Outstanding actions (if any)			
Assessment of breach and brief	Remittance received 25/11/2022		
Reported to tPR	No		

Ref	F95	Date entered in register	24 Nov 2022
Status	Closed	Date breached closed (if relevant)	24 Nov 2022
Title of Breach	Late payment of contributions	Owner	DF
Party which caused the breach	Holywell Leisure		
Description and cause of breach	Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions. Contributions in relation to October 2022 were not received within the deadline.		
Category affected	Active members and employer		
Numbers affected	19 active members		
Possible effect and wider implications	- Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer.		

Actions taken to rectify breach	- 24/11/22 emailed Employer to request payment
Outstanding actions (if any)	
Assessment of breach and brief	Payment received 24/11/2022
Reported to tPR	No

Ref	F96	Date entered in register	24 Nov 2022
Status	Closed	Date breached closed (if relevant)	24 Nov 2022
Title of Breach	Late payment of contributions	Owner	DF
Party which caused the breach	Home Farm Trust (HFT)		
Description and cause of breach	Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions. Contributions in relation to October 2022 were not received within the deadline. Only previous breach on 3/6/2019 - F5.		
Category affected	Active members and employer		
Numbers affected	25 active members		
Possible effect and wider implications	- Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer.		
Actions taken to rectify breach	- 24/11/22 emailed Employer to request payment		
Outstanding actions (if any)			
Assessment of breach and brief	Payment received 24/11/2022		
Reported to tPR	No		

Ref	F97	Date entered in register	22 Dec 2022
Status	Closed	Date breached closed (if relevant)	22 Jan 2023
Title of Breach	No submission of contribution remittance advice	Owner	DF
Party which caused the breach	Acton Community Council		
Description and cause of breach	A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. Contributions relating to November 2022 were received within the deadline but no remittance advice was received. Previous breaches are F12 and F6 but these are back in 2019.		
Category affected	Active members and employer		
Numbers affected	2 active members		
Possible effect and wider	Unable to verify information being paid or reconcile with member year end information.		
Actions taken to rectify breach	- 22/12/22 emailed Employer to request remittance - Officer on leave until Jan 2023		
Outstanding actions (if any)			
Assessment of breach and brief	Remittance received 22/1/2023		
Reported to tPR	No		

Ref	F98	Date entered in register	22 Dec 2022
Status	Closed	Date breached closed (if relevant)	11 Jan 2023
Title of Breach	No submission of contribution remittance advice	Owner	DF
Party which caused the breach	Cartref Dyffryn Ceiriog		
Description and cause of breach	A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. Contributions relating to November 2022 were received within the deadline but no remittance advice was received. There are no previous breaches.		
Category affected	Active members and employer		
Numbers affected	4 active members		
Possible effect and wider	Unable to verify information being paid or reconcile with member year end information.		
Actions taken to rectify breach	- 22/12/22 emailed Employer to request remittance. Payroll clerk had left and other officer on leave until Jan 2023		

Outstanding actions (if any)	
Assessment of breach and brief	Remittance received 11/1/2023
Reported to tPR	No

Ref	F99	Date entered in register	20 Mar 2023
Status	Closed	Date breached closed (if relevant)	27 Jan 2023
Title of Breach	Late payment of contributions	Owner	DF
Party which caused the breach	North Wales Fire Service		
Description and cause of breach	<p>Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions.</p> <p>Contributions in relation to December 2022 were not received within the deadline. The only previous breach relates to April 2022 contributions - F77.</p>		
Category affected	Active members and employer		
Numbers affected	166 active members		
Possible effect and wider implications	<ul style="list-style-type: none"> - Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer. 		
Actions taken to rectify breach	- 26/1/2023 emailed Employer to request payment		
Outstanding actions (if any)			
Assessment of breach and brief	Payment received 27/1/2023		
Reported to tPR	No		

Ref	F100	Date entered in register	20 Mar 2023
Status	Closed	Date breached closed (if relevant)	30 Jan 2023
Title of Breach	Late payment of contributions	Owner	DF
Party which caused the breach	Ruthin Town Council		
Description and cause of breach	<p>Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions.</p> <p>Contributions in relation to December 2022 were not received within the deadline. Previous breaches F45, 55, 63, 64, 74, 75, 78; this is the first late payment since the late payment relating to May 2022.</p>		
Category affected	Active members and employer		
Numbers affected	1 active member		
Possible effect and wider implications	<ul style="list-style-type: none"> - Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer. 		
Actions taken to rectify breach	<p>26/1/2023 Emailed to remind that the payment was late.</p> <p>27/1/2023 Spoke with the new clerk on phone, he explained that he had taken over the role after the previous clerk had left and there had been no handover. He was waiting to get a log-in for the banking and advised he would make payment at his earliest opportunity.</p>		
Outstanding actions (if any)			
Assessment of breach and brief	30/1/2023 Payment was received		
Reported to tPR	No		

Ref	F101	Date entered in register	20 Mar 2023
Status	Closed	Date breached closed (if relevant)	27 Feb 2023
Title of Breach	Late payment of contributions	Owner	DF
Party which caused the breach	Hafan Deg (K L Care Ltd)		
Description and cause of breach	<p>Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions.</p> <p>Contributions in relation to October 2022 were not received within the deadline. Multiple breaches between 2019 and Feb 2022 (21 breaches in total). Previous breaches in 22/23 are F82, F83, F85, F87, F93.</p>		
Category affected	Active members and employer		
Numbers affected	2 active members		

Possible effect and wider implications	- Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer.
Actions taken to rectify breach	23/2/2023 Chased employer for payment.
Outstanding actions (if any)	
Assessment of breach and brief	27/2/2023 Payment received
Reported to tPR	

Ref	F102	Date entered in register	20 Mar 2023
Status	Open	Date breached closed (if relevant)	
Title of Breach	No submission of contribution remittance advice	Owner	DF
Party which caused the breach	Hafan Deg (K L Care Ltd)		
Description and cause of breach	A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. The remittance advice relating to January 2023 was not received within the deadline. Multiple breaches between 2019 and Feb 2022 (21 breaches in total). Previous breaches in 22/23 are F82, F84, F86, F88, F89 & F94.		
Category affected	Active members and employer		
Numbers affected	2 active members		
Possible effect and wider	Unable to verify information being paid or reconcile with member year end information.		
Actions taken to rectify breach	23/2/2023 Chased employer for remittance.		
Outstanding actions (if any)	20/3/2023 Will contact employer again if not received in March.		
Assessment of breach and brief summary of rationale	20/3/2023 Amber due to continuous issues; will continue to pursue but hopeful can get remittance. Services being transferred to DCC 1 April so confident can be resolved and will improve in the future.		
Reported to tPR			

Ref	F103	Date entered in register	20 Mar 2023
Status	Open	Date breached closed (if relevant)	
Title of Breach	No submission of contribution remittance advice	Owner	DF
Party which caused the breach	Ruthin Town Council		
Description and cause of breach	A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. A remittance advice relating to January 2023 was not received within the deadline. Previous breaches F45, 55, 63, 64, 74, 75, 78, 79; last breach related to contributions paid in May 2022.		
Category affected	Active members and employer		
Numbers affected	1 active member		
Possible effect and wider	Unable to verify information being paid or reconcile with member year end information.		
Actions taken to rectify breach	23/02/2023 Spoke to new clerk and they are unaware of how to complete process. CPF sent previous remittance advice to help them understand process. Since then have been a couple of phone calls to help the clerk understand process.		
Outstanding actions (if any)	20/3/2023 Will contact employer again if not received in March.		
Assessment of breach and brief	20/3/2023 Temporary situation due to new clerk which will hopefully be resolved shortly.		
Reported to tPR	No		

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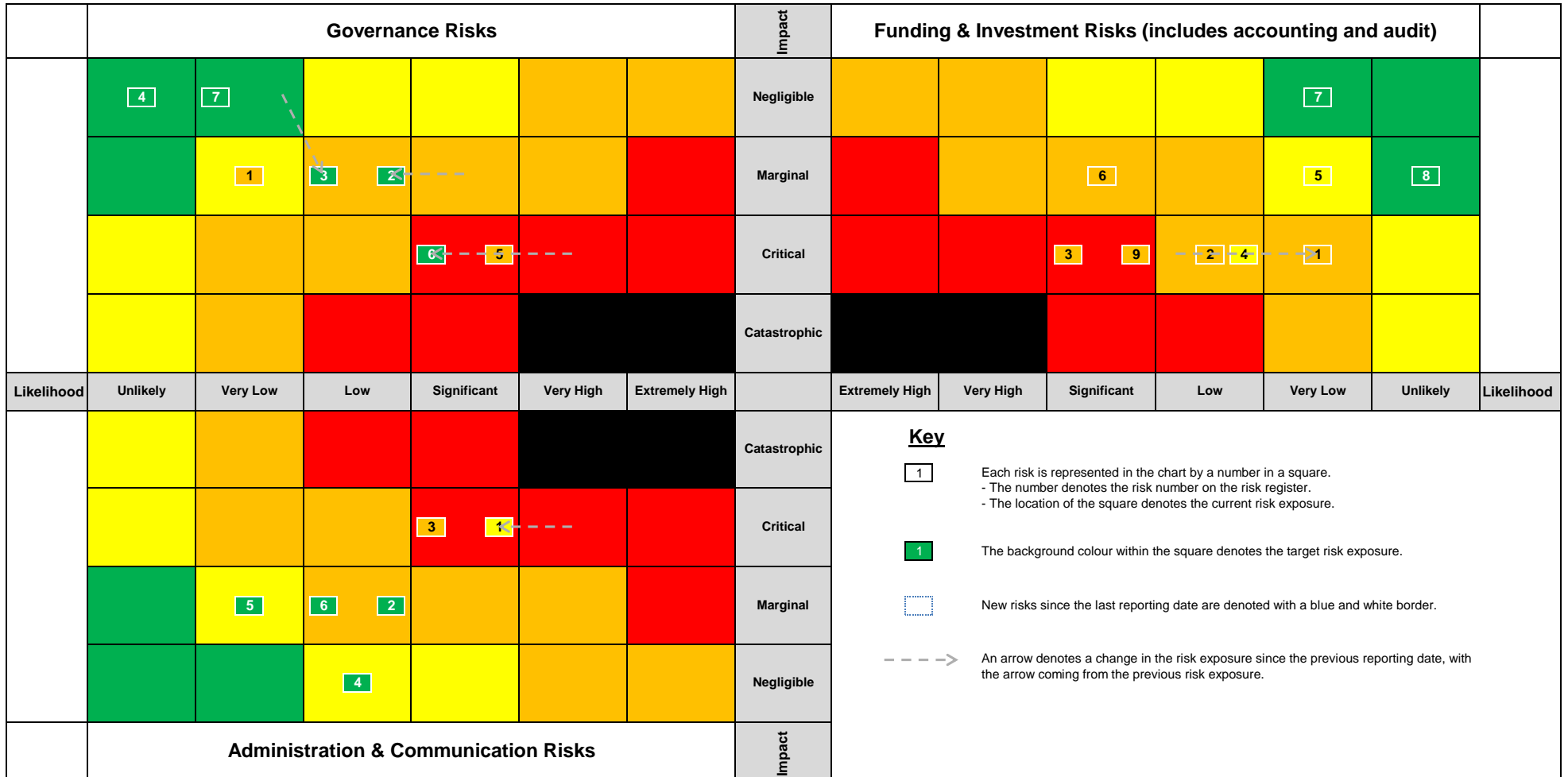
CLWYD PENSION FUND - CALENDAR OF EVENTS

Month	Date	Day	Committee	Other Events	Pension Board	Location
2023						
Mar						
	29-Mar	Wed	9.30am - 12.30pm			TBC
Apr						
May						
Jun						
	21-Jun	Wed	9.30am - 12.30pm			TBC
Jul						
Aug						
Sep						
	12-Sep	Tues			10am - 3pm	Hybrid
Oct						
Nov						
Dec						
	Date to be confirmed				10am - 3pm (TBC)	TBC

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All Fund Risk Heat Map and Summary of Governance Risks

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Clwyd Pension Fund - Control Risk Register

Governance Risks

Objects extracted from Governance Policy (03/2023), Knowledge and Skills Policy (09/2021) and Procedures for Reporting Breaches of the Law (03/2022)

- G1 Act in the best interests of the Fund's members and employers
- G2 Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies
- G3 Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
- G4 Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- G5 Understand and monitor risk
- G6 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
- G7 Clearly articulate our objectives and how we intend to achieve those objectives through business planning, and continually measure and monitor success
- T1 Ensure that the Clwyd Pension Fund is appropriately managed and that its services are delivered by people who have the requisite knowledge and expertise, and that this knowledge and expertise is maintained within the continually changing Local Government Pension Scheme and wider pensions landscape.
- T2 Those persons responsible for governing the Clwyd Pension Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, ensure their decisions are robust and well based, and manage any potential conflicts of interest.
- B1 Ensure individuals responsible are able to meet their legal obligations and avoid placing any reliance on others to report.
- B2 Assist in providing an early warning of possible malpractice and reduce risk.

Risk no.	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see key)	Current Impact (see key)	Current Likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back on Target	Further Action and Owner	Risk Manager	Next review date	Last Updated	
1	Losses or other detrimental impact on the Fund or its stakeholders	Risk is not identified and/or appropriately considered (recognising that many risks can be identified but not managed to any degree of certainty)	All	Marginal	Very Low	Yellow	1 - Risk policy in place 2 - Risk register in place and key risks/movements considered quarterly and reported to each PFC 3 - Advisory panel meets at least quarterly discussing changing environment etc 4 - Fundamental review of risk register annually 5 - TPR Code Compliance review completed annually 6 - Annual internal and external audit reviews 7 - Breaches procedure also assists in identifying key risks	Marginal	Low	Green	☺				Head of CPF	30/06/2023	27/02/2023	
2	Inappropriate or no decisions are made	Governance (particularly at PFC) is poor including due to: - short appointments - poor knowledge and advice - poor engagement / preparation / commitment - poor oversight	G1 / G2 / G3 / G4 / G5 / G6 / G7	Marginal	Low	Orange	1 - Independent advisor focussing on governance including annual report considering structure, behaviour and knowledge 2 - Oversight by Local Pension Board 3 - Annual check against TPR Code 4 - Knowledge and Skills Policy, rolling training plan, monitoring (regular self assessments and attendance) and induction training in place for PFC and PB members based on CIPFA Code/Framework 5 - There is a range of professional advisors covering all Fund responsibilities guiding the PFC, PB and officers in their responsibilities, with formal Advisory Panel 6 - Terms of reference for the Committee in the Constitution allows for members to be on the Committee for between 4-6 years but they can be re-appointed 7 - Different categories of Committee and Board members have different end of term dates, to ensure continuity 8 - Approved schedule of officer delegations, including ability for urgent matters to be agreed outside of formal Committee (involving Chair of PFC) 9 - PFC, PB, AP, training etc held virtually where appropriate and recordings of all training circulated, to ensure best attendance rates. 10 - PFC and PB effectiveness surveys completed to ensure that PFC and PB meetings are as effective as possible	Negligible	Very Low	Green	☺	Current impact 1 too high Current likelihood 1 too high	05/05/2022	Sep 2023	1 - Carry out training needs analysis after induction training (PL)	Head of CPF	30/06/2023	27/02/2023
3	Our legal fiduciary responsibilities are not met	Decisions, particularly at PFC level, are influenced by conflicts of interest and therefore may not be in the best interest of fund members and employers	G1 / G2 / G4 / G6 / T2	Marginal	Low	Orange	1 - CPF Conflicts of Interest Policy focussed on fiduciary responsibility regularly discussed and reviewed 2 - Independent advisor focussing on governance including annual report considering structure, behaviour and knowledge 3 - All stakeholders to which fiduciary responsibility applies represented at PFC and PB 4 - Knowledge and Skills Policy, rolling training plan, monitoring (regular self assessments and attendance) and induction training in place for PFC and PB members including training on fiduciary responsibility and the CPF Conflicts Policy 5 - There is a range of professional advisors covering all Fund responsibilities guiding the PFC, PB and officers in their responsibilities, with formal Advisory Panel 6 - Clear strategies and policies in place with Fund objectives which are aligned with fiduciary responsibility 7 - WPP Conflicts of Interests Policy in place	Negligible	Very Low	Green	☺	Current impact 1 too high Current likelihood 1 too high	28/02/2023	Sep 2023	1 - Ensure appropriate due diligence process for investments with potential conflict (Welsh or local) (PL) 2 - Ongoing monitoring of FCC Climate Committee motion situation 3 - Continually ensuring PFC members receive professional regulated advice to inform if changes are appropriate	Head of CPF	30/06/2023	27/02/2023
4	Appropriate objectives are not agreed or monitored - internal factors	Policies not in place or not being monitored	G2 / G7	Negligible	Unlikely	Green	1- Range of policies in place and all reviewed at least every three years 2 - Review of policy dates included in business plan 3 - Monitoring of all objectives at least annually 4 - Policies stipulate how monitoring is carried out and frequency 5 - Business plan in place and regularly monitored	Negligible	Unlikely	Green	☺				Dep. Head of CPF	30/06/2023	27/02/2023	
5	The Fund's objectives/legal responsibilities are not met or are compromised - external factors	Externally led influence and change such as scheme change (e.g. McCloud, potential exit cap, Pensions dashboard, national reorganisation, cybercrime, asset pooling, levelling up and boycotts / divestments / sanctions, Climate lobbying, Operator contract with WPP)	G1 / G4 / G6 / G7	Critical	Significant	Red	1 - Continued discussions at AP, PFC and PB regarding this risk 2 - Fund's consultants involved at national level/regularly reporting back to AP/PFC 3 - Key areas of potential change and expected tasks identified as part of business plan (ensuring ongoing monitoring) 4 - Asset pooling I&A in place 5 - Officers on Wales Pool OWG, and Pension Board Chair attending WPP LPB Chair meetings 6 - Business Continuity and Cyber Security Policy in place 7 - Ongoing monitoring of cybercrime risk by AP 8 - McCloud planning undertaken and full programme management in place 9 - Pensions dashboard planning currently underway	Marginal	Low	Orange	☹	Current impact 1 too high Current likelihood 1 too high	28/02/2017	Mar 2024	1 - Deliver final aspects of cybercrime risk mitigations into BAU (PL) 2 - Refresh and document business continuity assessments/ procedures (KW) 3 - Establish formal project for Pensions Dashboard (KW) 4 - Ongoing engagement with WPP Operator 5 - Ongoing consideration of resource requirements to meet external demands	Head of CPF	30/06/2023	27/02/2023
6	Services are not being delivered to meet legal and policy objectives	Insufficient staff numbers (e.g. sickness, resignation, retirement, unable to recruit) - current issues include age profile / FCC pay grades versus other LAs, asset pools, private sector / cost of living.	G3 / G6 / G7 / T1	Critical	Significant	Red	1 - Fundamental review of succession planning and resources carried out over 2017 to 2020 and new structures put in place 2 - Ongoing task/SLA reporting to management AP/PFC/PB to quickly identify issues 3 - Quarterly update reports consider resourcing matters 4 - Consultants provide back up when required 5 - Additional resources, such as outsourcing, considered as part of business plan 6 - Impact of potential or actual vacancies and/or other absences being discussed regularly ensuring priority work continues unaffected 7 - Resourcing regularly considered as part of major projects (e.g. McCloud)	Negligible	Very Low	Green	☹	Current impact 2 too high Current likelihood 2 too high	01/07/2016	May 2023	1 - Recruit to vacant administration, Fund accountant and trainee Fund accountant roles. (PL) 2 - Ongoing consideration of business continuity including succession planning (PL) 3 - Action plan being developed for recruitment, retention, succession planning including consideration of future work levels (PL)	Head of CPF	30/06/2023	27/02/2023
7	Legal requirements and/or guidance are not complied with	Those tasked with managing the Fund are not appropriately trained or do not understand their responsibilities (including recording and reporting breaches)	G3 / G6 / T1 / T2 / B1 / B2	Negligible	Very Low	Green	1 - TPR Code Compliance review completed annually 2 - Annual internal and external audit reviews 3 - Breaches procedure also assists in identifying non-compliance areas (relevant individuals provided with a copy and training provided) 4 - Knowledge and Skills policy in place (fundamental to understanding legal requirements) 5 - Use of nationally developed administration system 6 - Documented processes and procedures 7 - Strategies and policies often included statements or measures around legal requirements/guidance 8 - Wide range of advisers and AP in place 9 - Independent adviser in place including annual report which will highlight concerns 10 - Outstanding actions relating to TPR Code reviewed regularly	Negligible	Very Low	Green	☺				1 - Further documented processes (as part of TPR compliance) e.g. contribution payment failure (DF)	Head of CPF	30/06/2023	27/02/2023



CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 29 March 2023
Report Subject	Administration and Communications Update
Report Author	Pensions Administration Manager

EXECUTIVE SUMMARY

The last update report including items for information or discussion relating to administration and communications was provided at the November Committee meeting, therefore this update report includes matters since that date.

This update includes matters that are mainly for noting, albeit comments are clearly welcome.

The report includes updates on:

- Progress against targets for the 2022/23 to 2024/25 Business Plan
- Current Developments and News – this includes updates relating to CARE revaluation, annual and lifetime allowance changes announced at the recent budget, payroll functionality and the Employer Engagement Session
- Day to day tasks and key performance indicators – showing the position to the end of February 2023
- Resource - including an update on recruitment and retention within the Administration Team

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	<p data-bbox="320 322 783 353">Business Plan 2022/23 Update</p> <p data-bbox="320 394 1358 533">Progress against the Business Plan items for quarter four of this year is positive for the majority of items with some areas continuing into 2023/24 as illustrated in Appendix 1. Key items to note relating to this quarter's work are as follows:</p> <ul data-bbox="320 544 1385 2051" style="list-style-type: none"><li data-bbox="320 544 1350 611">• A2 – McCloud judgement – as usual an update on this programme is included later in this report.<li data-bbox="320 618 1385 1167">• A3 – National Pensions Dashboard – The Pensions Minister recently issued a written statement announcing delays to the delivery of Pensions Dashboards. A full version of the statement can be seen here. The Pensions Dashboards Programme requires additional time to ensure that the Dashboards infrastructure that is being built is safe, secure, and works for both pension schemes and the end users of the service. It is not clear at this stage if all the connection deadlines will be pushed back or if just the earlier ones will change and the later ones will remain the same. As the connection deadline for the Fund is September 2024, it is intended that work will continue as previously planned with further guidance expected from the Pension Regulator at a webinar on the 30th March 2023. The Pensions Administration Manager continues to attend regular meetings with both Heywood (the administration software provider) and the Pension and Lifetime Savings Association (PLSA) as part of a project team.<li data-bbox="320 1173 1385 1496">• A6 – Review Administration and Communications related Policies and Strategies – A review of the Discretions Policy has commenced and is currently being worked on. This is later than planned due to current workloads. It will be considered and approved under the appropriate delegation prior to the next Committee meeting. The Voluntary Scheme Pays Policy has been updated but has been delayed due to the tax allowance changes mentioned at the budget on 15 March. It will be updated in early April and then put for approval using the appropriate delegation.<li data-bbox="320 1503 1294 1641">• A7 – Review pensioner existence checking – The Fraud Strategy development is now complete. This is later than planned due to prioritising business for the Committee. Please see the separate agenda item including the proposed strategy.<li data-bbox="320 1648 1350 2051">• A9 - Develop and implement a refreshed Communications Strategy – The procurement of an on-line survey provider to facilitate the completion of member satisfaction surveys is complete. Satisfaction survey questions have been agreed and issued to all members according to their communication preference this quarter along with information about the new logo and branding guidelines. Once members have hopefully responded to the survey, a focus group can be established to plan future communications to members. Although good progress is being made, some elements are running slightly behind schedule due to delays earlier in the year in recruiting a new Communications Officer.

	<ul style="list-style-type: none"> • A10 – Trivial Commutation – Due to the impact of paying adjustments relating to the retrospective pay award on the payroll team, no further progress has been made in this area. This is a lower priority project and will be picked up as and when resource allows. • E1 – McCloud Employer Liaison Team (ELT) Services – Good progress has been made with the provision of data for those employers using the liaison team. Work continues to ensure deadlines are met successfully.
1.02	<p>Current Developments and News</p> <p>The following details developments and news in addition to business as usual</p> <p><i>McCloud update</i></p> <p><u>CPF Programme Update</u> - An update on the progress of the Clwyd Pension Fund McCloud programme is attached as Appendix 2. The programme currently has an overall health status of green, meaning that it is largely on track. The McCloud Team are continuing to engage and work with employers regarding the submission of their data. The process to validate the data had previously been agreed and approved by the Programme Management Group (PMG) and is now a regular agenda item for the data workstream meetings to ensure the process is reviewed regularly and remains stringent and fit for purpose. Following receipt of the data the McCloud team will then work towards validating the data.</p> <p>The Scheme Advisory Board has issued guidance on McCloud data collection, outlining appropriate methods to obtain/estimate data where it cannot be reliably obtained from an employer. The guidance also covers data validation and the McCloud Team are considering the guidance, although it is not expected to significantly impact the agreed approach.</p> <p><u>McCloud Regulatory Update</u> - The minutes of the September 2022 Local Government Pension Scheme (LGPS) Communications Working Group meeting report that the Department for Levelling Up, Housing and Communities (DLUHC) response to the 2020 consultation on draft regulations to implement the McCloud remedy in the LGPS is now expected "early in 2023". We have since heard from DLUHC that the consultation response is expected in Spring 2023, with a consultation on draft regulations to follow later in 2023 and will come into force on 1 October 2023. It is anticipated that this will have a knock-on effect on other steps and timings detailed in previous updates albeit the McCloud Programme will continue as normal until further clarification is received.</p>
1.03	<p><i>2023 Spring Budget Update</i></p> <ul style="list-style-type: none"> • The Budget on 15 March 2023 announced the removal of the lifetime allowance which will be abolished completely from April 2024, albeit lifetime allowance charges will be removed from April 2023. The annual allowance has also been increased from £40,000 to £60,000 from April 2023. As well as being welcome by scheme members who would be impacted by these allowances, these are helpful for the Fund's administration team as it is likely they will have a small reduction to workloads in this area. As with all changes, there will need to be some

	updates to the Fund's administration processes to implement the changes.
1.04	<p><i>CARE Revaluation Change</i></p> <ul style="list-style-type: none"> The DLUHC consulted on draft regulations which will make changes to try to avoid members of the LGPS being exposed to an Annual Allowance charge due to a mismatch between the Consumer Prices Index (CPI) figure to be used for scheme revaluation (which for 2022/23 is 10.1%) and the CPI figure by which a pension can grow without contributing to an individual's Pension Input Amount (PIA) for the 2022/23 tax year (3.1%). The consultation closed on the 24 February 2023 and DLUHC have confirmed that the change will proceed and amendment regulations have now been made. The Fund agreed with the majority of the proposals in principle, however given the limited timescale for any software updates, it is anticipated that there will be an element of manual intervention required. A further update including the impact this change has had will be provided at the next Committee meeting.
1.05	<p><i>Other updates</i></p> <ul style="list-style-type: none"> Following a successful period of testing, the Technical and Payroll team have successfully transitioned the payroll system onto a new enhanced system provided by Heywood, the Fund's software supplier, in time for Pension Increase calculations to be performed in April. The enhancements will reduce the level of manual intervention usually required at this time of year to ensure all pensioner records have the correct amount of increase applied and paid accordingly. It is hoped that further efficiencies will also be made in the coming months as processes become more streamlined. As previously reported, the workload coming into the Fund continues to increase. Following some initial analysis of data, and at the request of the Pension Administration Manager, consultants from both Mercers and Aon have assisted with identifying if this trend is likely to continue and if so for how long. It is hoped that the outcome of the workload analysis will assist in determining what resource levels will be required within the Operations Team going forward. Further monitoring will continue and an update will be provided at the next Committee meeting.
1.06	<p>Policy and Strategy Implementation and Monitoring</p> <p><i>Administration Strategy</i></p> <p>The latest monitoring information in relation to administration is outlined below:</p> <p><u>Day to day cases</u> – Appendix 3 provides the analysis of the numbers of cases received and completed on a monthly basis up to and including February 2023 since April 2019 as well as how this is split in relation to our three unitary authorities and all other employers.</p> <p>The number of cases completed by the team in November up to and including February was 11,251 compared to 12,614 in the same reporting period last year. The number of incoming cases was 11,344 compared to 11,500 for the same period. It is however important to recognise there will</p>

	<p>be variables which mean a like for like comparison is difficult; the 11,500 included a batch of 500 leaver cases as a result of an employer completing a one-off data cleansing exercise for all casual contract staff members. All back-dated pay award recalculations now have a process allocated to the member record which will be included in the 11,344 and this is an exercise that didn't impact us last year.</p> <p>A successful recruitment campaign in November has resulted in a number of new members of staff commencing employment in January (further information is provided in item 2.01). The team continues to work hard to train new members of staff. The number of open cases has remained consistent, being 5,878 at the end of October and 5,872 at the end of February. It is hoped that once training of new staff members is complete the number of open cases will reduce.</p>
1.07	<p><u>Key performance indicators</u> – Appendix 4 shows our performance against the KPIs that are measured on a monthly basis up to and including February 2023. The summary reports illustrate the number of cases that have been completed over either 3 months or 12 months, as well as the proportion completed within the agreed KPI target timescales.</p> <p>As can be seen, across three months and twelve months, there are a number of KPIs where the number of completed cases has reduced.</p> <p>The key processes that cause some concern are those impacted by the recalculation of benefits due to the retrospective 2022 pay award that was paid in November, these being retirements, leavers, transfers out and deaths. Resource is constantly being reviewed in these areas as the same staff members are responsible for these areas as well as recalculations relating to the retrospective pay awards. The numbers relating to recalculations due to pay awards are not included in the KPIs.</p> <p>As well as the additional work caused by these recalculations, the other key reasons for the reduction in performance against some KPIs are due to the training of new staff and the Christmas holiday period and so it is expected that this will improve, albeit some will improve quicker than others. Staff members continue to work additional hours, if possible, and the priority for the Operations Team continues to be cases where a payment is made either to an individual or a third party. The management of challenging regulatory timescales for significant numbers of cases will continue to be difficult whilst new staff are being trained and appointed following the approval of additional temporary positions by urgent delegation as declared in section 1.10 of this report. Resourcing is considered further later in this report.</p>
1.08	<p>Internal dispute resolution procedures (IDRP) In relation to the cases for 2021/2022:</p> <ul style="list-style-type: none"> • There were seven Stage One appeals against employers. Four have been rejected and three have been upheld <ul style="list-style-type: none"> ○ Of the four that have been rejected or invalidated, one related to non-award of redundancy pension when the member believed they had been made redundant, two were for non-award of ill health retirement, and the fourth is an

- appeal made by a member who is not being permitted to work more than 2 years beyond their flexible retirement date.
- Of the three that have been upheld, all members have now been awarded tier 1 ill health retirement.
- No Stage Two appeals were made during the 2021/2022 scheme year.

In relation to the cases for 2022/2023:

- There are nine Stage One appeals against employers. Three have been rejected, one has been upheld and five are still ongoing.
 - All three that have been rejected relate to non-award of ill health retirement
 - For the one that has been upheld, the member has now been awarded tier 1 ill health retirement
 - The five outstanding appeals relate to either non award of ill health retirement or the member disagreeing with the tier of ill health retirement that they have been awarded.
- One Stage Two appeal has been submitted against an employer. The member appealed that they were only awarded tier 2 ill health retirement. This appeal has been rejected.

	2021/2022			
	Received	Upheld	Rejected	Ongoing
Stage 1 – Against Employers	7	3	4	0
Stage 1 – Against Administering Authority	0	0	0	0
Stage 2 – Against Employers	0	0	0	0
Stage 2 – Against Administering Authority	0	0	0	0
	2022/2023			
	Received	Upheld	Rejected	Ongoing
Stage 1 – Against Employers	9	1	3	5
Stage 1 – Against Administering Authority	0	0	0	0
Stage 2 – Against Employers	1	0	1	0
Stage 2 – Against Administering Authority	0	0	0	0

There are no Clwyd Pension Fund cases that are currently with the Pensions Ombudsman.

1.09

Communications Strategy

Following on from the approval of the new Communications Strategy last year, the Communications Team have been working towards completing the new messaging and branding guidelines which will accompany the logo. We hope to go live with the new logo and branding in April following positive feedback from employers at the Annual Joint Consultative Meeting and at the last Committee meeting.

The Communications Team are also working towards improving engagement with employers and scheme members. The following communications have taken place since the last update:

	<ul style="list-style-type: none"> • Earlier this month, the Fund hosted the first face to face Employer Engagement Session. This enabled employers to network in a relaxed environment and discuss any challenges they might be experiencing in relation to their CPF responsibilities and also offer best practice ideas. The Pension Administration Manager along with all Principal Pension Officers attended. Feedback from the eight employers in attendance was very positive with a further session planned in September. • Twelve emails have been sent to all employers providing information in relation to various matters including LGA training dates, new employee contribution bandings and the auto enrolment thresholds for 2023/2024. A new style Leaver form has also been circulated to employers, giving an opportunity to provide feedback and comments. • Following on from the publication of the annual benefit statements back in August last year a further 29 member 1-2-1 sessions have been completed taking the total to 164 so far this year either virtually or face to face. Going forward, the new Communication Strategy will be looking for alternative means of engaging with scheme members and explaining the content of the benefit statements and what options members have, rather than proactively advertising the availability of 1-2-1 sessions. However should a member request such a session this will, of course, be provided.
1.10	<p>Other key points in relation to communications include:</p> <ul style="list-style-type: none"> • The annual webinars to support members with their taxation queries in relation to the Annual Allowance tax charge have now concluded. The webinars are provided by a taxation specialist from Mercer have proved very popular again this year with an increasing number of members in attendance and additional dates having to be added to meet demand. • Communications relating to the tax changes announced at the March budget and the change to CARE revaluation will also need to be developed and issued to scheme members. • Two bespoke training sessions have been provided giving information to members whose employment is coming to an end and guidance in relation to the Transfer of Undertakings (Protection of Employment) TUPE process. A TUPE transfer ensures that an employee will not lose their existing pensions rights upon the transfer of employment from one employer to another.
1.11	<p>Appendix 5 provides an updated summary of MSS registered users, which illustrates that enrolment to MSS continues to level out with the total number of members that have registered remaining at just over 50% of the scheme membership. The number of members that have opted for paper correspondence has also remained static with approximately 17% of the scheme membership opting for this method of communication. Focus continues to be on those members who have not declared a communication preference and are therefore potentially not receiving important information about their benefits. A further push will be made in</p>

	<p>the coming months to engage with these members as part of the Pension Dashboard data preparations.</p> <p>For those members that are registered on MSS, use of the facilities within MSS continues to increase. During the four month reporting period:</p> <ul style="list-style-type: none"> • 141 members have requested a retirement pack for their deferred benefit via MSS • the benefit projector continues to be a very popular function with 15,357 benefit projections having been calculated using MSS functionality • there have also been 435 changes to member's expression of wish details, 512 address updates and 41 bank account changes.
1.12	<p>Delegated Responsibilities</p> <p>A request to temporarily increase the Administration Section establishment has been approved using delegated responsibilities since the last committee meeting. Further details are contained within Appendix 6.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>Since the last update, the five vacant positions (a mixture of full-time and part-time) have been filled following a successful recruitment campaign. As a result of the recruitment campaign, a number of additional candidates were identified who could immediately be offered a position to assist with increased workloads due to a number of short-term issues including:</p> <ul style="list-style-type: none"> • Retrospective pay award recalculations • General increase in the number of retirement cases • Employer data cleansing exercises • One-off projects <p>An urgent delegation was requested (as detailed in section 1.10 of this report) for an additional 5 full time equivalent (FTE) staff members to temporarily increase the administration section establishment. Following approval using the appropriate delegation, 2.4 of the 5 additional temporary positions have been appointed to. The remaining 2.6 positions will be advertised shortly and an update will be provided at the next meeting.</p> <p>To help manage and train the additional staff members, the budget for a new temporary Principal Pensions Officer has been requested as part of the 2023/24 budget (see separate Business Plan and Budget agenda item). The intention is that this role will lead a project team that will focus on ad-hoc project work. It is hoped that by ringfencing business as usual work from project work, this will enable the re-prioritisation of day-to-day calculations within the Operations Team, resulting in a reduction in the number of open cases and improvement in the KPIs.</p> <p>As mentioned in the November Committee update, it is proposed that any remaining vacant Pension Officer positions are recruited at the lower</p>

	<p>Pension Assistant grade where recruitment is likely to be easier, albeit it is recognised this will result in a greater level of training with the successful candidate(s).</p> <p>Due to the significant recruitment of new staff members, training requirements will be very labour intensive and improvements are not expected in the short term. In the longer term, recruiting a potential project team within the Administration Team will assist with peaks in workload and also enable adequate succession planning and evaluation of team structures.</p> <p>Staffing levels will be continuously reviewed within the McCloud, ELT and Administration teams.</p>
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3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None directly as a result of this report.

4.00	RISK MANAGEMENT
4.01	<p>Appendix 7 provides the dashboard and the extract of administration and communications risks. The only risk with any key changes made to it since the November Committee is as follows:</p> <ul style="list-style-type: none"> • Risk number 1 - Unable to meet legal and performance expectations (including inaccuracies and delays) due to staff issues. As described in this report, following a successful recruitment campaign and the approval to appoint additional temporary staff it was considered appropriate to reduce the current likelihood of this risk from Very High to Significant. As mentioned earlier in the report, staffing levels will continue to be reviewed and appropriate action taken if required.
4.02	<p>The key risks which are furthest from target continue to be:</p> <ul style="list-style-type: none"> • Risk number 1 - Unable to meet legal and performance expectations (including inaccuracies and delays) due to staff issues. • Risk number 2 - Unable to meet legal and performance expectations (including inaccuracies and delays) due to employer issues. • Risk number 3 - Unable to meet legal and performance expectations due to big changes in employer numbers or scheme members or unexpected work increases. • Risk number 6 – Service provision is interrupted due to system failure or unavailability.
4.03	<p>There has been a fundamental review of the risk register and, as a result, there have been a number of changes to the wording within the risk register to ensure it is fully up to date in relation to the risk descriptions, current controls in place and outstanding actions.</p>

5.00	APPENDICES
5.01	<p>Appendix 1 - Business Plan 2022-23 to 2024-25</p> <p>Appendix 2 – McCloud Programme update report</p> <p>Appendix 3 – Analysis of cases received and completed</p> <p>Appendix 4 – Key Performance Indicators</p> <p>Appendix 5 – Member Self Service update</p> <p>Appendix 6 – Urgent Delegations</p> <p>Appendix 7 – Risk register update</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> • Report to Pension Fund Committee – Pension Administration Strategy (March 2021) • Report to Pension Fund Committee – Communications Strategy (June 2022) • Report to Pension Fund Committee - 2022/23 Business Plan (March 2022) <p>Contact Officer: Karen Williams, Pensions Administration Manager Telephone: 01352 702963 E-mail: karen.williams@flintshire.gov.uk</p>

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>

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| <p>(f) TPR – The Pensions Regulator – A government organisation with legal responsibility for oversight of some matters relating to the delivery of public service pensions including the LGPS and CPF.</p> <p>(g) SAB – The national Scheme Advisory Board – The national body responsible for providing direction and advice to LGPS administering authorities and to DLUHC.</p> <p>(h) DLUHC – Department of Levelling Up, Housing and Communities
– The government department responsible for the LGPS legislation.</p> |
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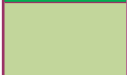


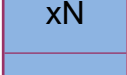

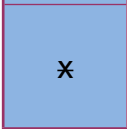
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Business Plan 2022/23 to 2024/25 – Q4 Update

Administration, Communications & Employer Liaison Team

Key Tasks

Key:

	Complete
	On target or ahead of schedule
	Commenced but behind schedule
	Not commenced
	Item added since original business plan
	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

Administration (including Communications) and Employer Liaison

Team Tasks

Ref	Key Action –Task	2022/23 Period				Later Years	
		Q1	Q2	Q3	Q4	2023/ 24	2024/ 25
Essential Regulatory Driven Areas							
A1	Preparation of Member Data for Valuation and Funding Reviews	x		-	-		
A2	McCloud judgement	x	x	x	x	x	
A3	National Pensions Dashboard			x	x	x	
Priority Fund Driven Projects							
A6	Review Administration & Communications Related Policies and Strategies	x			x		x
A7	Review pensioner existence checking	x	x	x	x		
A8	Conduct appropriate procurement and implementation (if necessary) for CPF administration system	x	x	x	x	x	
A9	Develop and implement a refreshed communications strategy	x	x	x	x	x	x
Lower Priority Fund Driven Projects							
A10	Trivial Commutation			x	x	x	
Employer Liaison Team (ELT) Projects							
E1	McCloud ELT Services	x	x	x	x	x	
E2	Expand ELT to more employers					x	

Administration, Communication and Employer Liaison Team Task Descriptions

Essential Regulatory Driven Areas

A1 – Preparation of Member Data for Valuation and Funding Reviews

What is it?

The triennial actuarial valuation as at 31 March 2022 requires the pension administration team to provide data to the actuary. This involves an additional year end cleansing exercise post 31 March 2022 to ensure the data is of sufficient quality for the valuation and to then rectify any anomalies discovered during the valuation process. The CPF data is expected to be more robust than in previous years due to ongoing work implementing i-Connect and dealing with backlogs. An interim valuation was completed during 2021/22 where some initial data validation has been completed already, which highlighted an area to investigate. As a result further work will be done working with employers to close down casual workers records where appropriate.

It is hoped that data can be submitted to the Fund actuary by early July with any data cleansing being investigated and responded to by 31 July 2022.

Timescales and Stages

Preparation of data for 31 March 2022 valuation	2022/23 Q1 to Q2
Investigating and responding to data queries from Fund Actuary	2022/23 Q2

Resource and Budget Implications

This will be carried out by the Technical Team in the main with assistance from the rest of the Operations Team depending on the requirements. All internal costs are being met from the existing budget. The work by the Fund Actuary is also included in proposed budget for 2022/23.

A2 – McCloud judgement

What is it?

The McCloud case has highlighted that the protections given to older members on the introduction of the new CARE schemes for Firefighters and Judges in April 2015 were unlawful age discrimination. This case impacts other public service pension schemes including the LGPS (where the new CARE scheme from April 2014 included a statutory underpin for older members). MHCLG (now DLUHC) issued a consultation setting out its proposals for implementing the McCloud judgement in the LGPS in July 2020. This focused on remedies which will result in changes to scheme benefits some of which will be retrospective. DLUHC's response to the consultation feedback is expected in Summer 2022, along with LGPS regulations. The primary legislation which will enable remedial changes to the LGPS is currently working its way through Parliament.

From an administrative perspective, the impact of the court case is expected to result in a change to how benefits are calculated for a large number of scheme members including members who have left. This is likely to significantly impact on administration processes and systems as well as requiring a robust communication exercise with employers and scheme members. The additional resource requirements are significant. Whilst regulations are awaited, the focus is on:

- ensuring any existing backlogs or data cleansing are cleared
- fast-tracking training within the team to ensure wider and more senior work knowledge across the existing team members
- collecting data required to calculate the statutory underpin

The Fund has established the McCloud programme to implement the remedy for Clwyd Pension Fund. This includes some team members who will be 100% dedicated to this work for the duration of the programme.

Timescales and Stages

Data collection from all employers (commenced during 2020/21)	By 31/05/2022
Validate data from all employers (commenced during 2020/21)	By 31/08/2022
Use of interface to upload data / data cleansing	2022/23 Q1 to Q3
Load all data onto Altair	By 31/12/2022
Final regulations come into force benefit recalculations can be made	Estimated 01/04/2023
Verifying impact on members and benefit recalculations	By 30/04/2023

Resource and Budget Implications

Although the work is being led and managed by a separate CPF McCloud programme team, it will impact across all of the Administration Team. An estimated allowance for additional resource has been included in the 2022/23 budget, which assumes 7.5 FTE internal posts, 2 of which are within ELT and therefore will be recharged to employers using that service. There are also additional costs relating to consultancy (including programme management which has been outsourced), incidentals such as postage and printing, and system costs. The budget for 2022/23 is £623k in total.

A3 – 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 consultation was undertaken by Government in early 2019 which sought views on the potential phasing of the introduction of the pensions dashboards as well as how the architecture, funding and governance arrangements would work. The Pension Schemes Act 2021 provides the legal framework for implementing the dashboard. A consultation on

regulations closes on 13 March 2022 and these draft regulations include more detail on the requirements to participate in the Pension Dashboard for schemes and clarify that public sector pension schemes will be expected to initially onboard between October 2023 and April 2024. The Pensions Administration Manager is participating in a PLSA working group on the development of the Dashboard. The CPF has also volunteered to be part of the testing of the pension dashboard enhancements being integrated into the administration software.

Timescales and Stages

Development and testing of software (estimated)	2022/23 Q3 to Q4 and 2023/24
Likely launch period	2023/24

Resource and Budget Implications

Resource and budget implications cannot be fully determined until more detail is available. Additional budget may be necessary if work is to commence in 2022/23.

Priority Fund Driven Projects

A6 - Review Administration and Communication Related Policies and Strategies

What is it?

The CPF Administration Strategy was last approved at the May 2021 PFC and the CPF Communications Strategy was last approved at the September 2019 PFC. The strategies state that they will be reviewed at least once every three years to ensure they remain relevant and up to date. The Communications Strategy is undergoing a more fundamental review and that work is included in A9 below.

There are a number of other administration and communications related policies that also need to be reviewed regularly as shown in the table below.

Timescales and Stages

Review of Administration Strategy (last approved May 2021)	2024/25 Q1
Review of Communications Strategy (last approved September 2019)	2022/23 Q1
Review of Scheme Pays Policy (last approved April 2019)	2022/23 Q1
Review of Administering Authority Discretionary Policy (last approved April 2019)	2022/23 Q1
Review of Under / Overpayment Policy (approved September 2021)	2024/25 Q2
Personal Data Retention Policy (assuming reviewed March 2022)	2024/25 Q4
Policy for Administration and Communications of Tax Allowances to Scheme Members (new policy – assuming approved March 2022)	2024/25 Q4

Resource and Budget Implications

This will be led by the Pensions Administration Manager. All costs are being met from the existing budget other than the review of the Communications Strategy where Aon’s costs are included within the budget for 2022/23.

A7 – Review pensioner existence checking

What is it?

When a scheme member retires, a pension is put into payment following the retirement process being completed. Dependants’ pensions are often paid following the death of a pensioner. These pensions are paid continually until the Fund is notified of the pensioner’s/dependant’s death which could be by a relative, executor or another via another source, such as TellUsOnce or the member’s bank. As the Fund relies on notification of the pensioner’s/dependant’s death, there is a chance that pension payments could continue in error where the pensioner’s/dependant’s death is not notified or identified in a timely manner, either unintentionally or as a result of fraud from a person connected to the pensioner/dependant. Whilst the Fund is confident that adequate reporting procedures are in place for UK residents through the National Fraud Initiative (NFI) and monthly mortality reporting via ATMOS, it is important that from time to time the Fund verifies that all overseas pensioners or dependants currently receiving a pension are still alive so that pensions for any person who cannot be verified do not continue to be paid. This exercise was last conducted in 2014 using a paper based verification exercise for all pensioner/dependants. There are now more efficient and effective ways to carry out pensioner existence checking through specialist providers. It is planned to review the appropriateness of the current processes in place to manage fraud in the event of death of pensioners/dependants, and put in place a fraud policy. This is likely to result in an additional process for overseas members by procuring an external provider to assist in pensioner existence screening (known as mortality screening).

Timescales and Stages

Review current processes and develop Fraud Policy	2022/23 Q1 to 3
Procurement of an external provider to assist with mortality screening	2022/23 Q1 to 2

Resource and Budget Implications

To be led by Pension Administration Manager and Principal Pensions Officer - Technical. All internal costs are being met from the existing budget albeit there will be additional costs relating to the external provider which are not yet known – an allowance of £5k has been included in 2022/23 for this.

A8 - Conduct appropriate procurement and implementation (if necessary) for CPF administration system

What is it?

The Fund has a rolling one-year contract with Heywood Pension Technology 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. 2019 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 to defer this. Between 2019 and 2021 CPF worked with other founder authorities to develop a national framework for LGPS administration systems. Now that the framework is in place, it will be used for the Fund to carry out their own tender for an administration system. Should a new software supplier be appointed, there will be a significant amount of work required to migrate to the new system.

Timescales and Stages

Conduct appropriate procurement for CPF administration system	2022/23 Q1 to Q3
Transition to new administration system if required	2022/23 Q4 to 2023/24

Resource and Budget Implications

To be led by Pension Administration Manager and Principal Pensions Officer - Technical. The current year system costs will be higher than 2021/22 if the existing provider is maintained due to license fees. This has been incorporated into the existing budget as the minimum costs this year. If transition to a new system is required, there are likely to be significant transition costs and the ongoing cost of systems included in the budget will need to be increased appropriately.

A9 – Develop and implement a refreshed communications strategy

What is it?

Fund members often have questions, need information or require a process to be completed by the Fund; this can equally apply to the Fund’s employers. For Fund members, these points of engagement are the key time to increase awareness of the benefits of the Fund and how it works, encourage members to take ownership of their pension and maintain and build positive member experiences wherever they are on their journey. They rely on efficient processes and data coming from employers and the Fund can also enhance efficiency through better use of technology in its communications.

The initial elements of this project will focus on communications with scheme members and will involve:

- Research into member preferences and effectiveness of new communications through focus groups, revised member/employer surveys and a review group to test proposed new communications.
- Creating a communication plan that ensures communication reaches members at the moments that matter to them, which will require a new approach such as segmenting

communication by age and focussing on more visual and shorter digital communications.

- Developing messaging and branding for consistent use in all Fund communications ensuring all communications are recognisable, understandable, and accessible for scheme members, employers and other stakeholders.
- Creating a visual roadmap showing members 'moments that matter' to help them understand the value of their pensions and take key decisions.
- Developing a range of videos/webcasts (for loading on the Fund's website) for employers and scheme members relating to various subject matters.
- Reviewing the structure and content of the Fund's website.
- Driving greater use of online services, such as Member Self-Service, through phased promotion exercises and continuing to develop the range of online processes that are available.
- Continuing to focus on collecting email addresses through redesigning of all forms.
- Measuring against a new Fund's communications efficiency objective through monitoring time spent on member 1-2-1s and phone calls for all Administration Team members.

Any changes to how we engage with employers and other stakeholders, in line with the new Communications Strategy, will be considered in 2023/24.

Timescales and Stages

Approve revised Communications Strategy (as per A6 above)	2022/23 Q1
Recruit new Communications Officer	By 2022/23 Q1
Run focus groups and establish test review group for new communications and plan approach to annual surveys (and run first survey)	2022/23 Q1 & Q2
Create a new communication plan	2022/23 Q2 & Q3
Develop messaging and branding guidelines	2022/23 Q1 & Q2
Review the structure and content of the Fund's website	2022/23 Q1 to Q3
Develop initial phase of videos and webcasts for the website	2022/23 Q1 to Q4
Drive greater use of MSS through promotion exercises and develop ongoing plan for promotion	2022/23 Q1 to Q4
Continue to develop the range of online processes	2022/23 Q1 to Q4
Finalise redesign of forms to collect email addresses	2022/23 Q1 to Q4
Ongoing development and delivery of communications relating to new communication plan	2022/23 to 2024/25
Measure efficiency improvements through logging 1-2-1s and telephone calls	2022/23 to 2024/25
Create and deliver a visual roadmap (the journey to retirement)	2023/24
Consider engagement with employers and other stakeholders	2023/24

Resource and Budget Implications

These projects involve a mix of the various teams within the Administration Team with external support from Aon. Internal costs are being met from the existing budget and external consultancy costs are included within Aon's budget for 2022/23. The ability to deliver on these areas to these timescales may depend on resourcing within the Administration Team and in particular whether and when the vacant Communications Officer post is filled.

Lower Priority Fund Driven Projects

A10 - 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	2022/23 Q3
Communicate with eligible members and pay lump sums	2022/23 Q4 to 2023/24
Identify members eligible to commute under £30,000	To be determined
Communicate with eligible members and pay lump sums	To be determined

Resource and Budget Implications

It is hoped that the first stage of this work (relating to the £10k cases) can be completed internally within the existing budget. This is likely to be led by the Technical and Payroll Team with some assistance from the Operational Team.

Employer Liaison Team Projects

Understanding the continuing pressure on resources and budgets for employers and the administering authority, the CPF offers 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 undertakes outstanding requests for information in order to cleanse the pension records. All ELT costs are recharged to employers using the ELT service through their employer contribution rate. Resources continue to be reviewed to meet demand depending on ongoing employer uptake. The total budget allocated for 2022/23 is £363k which includes £62k of staffing costs to allow for two new posts if required. £60k of this total budget relates to temporary McCloud services.

E1 – McCloud ELT Services

What is it?

Provide and continue developing ELT services in relation to data provision and other ongoing support to assist with the impact of the McCloud Judgement.

Timescales and Stages

Assisting employers with data collation for McCloud	2022/23 Q1 to 4 and 2023/24
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**Cronfa Bensiynau Clwyd
Clwyd Pension Fund**

Administered by



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Clwyd Pension Fund
McCloud Programme Update

Prepared for: Clwyd Pension Fund Pension Fund Committee

Prepared by: Aon

Date: 15 March 2023

High level Programme Plan

Key	Description
Complete	Complete
On track	On track
Overdue	Overdue
At risk	At risk
Not started	Not started

Workstream /key deliverables	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Regulations														
i. Submit Fund response (milestone 1)	X													
ii. Consultation response & draft regulations from DLUHC (milestone 2)										X				
iii. Ministerial statement			X											
iv. Regulations made (milestone 3) – estimated												X		
v. Regulations come into force (milestone 4)*													X	
Communications workstream														
i. Pensions Saving Statements issued	X													
ii. Pensions Extra issued	X													
iii. Other McCloud communications			X	X	X	X	X	X	X	X	X	X	X	X
Data workstream including Heywood McCloud data solutions														
i. Data collection template, decision process and collection protocol & employer questionnaire	X	X	X											
ii. Employer engagement – pilots, 1to1s, monitor/manage timetables		X	X	X										
iii. Data collection from employers, review & validate data		X	X	X	X	X	X	X	X	X	X			
iv. Data validations protocol, draft, approval						X	X	X	X	X	X			
v. Heywoods’ tools - New Insights report, Interface & McCloud data views								X	X	X	X			
vi. Upload data to Altair, testing, final										X	X			
vii. Further data cleansing / manual input										X	X			
Funding, accounting and cashflows workstream														
i. Agree plan with actuary on funding implications, conts etc										X	X			
ii. Delivery - TBC										X	X	X	X	X
Ongoing administration														
i. Scoping workstream								X			X			
ii. Delivery								X	X	X	X	X	X	X
Benefits rectification														
i. Scoping workstream								X	X	X	X			
ii. Receive further details and patch releases of initial Heywood functionality, testing					X	X	X	X	X	X	X			
iii. Delivery (other)								X	X	X	X	X	X	X
Programme meetings														
i. Workstream meetings including governance	X	X	X	X	X	X	X	X	X	X	X	X	X	X
ii. PMG / SG meetings		X	X	X	X	X	X	X	X	X	X	X	X	X

*Latest update suggests that regulations could come into effect as late as October 2023 (previously April 2023)

Key	Description
	Complete
	On track
	Overdue
	At risk
	Not started

Programme background: The Court of Appeal has ruled that changes to public service pension schemes, including the LGPS, for future service made in 2014 and 2015, were discriminatory against younger members. The Government eventually gave a commitment to make changes to all public service pension schemes to remove discrimination.

Programme purpose: To implement the regulations the Government will make to remedy the discrimination against younger members of the LGPS for the Clwyd Pension Fund.

Key deliverables 1 September 2022 – 30 June 2023

Programme workstream deliverables / Description	Responsibility	Sign-off	Deadline	Notes	Status
<p>1. Data collection – checking, validations & uploading</p> <ul style="list-style-type: none"> i. Data collection ii. Data checking and quality analysis (data validation procedure) iii. Data uploading to Altair 	Data workstream	PMG	March 2024	<p>McCloud team to formed a proposal around data validation process – PMG approval provided in October 2022.</p> <p>Data collection expected to be complete by end September 2023 for all of the in scope membership. Following this, data validation process will commence in September 2023 and loaded to Altair and fully validated by end March 2024, however these targets are currently under review.</p> <p>PMG sign off required before upload commences</p>	In progress
<p>2. Heywoods’ tools</p> <ul style="list-style-type: none"> i. New Insights report (uploads check), Interface & McCloud data views 	Data workstream	PMG	March 2023	Discussions with Heywoods taking place around the new Insights report, Interface and McCloud data views. CPF have confirmed their requirements around the Insights report.	In progress
<p>3. McCloud communications</p> <ul style="list-style-type: none"> i. Clwyd catch up – McCloud article ii. Combined DBS / newsletter - McCloud wording iii. ABS / newsletter – McCloud wording 	Comms workstream	PMG / SG	<ul style="list-style-type: none"> March 2023 May 2023 June 2023 	Various communications including wording in respect of McCloud.	In progress
<p>4. Consultation outcome announcement / ministerial statement / regulations</p>	n/a	n/a	Autumn 2022 to Autumn 2023	<p>Consultation announcement from DLUHC which was expected in 2022, now expected Spring 2023. It is expected to provide clarity in a number of areas and will be followed by a consultation on a further set of draft regulations and other areas for consideration.</p> <p>The LGPS regulations will be made later in 2023 and come into force on 1 October 2023 (noting previously this was “on” 1 April 2023). Guidance is also expected from SAB/DLUHC.</p>	In progress
<p>5. Programme meetings</p> <ul style="list-style-type: none"> i. Data workstream (every 3 weeks) ii. Communications workstream (2 per quarter) iii. Ongoing administration workstream (frequency to be agreed) iv. PMG (2 per quarter) v. SG (bi-annually) 	Programme Manager	n/a	Ongoing	<p>Ongoing administration workstream meetings commenced late 2022, with regular meetings to be scheduled over 2023 once regulations are available. Benefits rectification workstream expected to commence in Q2 / Q3 2023</p> <p>Update reports provided to SG where full meetings are not deemed required.</p>	In progress

Programme success criteria (SC)

SC1	Identify in-scope members with 100% accuracy
SC2	Obtain and load to the administration system all data required to calculate final salary underpin, adopting agreed assumptions where data cannot be reasonably obtained
SC3	Administration processes and systems are all amended and operate in line with the regulations from the effective date
SC4	Benefit rectification is completed accurately for all affected members by the required/agreed date
SC5	Member communications are effective, evidenced by few queries and complaints
SC6	Automation minimizes the impact on resources and SLAs/KPIs during implementation, rectification and ongoing administration
SC7	The programme is completed without unplanned disruption to business as usual and other Clwyd Pension Fund projects
SC8	The programme is completed within budget and timescale (subject to reasonable tolerances), noting that these will be agreed and reassessed from time to time throughout the programme.
SC9	The additional costs falling to employers transpire to have been reasonably estimated at the 2019 actuarial valuation

Programme Risks – current risks furthest from target

There are several risks that the programme's success criteria will not be achieved – these have been identified by CPF's programme management, are captured in a formal risk log and monitored on an ongoing basis. The current risks that are red and furthest from target are shown on in the table below. Note that four of the risks previously reporting as being furthest from target to the Pension Fund Committee (5, 6, 30, 39) have subsequently been downgraded based on the current position of the programme.

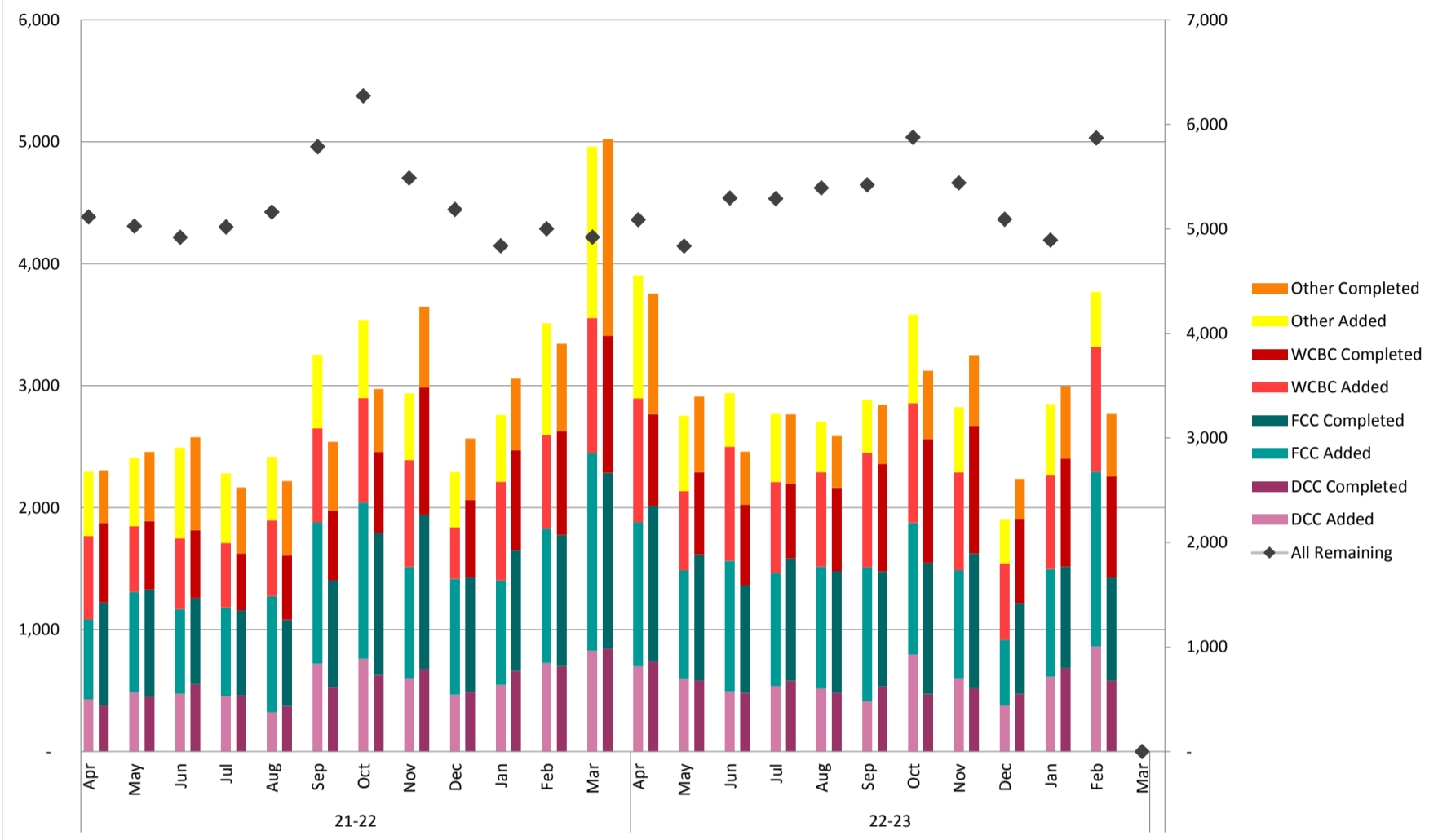
Risk no	Risk overview (this will happen)	Risk description (if this happens)	Programme Group	Owner	Success criteria at risk	Current risk impact	Current risk likelihood	Current risk status	Proposed controls in place	Target risk impact	Target risk likelihood	Target risk status
3	Unable to load data efficiently and accurately, and in a timely manner	Data cannot be loaded onto the system in an efficient, accurate and timely manner, leading to project delays or issues with the underpin calculation. Risk covers inappropriate data format provided from employer as well as issues with uploading the data into the interface.	Data Workstream	Jayne Taylor	SC1, SC2, SC8	Critical	Very High (65%)		<ol style="list-style-type: none"> 1. Early engagement with Heywood on a one to one basis. 2. Initial virtual meeting and ongoing one-to one meetings with employers to highlight strict data requirements/formats. 3. Full instructions, including checklist provided to all employers at initial engagement stage. 4. Ongoing discussions around resourcing including upskilling and flexibility of employees. 	Negligible	Unlikely (5%)	
13	Final regulations	Regulations are delayed, do not meet objectives or are subject to further challenge, leading to programme delays (including delay in toolkit production) and impact on budgets	Programme Management Group	Karen Williams	SC7, SC8	Critical	Extremely High (80%)		<ol style="list-style-type: none"> 1. Thorough project planning. 2. Attendance of VB & KM on working groups allowing stakeholders to keep abreast of developments. 3. Ongoing engagement with Heywood, volunteered as testing site. 4. Manual uploads with some of the smaller employers. 	Critical	Very Low (15%)	

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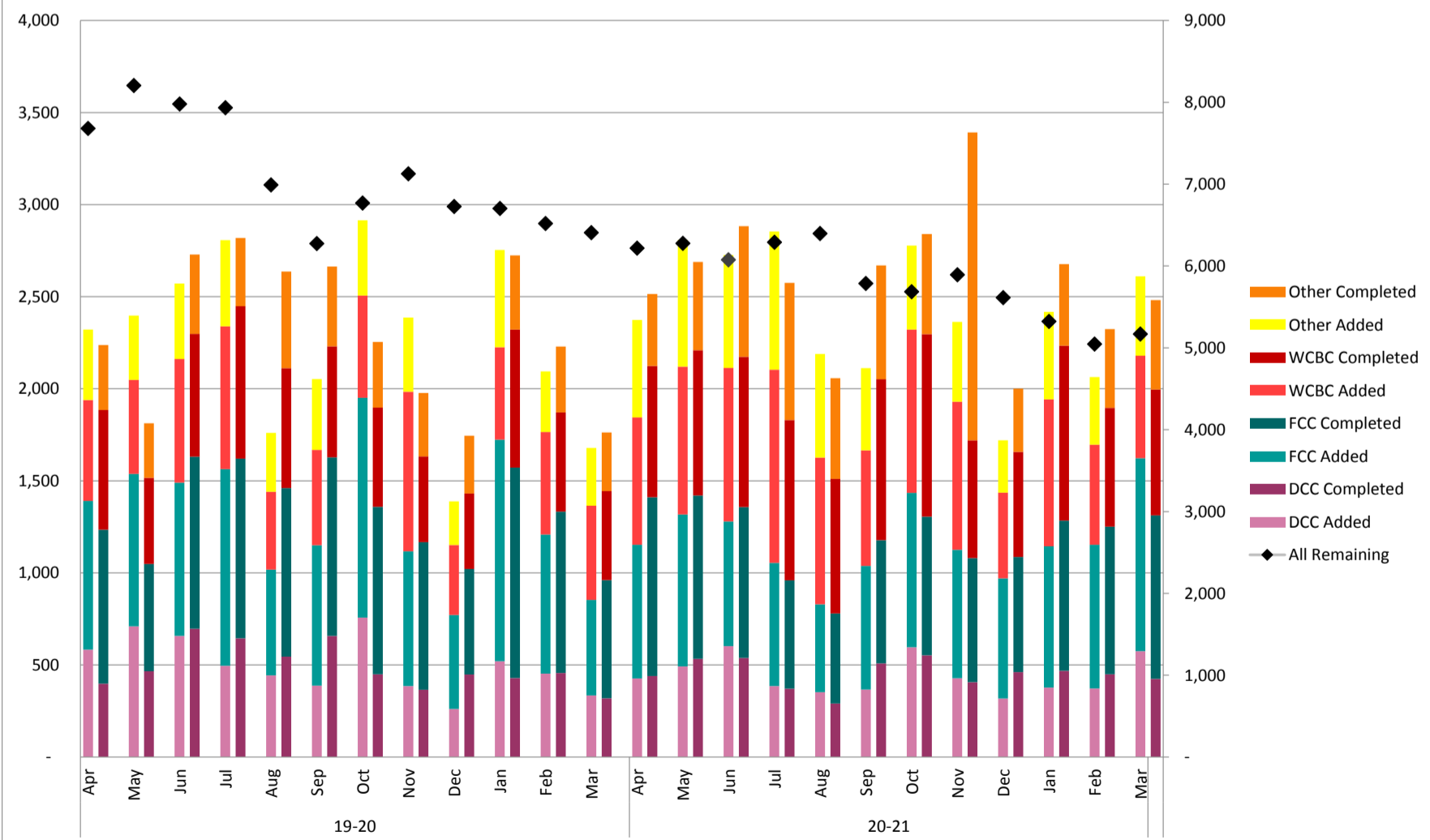
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Case Levels – Current and Previous Year



Case Levels – Historical



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Key Performance Indicators

The following pages show the performance against the key performance indicators (KPIs) which have been agreed within Clwyd Pension Fund's Administration Strategy. They cover thirteen areas of work, and for each there is a KPI for each of the following:

- The legal timescale that must be met
- The overall timescale for the process (including any time taken by employers and/or scheme members)
- The timescale relating to the Clwyd Pension Fund administration team only

The KPIs are specific to each process (as set out in the Administration Strategy) and illustrated by the graphs are as follows:

		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 (i.e. 2 months)	30 working days from receipt of all information
2	To inform members who leave the scheme before retirement age 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) 3 or within a reasonable period (cash transfer sum)	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	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 to beneficiary from date of becoming aware of death, or from a 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
8	Calculate and Notify member of CETV for Divorce/Dissolution Quote	3 months from the date of request	46 working days from date of request	20 working days from receipt of all information
9	Calculate and Notify members of Actual Divorce Share	4 months from the date of the pension sharing order, or the date where all sufficient information is received to implement the order	46 working days from date of request	15 working days from receipt of all information
10	Calculate and pay a Refund of contributions	Not applicable	13 working days from receipt of request	10 working days from receipt of all information
11	Calculate and Pay retirement lump sum	Not applicable	Not applicable	15 working days from receipt of all information
12	Calculate and Notify member of Deferred Benefits	Not applicable	76 working days from date of leaving	30 working days from receipt of all information
13	Initial letter acknowledging death of member	Not applicable	Not applicable	3 working days from receipt of all information

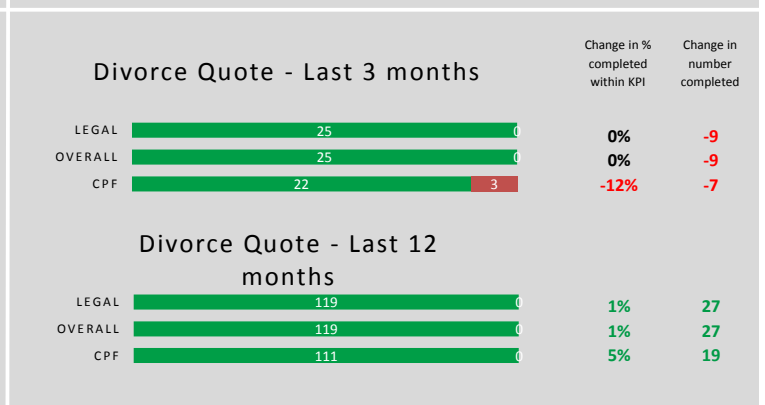
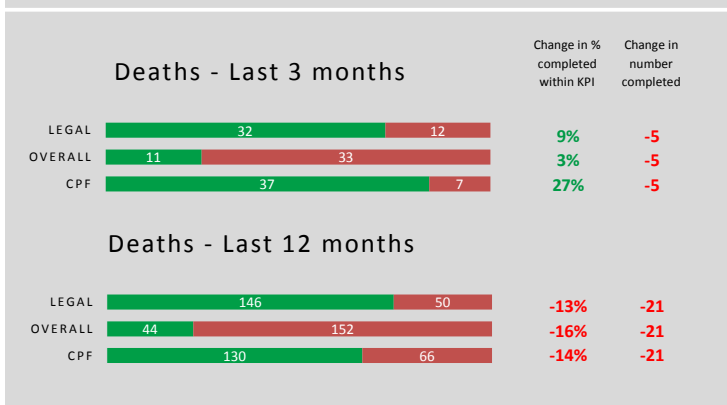
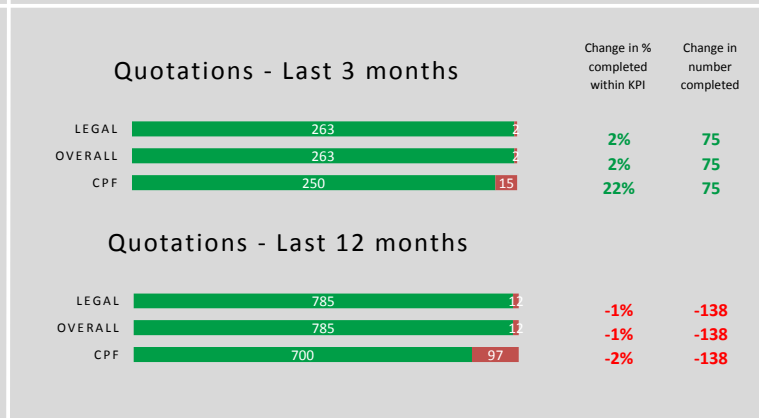
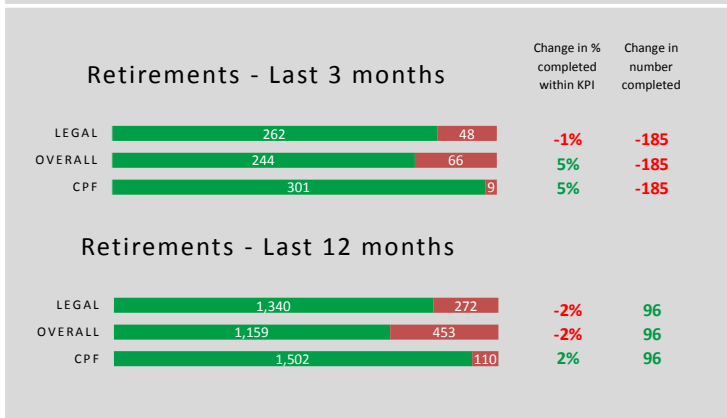
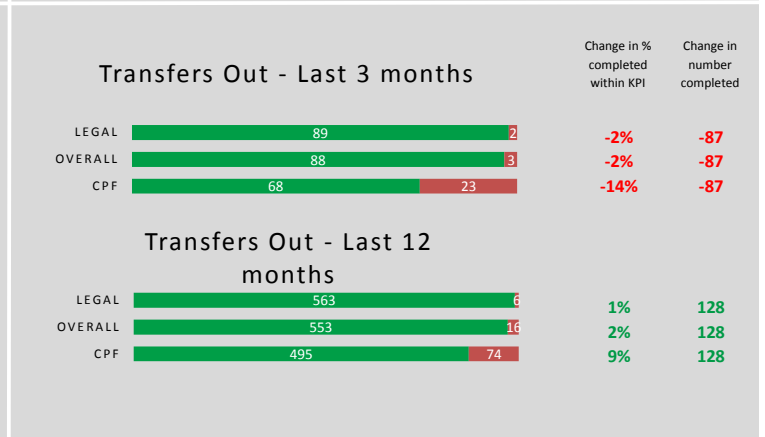
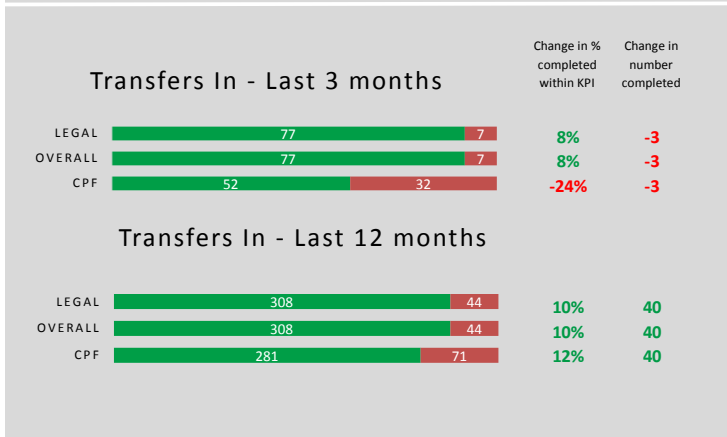
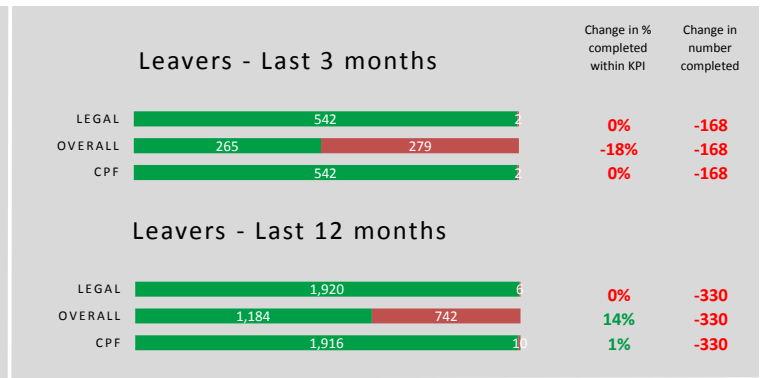
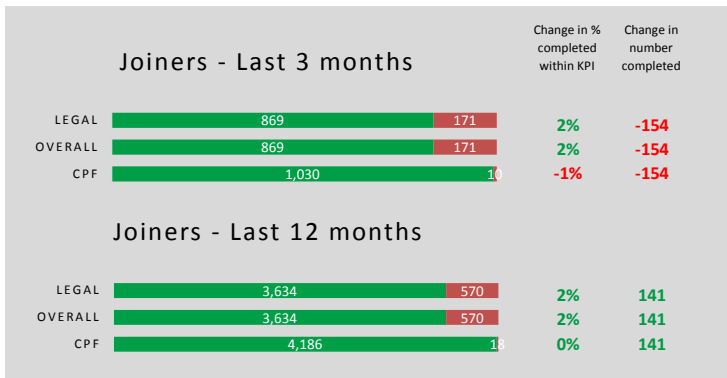
Interpretation of graphs

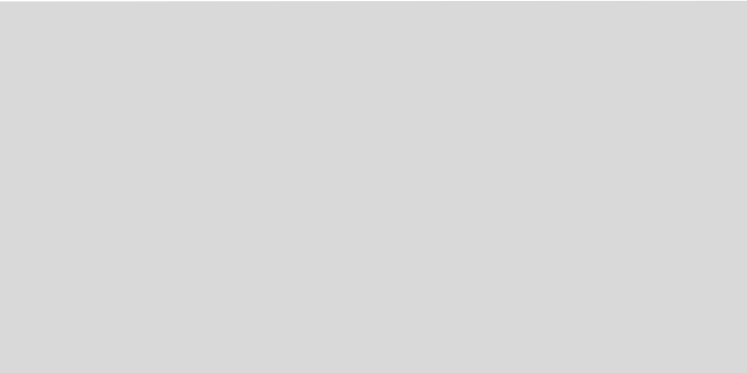
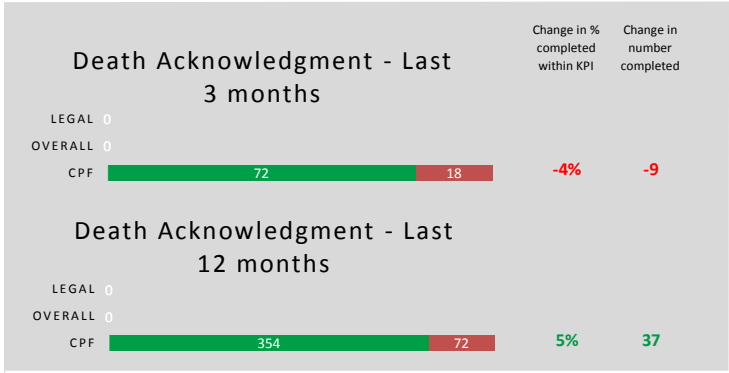
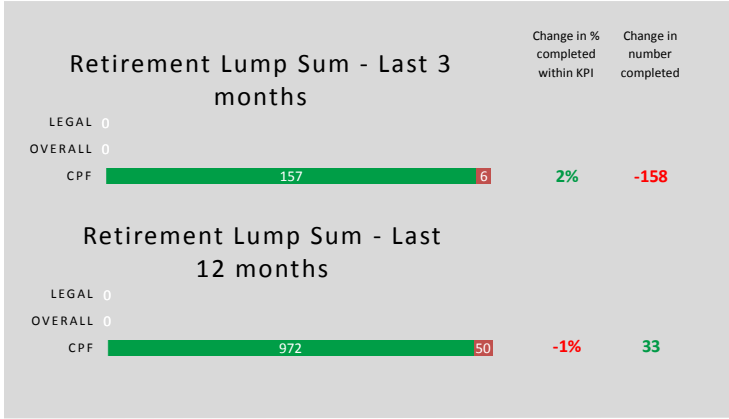
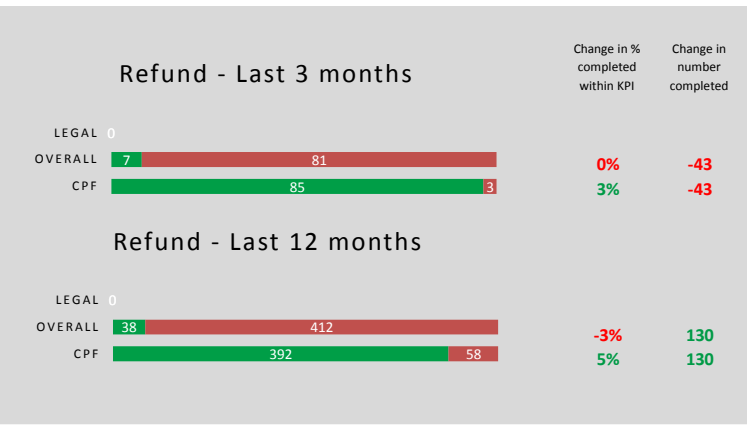
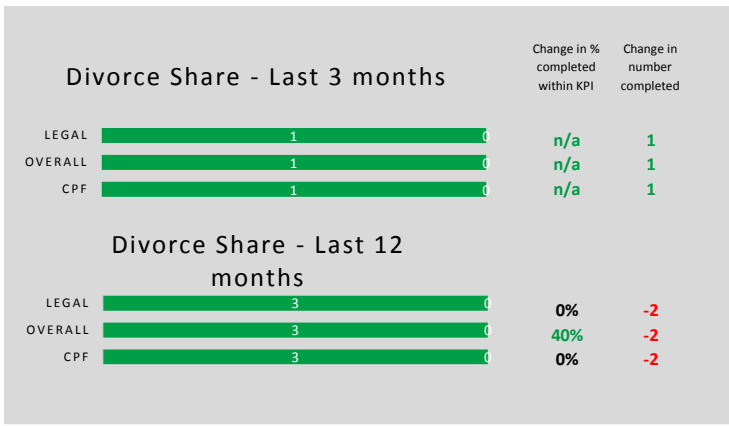
One graph has been provided for each KPI in the table above.

This is illustrated further below.

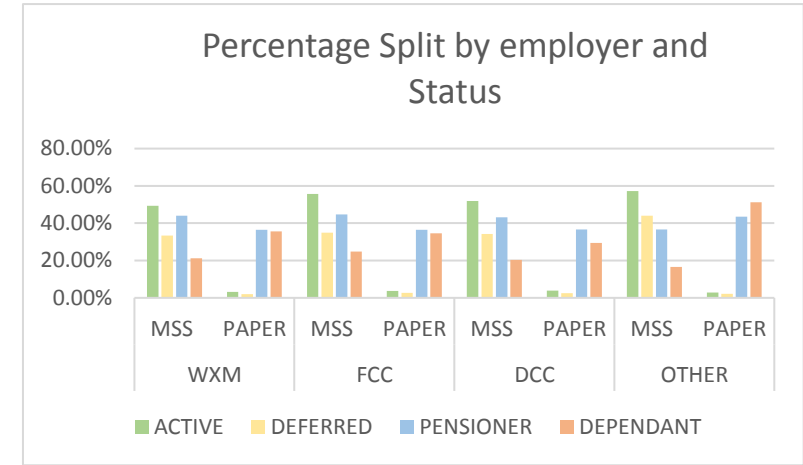
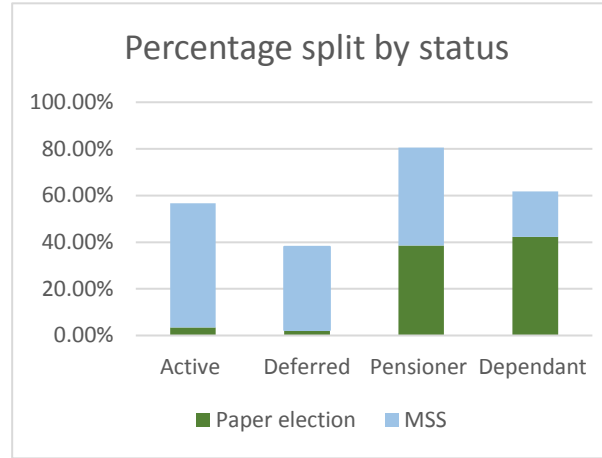
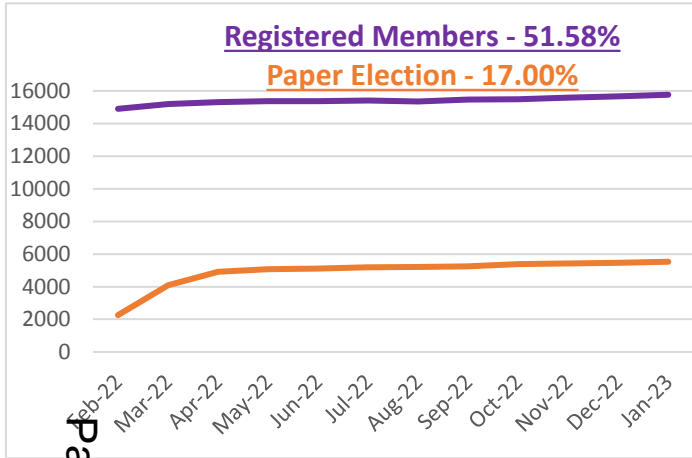


Key Performance Indicators - Executive Summary - to February 2023





Member Self-Service: 01/10/2022 – 31/01/2023



Update from 01/10/2022 – 31/01/2023

As at 31/01/2023 51.58% of our members have registered for MSS. This means that the percentage of registered members has increased by 0.96% since our last update.

As at 31/01/2023 17.00% of our members have opted for paper correspondence. This percentage has increased by 0.83% since our last update.

The Clwyd Pension Fund is currently improving our registration process for Member Self-Service. The new process will make it easier for members to register and is due to go live in April 2023. As part of the new process, we will be including a video on MSS which will explain how to register to use the online portal.

We have also made our process easier for members who want to confirm their communication preference as 'paper'. We are now able to accept these updates on the telephone, so long as the member passes full security questions for their communication preference to be updated on their pension account.

(Statistics between 01/10/2022 to 31/01/2023: (123 days))

Contact Us Tasks

- 490** **MSSKEY** Key requests
- 141 SSFCASE (pay deferred)
- 90 MSSENQ Enquiry tasks
- 8 MSSEST Estimate tasks
- 50 MSSRET Retirement tasks
- 16 MSSTVT Transfer tasks
- 305** Contact Us 2.48 p/day
- 512** **MSSADD** Address update
- 41** **Bank** details updated

Benefit Projections

15,357 benefit projections calculated

Avg 124.86 per day

Expression of Wish

435 changes of expression of wish

3.54 per day

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CLWYD PENSION FUND

SCHEME OF DELEGATION

The Clwyd Pension Fund has certain functions which are delegated to the Chairman, Vice-Chairman and/or Officers of the Fund by the Pension Fund Committee. This paper outlines the decision made, the powers under which it is made, when the decision was taken, and by whom.

DELEGATED POWERS BEING USED (extracted from agreed PFC delegations):	Delegation:	Other urgent matters as they arise.
	Delegated Officer(s):	HCPF and either CFM or CMHR , subject to agreement with Chair and Vice Chair (or either, if only one is available in timescale)
	Communication and Monitoring of Use of Delegation	PFC advised of need for delegation via e-mail as soon as the delegation is necessary. Result of delegation to be reported for noting following PFC.

SUBJECT:	Temporary Increase in Administration Section Establishment
BACKGROUND:	
<p>Introduction</p> <p>In recent months, the work of the Administration Section has increased due to a number of short-term issues. In addition, there appears to be a general increase in the number of retirement cases to be processed compared to previous years. This, together with a number of ongoing vacancies and staff turnover challenges, is having an impact on the team's ability to meet its agreed service standards. Work is being undertaken to consider whether there should be an increase in the structure of the team on a permanent basis, but whilst that is being considered, to ensure that the current increases in work can be delivered to the appropriate standards, it is requested that up to 5 FTE temporary Pension Officer posts are established. As a result of a recent round of recruitment, a number of candidates have been identified who could immediately be offered some of these positions, if approved.</p> <p>Increases in workload</p> <p><i>Project work</i> - During 2022/23 there have been a number of one-off tasks that have resulted in staff having less time to focus on business as usual work. These have</p>	

included dealing with pensioner communication preference notifications and enquiries following recent privacy notices. In addition the 1 April 2021 backdated pay award resulted in over 200 retirement and deferred benefit calculations having to be recalculated, and balance payments made where appropriate. The 1 April 2022 pay award has just been agreed and already over 1,100 recalculations of retirement or deferred benefits have been requested. To put this in context:

- the total number of retirements received in the 12 months to 31 March 2022 was just over 1,700 and deferred members was just over 2,000 (overall approximately 3,700).
- the total number of recalculations in the 12 months to 31 March 2022 was just over 150 in total (compared with 1,300 so far this year).

These figures help illustrate what a significant impact over 1,300 recalculations (between the 2021 and 2022 pay awards) are having and will continue to have on the day to day work of the team until all the pay award cases have been recalculated.

General trend in retirement cases - Some initial work has been carried out to investigate a perceived increase in the number of “normal” retirement cases recently. These particularly relate to the number of deferred members who are taking payment of their retirement benefits. Further work is being done to investigate this together with some modelling of potential future cases to determine whether the team can expect case work to continue at increased levels.

Impact on KPIs and “open” cases

As well as the increases in work outlined in the previous paragraph, the team has been impacted by a number of resignations and secondments in the team (e.g. to the McCloud project team) which have resulted in vacant positions that they have not been able to fill for significant periods. Such a high turnover has also resulted in increased time spent on training and fewer experienced staff members who have less availability for day to day work (which in turn impacts on efficiency).

The team’s overall “outstanding case” numbers have been around 5,000 since December 2021, but these increased to around 5,500 in June 2022 and around 6,000 in October 2022. A lot of work was done in the years to 2019/20 to reduce outstanding case numbers to around 5,000 and it is concerning to see that they are now steadily increasing again.

Evidence is also starting to appear in relation to some downward trends in retirement, quotation and deferred calculation key performance indicators. It is expected that the true impact on these will become more evident in future months (due to the fact a larger proportion of the cases already received but not yet processed are expected to miss target service standards).

Availability of candidates

Following five unsuccessful attempts at advertising vacant positions (dating back to July 2020), the Pensions Administration Manager worked with HR to review the job descriptions and job advertisements. As a result, the most recent recruitment drive is likely to result in the **existing** vacant positions being filled. In addition, a number of other candidates were considered to be suitable for recruitment if positions were

made available. Given the difficulty in recruiting in the current climate, it seems appropriate to try to benefit from this situation.

Temporary increase in establishment

To assist with the issues outlined above, it is requested that the establishment of the Pensions Administration Team be increased by the equivalent of up to 5 FTE Pension Officer positions on a temporary basis for the period to 31 March 2024. Should it be determined that it would be beneficial to recruit any of these positions at Pension Assistant level, it is requested such flexibility be permitted, as long as the overall cost to the Fund does not exceed the cost of 5 FTE Pension Officer positions. It is hoped that around half of these additional positions could be filled by the additional candidates identified from the recent round of advertising, and then further recruitment could take place for any remaining positions.

The additional annual salary costs relating to the new posts is estimated to be in the region of £122,500 (based on 2022 pay scales) meaning:

- For 2022/23, a maximum cost of £41,000 if all positions were filled for the four months from 1 December (which is unlikely)
- For 2023/24, a cost of £122,500, given the posts would be temporary for the full year to 31 March 2024.

There will be additional on-costs (such as national insurance and pension contributions). All costs would be fully recharged to the Clwyd Pension Fund.

Ongoing review

In the meantime, the Pensions Administration Manager will continue investigating trends in workloads and potential changes to the structure, in the hope that a recommendation for change to the permanent structure is included with the 2023/24 Business Plan.

RECOMMENDATION:

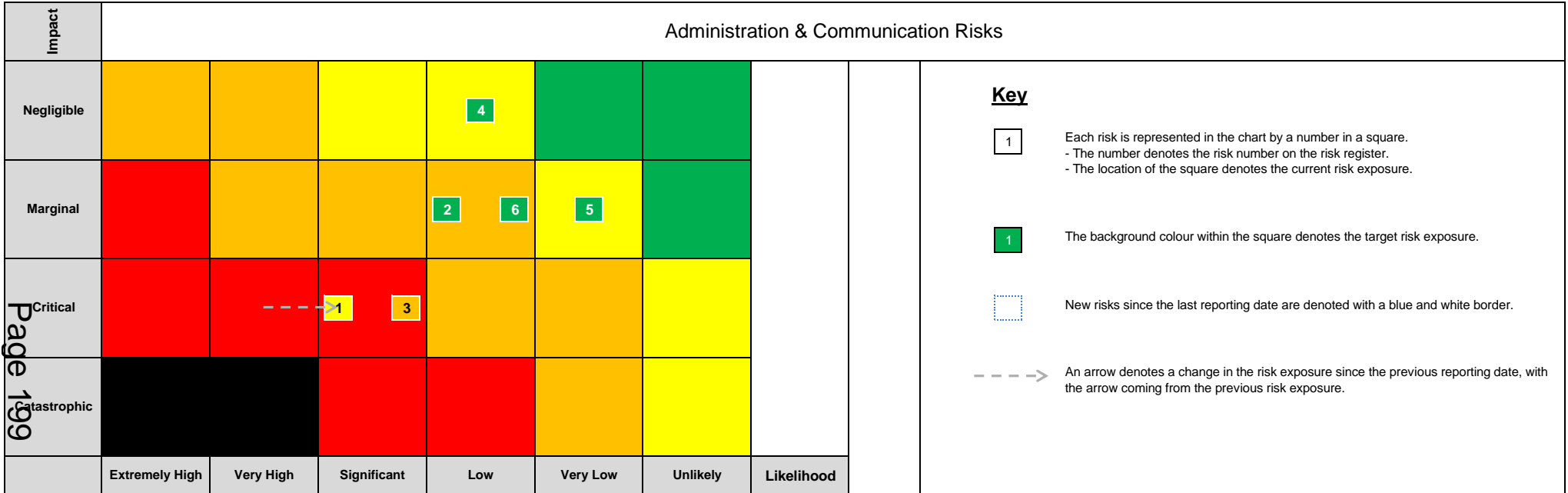
To agree to the interim Pension Administration Section establishment changes of:

- creation of up to 5 FTE additional temporary Pension Officer posts,
- with flexibility to create temporary Pension Assistant posts for some or all of this, subject to the overall cost being no more than the agreed total cost,

resulting in an additional salary cost to the Pension Fund of approximately £122,500 per annum (plus associated on-costs).

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Administration and Communication Risks Heat Map and Summary



Clwyd Pension Fund - Control Risk Register
Administration & Communication Risks

Objectives extracted from Administration Strategy (05/2021) and Communications Strategy (09/2019):

- A1 Provide a high quality, professional, proactive, timely and customer focussed administration service to the Fund's stakeholders
- A2 Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- A3 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
- A4 Ensure the correct benefits are paid to, and the correct income collected from, the correct people at the correct time
- A5 Maintain accurate records and ensure data is protected and has authorised use only
- C1 Promote the Scheme as a valuable benefit and provide sufficient information so members can make informed decisions about their benefits
- C2 Communicate in a clear, concise manner
- C3 Ensure we use the most appropriate means of communication, taking into account the different needs of different stakeholders but with a default of using electronic communications where efficient and effective to do
- C4 Look for efficiencies and environmentally responsible ways delivering communications through greater use of technology and partnership working
- C5 Regularly evaluate the effectiveness of communications and shape future communications appropriately

Risk no.	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see key)	Current impact (see key)	Current likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back On Target	Further Action and Owner	Risk Manager	Next review date	Last Updated
1	Unable to meet legal and performance expectations (including inaccuracies and delays) due to staff issues	That there are poorly trained staff and/or we can't recruit/retain sufficient quality of staff, including potentially due to pay grades.	All	Critical	Significant		1 - Training Policy, Plan and monitoring in place 2 - Benefit consultants available to assist if required 3 - Ongoing task/SLA reporting to management/AP/PC/LPB to quickly identify issues 4 - Data protection training, policies and processes in place 5 - System security and independent review/sign off requirements 6 - ELT established 7 - Temporary staff changed to permanent where appropriate, and further resource increase/recruitment to new posts 8 - Establishment of aggregation team 9 - Ongoing training within the team 10 - Impact of potential or actual vacancies and/or other absences being discussed regularly ensuring priority work continues unaffected 11 - Reviewed wording of job descriptions to ensure fit for purpose	Negligible	Low		😊 Current impact 2 too high Current likelihood 1 too high	31/10/2021	May 2023	1 - Ongoing recruitment of vacant posts (PL/KW) 2 - Action plan being developed for recruitment, retention, succession planning including consideration of future work levels (PL) 3 - Ongoing training of recent recruits	Pensions Administration Manager	30/06/2023	10/03/2023
2	Unable to meet legal and performance expectations (including inaccuracies and delays) due to employer issues	Employers: -don't understand or meet their responsibilities -don't have access to efficient data transmission -don't allocate sufficient resources to pension matters (including due to Covid-19)	A1 / A4 / A5 / C2 / C3 / C4 / C5	Marginal	Low		1 - Administration strategy updated 2 - Employer steering group established 3 - Greater engagement through Pension Board 4 - Establishment of ELT 5 - Increased data checks/analysis (actuary and TPR) 6 - Implemented further AP/PC data checks to identify issues 7 - Increased engagement with employers as to how they are managing due to Covid, and ongoing CPF requirements, and introduced monthly monitoring of employers 8 - Developed and issuing monthly KPI reporting for employers 9 - I-connect in place for all Fund employers 10 - Monthly meetings with Employers to discuss any ongoing data issues and provide training where required. 11 - Employer group engagement meetings established.	Negligible	Very Low		😊 Current impact 1 too high Current likelihood 1 too high	01/07/2016	May 2023	1 - Implement new process for employers relating to service standards (KW/AH)	Pensions Administration Manager	30/06/2023	10/03/2023
3	Unable to meet legal and performance expectations due to external factors	Big changes in employer numbers or scheme members or unexpected work increases (e.g. severance schemes or regulation changes including McCloud, Pensions Dashboards and potential exit cap, backdated pay awards)	A1 / A4 / A5 / C2 / C3 / C4 / C5	Critical	Significant		1 - Ongoing task and SLA reporting to management/AP/PC/LPB to quickly identify issues 2 - Benefit consultants available to assist if required 3 - Recruitment to new posts 4 - McCloud planning undertaken, including governance structure with Steering Group and PMG 5 - The Pension Administration Manager sits on PLSA working group for Pensions Dashboards 6 - The Fund has volunteered to test the integration of the Administration system and Pensions Dashboard 7 - Pensions dashboard planning currently underway	Marginal	Low		😊 Current impact 1 too high Current likelihood 1 too high	27/08/2018	Jun 2023	1 - Ongoing consideration of the impact on resources of backdated pay awards, likely national changes and Pensions Dashboards (KW)	Pensions Administration Manager	30/06/2023	10/03/2023
4	Scheme members do not understand or appreciate their benefits	Communications are inaccurate, poorly drafted, insufficient or not received (including McCloud and potential exit cap)	C1/ C2 / C3	Negligible	Low		1 - New Communications Strategy - focussed on digital engagement - approved June 2022 2 - Annual communications survey for employees and employers 3 - Specialist communication officer in team 4 - Website reviewed and relaunched (2017) 5 - Member self service in place 6 - Ongoing identification of data issues and data improvement plan in place 7 - Address tracing exercise undertaken for members who have not set a communication preference 8 - A Member self service activation key has been re-issued in 2022 to all members who do not have a communication preference set and other initiatives for blackhole members.	Negligible	Very Low		😊 Current likelihood 1 too high	01/07/2016	Dec 2023	1 - Implement new communications strategy in line with 2022/23+ business plan (KM/KW)	Pensions Administration Manager	30/06/2023	10/03/2023
5	High administration costs and/or errors	Systems are not kept up to date or not utilised appropriately, or other processes inefficient (including McCloud and potential exit cap)	A2 / A4 / C4	Marginal	Very Low		1 - I-connect and MSS implemented 2 - Review of ad-hoc processes (e.g. deaths and aggregation) 3 - Review of admin system/reappointment of Heywood in 2023 (following being founding authority on national framework for admin systems). 4 - Implementation of other Altair modules including Altair Insights (relating to TPR scores) 5 - Ongoing engagement with Heywood about software enhancements including timeliness of upgrade 7 - Ongoing identification of data issues and data improvement plan in place	Negligible	Very Low		😊 Current impact 1 too high	01/07/2016	Jul 2023	1 - Appoint pension dashboard ISP by summer 2023 (KW)	Pensions Administration Manager	30/06/2023	10/03/2023
6	Service provision is interrupted	System failure or unavailability, including as a result of cybercrime or resourcing constraints	A1 / A4 / C2	Marginal	Low		1 - Disaster recover plan in place and regularly checked 2 - Hosting implemented 3 - Implemented lump sum payments via pensioner payroll facility 4 - Regular communications carried out during pandemic with Heywood and FCC regarding areas of risk 5 - Data/asset mapping complete and cyber strategy in place 6 - Ongoing cycle of supplier cyber assessments	Negligible	Unlikely		😊 Current impact 1 too high Current likelihood 2 too high	08/11/2019	Jun 2023	1 - Develop updated business continuity plan for CPF (KW) 2 - Implement remaining elements of cyber strategy (KW)	Pensions Administration Manager	30/06/2023	10/03/2023