

Clwyd Pension Fund

Service Plan 2014-15

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1. Introduction – The Purpose of the Service Plan

The purpose of the service plan is to:

- explain the background and objectives of the pension service,
- explain the Council's responsibilities as lead authority for the Clwyd Pension Fund
- document the priorities and improvements to be implemented by the pension service
- enable progress and performance to be monitored with on-going tasks and improvement objectives.

The service plan is multi-functional and can be used by management:

- as an internal management monitoring tool
- to engage officers working for the Fund in understanding their role in achieving objectives
- to demonstrate risk management and performance to the Clwyd Pension Fund Committee
- to demonstrate risk management and performance to internal or external audit or other external regulators.

2. Who we are and what we do

The Clwyd Pension Fund is a £1.2bn 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 other qualifying bodies which provide similar services.

Total membership is about 33,000 with about 15,000 contributors from 25 contributing employers and about 18,000 retired members, widows and deferred members.

The two principle objectives of a Local Government Pension Fund are:

1. To provide a pension administration service for active members, deferred members and pensioners.
2. To invest contributions from members and employers to maximize returns within reasonable risk parameters, while ensuring that cash is available to pay benefits as and when they fall due and enable employer contribution rates to be kept as nearly constant as possible and at a reasonable cost to employers.

Our Mission Statement

- We will be known as forward thinking, responsive, proactive and professional providing excellent customer focused, reputable and credible service to all our customers.
- We will have instilled a corporate culture of risk awareness, financial governance, and will be providing the highest quality, distinctive services within our resources.
- We will work effectively with partners, being solution focused with a can do approach.

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BACKGROUND TO THE LOCAL GOVERNMENT PENSION SCHEME

Legislation, Regulations and Codes of Practice

The administration of the Clwyd Pension Fund is a statutory duty by Regulations made under the Superannuation Act 1972 and the Public Service Pensions Act 2013. Flintshire County Council is designated as Lead Authority for the Clwyd Pension Fund by Regulations made under Local Government Scheme Regulations.

The Government determines the Regulations for the Local Government Pension Scheme. The Regulations are:

- Local Government Pension Scheme Regulations 2013 (and Transitional Regulations)
- Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009

These Regulations refer to various Codes of Practice or Guidance and the following statutory documents are required to be published which underpin the management of the Fund:

- Governance Strategy and Compliance Statement
 - Delegation arrangements; Frequency of meetings/membership; voting; training; access
- Funding Strategy Statement
 - Solvency; target funding levels; risk/control; approach to employer contributions and deficit recovery plans
- Statement of Investment Principles
 - Investment types, allocation, risk, return; compliance with Myner's Principles on investment decision making
 - Social, environmental and ethical considerations; voting rights
- Communication Policy
 - Information/publicity/promotion
 - Format/frequency/distribution
- Pensions Administering Strategy (discretionary)
 - Communication with employers; Performance measurement

These documents are published in another statutory document, the Annual Report which reviews performance and includes the fund's accounts and actuarial statement. The Annual Report can be found at clwydpensionfund.org.uk.

3. Our Priorities

Our aim is to deliver a quality service to our various stakeholders by achieving the objectives set out in the mission statement. Each year we set ourselves a number of improvement priorities to develop the service. The Annual Report and Accounts will be published to demonstrate our performance in carrying out our responsibilities and improvements during the year.

Achievements in 2013/14

Much was achieved in the financial year 2013/14 which will benefit the Fund in 2014/15 and beyond:

- new governance arrangements for the Fund through the introduction of a Pensions Committee to replace the former Panel and a new Advisory Panel to replace the former Mid Panel.
- a new Independent Adviser and an investment consultant were appointed to sit on the Advisory Panel.
- preparations were made for the implementation of new national LGPS 2014 scheme
- a new method of managing funding risks (flight-path) was implemented
- new employer contribution rates and deficit recovery plans were consulted with employers on arising from the 2013 actuarial valuation.
- scheme members' e-mail addresses have been gathered to enable more cost efficient communications in the future.

Priorities for 2014/15

There will continue to be improvements sought in 2014/15 in line with the Fund's Mission Statement.

- Work will continue on developing and reporting on pension administration performance which will enable the documentation of an Administration Strategy.
- Work will continue with employers on improving data quality, including removing a backlog of tasks.
- A fundamental review of the Fund's investment strategy which takes place every 3 to 4 years.
- The development of the Fund's Risk Register.
- Further training all those involved in the new governance of the Fund.
- Preparation for the implementation of a Local Pension Board as required by Public Service Pensions Act from 2015.
- Retention or recruitment of specialist officers

In addition, there remains uncertainty on the management of the Local Government Pension Scheme for England and Wales. A Government announcement is expected shortly which will enable a clearer focus on priorities for the future. Also dependent on this outcome, there will be collaborative work across the eight Welsh Funds which will include a business case for a Collective Investment Vehicle.

4. Managing Our Resources and Our Corporate Responsibilities

4.1 What resources are we responsible for:

Budget 2014/15 PENSIONS

Service Area	2014/15
	£m
Governance	0.495
Pension Finance	0.185
Investment and Funding	6.644
Operational Administration	0.493
Technical & Systems	0.305
Pensioner Payroll	0.026
Communication	0.066
Expenditure	8.214

Budget 2014/15 PENSIONS

Cost Type	2014/15
	£m
Employees	0.871
Transport	0.007
Supplies	7.096
Support Costs	0.240
Expenditure	8.214

All the above costs associated with the Pensions Service are a charge to the Clwyd Pension Fund and not to the Council Fund.

4.2 What efficiencies are we trying to achieve

There is a commitment to continually review future vacant posts and actively promote Agile Working to reduce the effect on premises and travelling expenditure, including identifying and implementing further use of technology into the management of the Fund. The investment fees charged to the Fund are considered alongside the expected investment performance.

4.3 Our priority actions under the People Strategy, MTFP, Asset Plan, ICT Strategy and Customer Services Strategy

People Strategy	Recruitment and training in line with Council Policies
Medium Term Financial Plan Develop MTFP	Providing information to employers on the ongoing costs of the scheme
Asset Plan	Commitment to Agile Working which could eventually reduce costs
ICT Strategy	Work with both FCC ICT and Heywood’s the pension’s software provider.
Customer Services Strategy	The equivalent document for a pension fund is an Administration Strategy which is currently being developed.

4.4 Customer Access and Care – impacts and actions

The main customers are the members of the Fund (active, deferred, pensioners and dependents). The membership will have a representative on the Pension Fund Committee.

As required by Regulation, the Fund documents how we communicate with our membership. Our Communication Strategy provides the details. Regulation also specifies the requirements for a complaints procedure.

The Fund’s website provides contact details, on-line forms, statutory documents, pension fund literature and other useful links to other sites. A longer term aim is to provide customer self service and the current work on both historic member data and how new data is provided by employers will eventually enable this.

The Fund employs a Communication Officer who provides ‘road shows’ for members at their place of employment. The Communication Officer also provides information and training to employers and provides ad hoc assistance as required, such as with auto-enrolment and employer discretions.

The various employers in the Fund with which we have Service Level Agreements are also customers of the Fund. The new organisation structure for Pension Administration implemented from January 2013 was built around providing each employer with a specific team.

The Fund also provides support to new employers to enable them to be admitted to the Fund (or leave the Fund) and provides data to enable employers to meet their pension accounting requirements.

The Fund provides timely financial information to employers for the triennial actuarial valuation but also provides updates on the funding position to enable them to consider the pension cost in their medium term financial plans.

The Fund is also aware of wider its wider stakeholders such as the Government and local taxpayers within the 'Clwyd' area.

4.5 Equalities and Welsh Language – impacts and actions

The Government is responsible for undertaking equality assessments on the LGPS Regulations and any proposed amendments to them.

We will ensure we undertake an Equality Impact Assessment for any changes to our services, policies or working practices

Equality Awareness Training will be provided to identified team members

We have undertaken a baseline assessment of our adherence to the Welsh Language Scheme. The Fund's web-site and literature is bilingual.

4.6 Energy and Resource Consumption – impacts and actions

Our Service aims to comply with the Carbon Reduction Strategy for Flintshire County Buildings. The principal target is a 60% reduction in Carbon emissions by 2021 or sooner, which is equal to 5% reduction target year on year. A supporting Energy Policy was approved in 2010 which provides actions and guidance to achieve the target.

An important benefit of our drive to reduce energy use is a reduction of risk from rising utility costs at a time when energy prices are increasing well above the rate of inflation.

As part of this Service Plan we will:

- Practice good housekeeping - good energy management, staff awareness and training.
- Actively encourage recycling
- Promote Agile Working

4.7 Sustainability – impacts and actions

Our service supports the Council’s sustainability actions to reduce carbon emissions by:

- Participation in the recycling scheme which operates throughout the Council
- Installation of multi functional printing and copying devices to reduce energy costs and paper usage
- Document management to ensure minimisation of storage space.

The Fund has a Sustainability Policy as part of its Statement of Investment Principles. This is based on United Nation Principles for Responsible Investment. As part of this Policy the Fund also invests directly in projects which either develop or provide environmental improvements for society.

4.8 Health and Safety – impacts and actions

As a responsible employer the County Council provides a safe and healthy working environment.

As part of this service plan we will:

- Complete all health and safety action plans across the service and ensure identified actions are addressed in the timescales set
- Ensure all risk assessments are reviewed
- Record all incidents;
- Link in with the Health and Safety Working Group

4.9 Data Protection

The Pension Service aims to comply with the Data Protection Policy and Practice.

As part of this Service Plan we will:

- Identify the posts for which Data Protection is mandatory and maintain records of all Data Protection training and ensure regular refresher training.
- Ensure that Data Protection is a standing item in team meetings and we will include any communications received from the Data Protection Team

5. Managing Performance

The Fund recognises the need to improve the reporting arrangements for pension administration to better enable the internal management of performance and demonstrate the overall performance to stakeholders. This is one of our priorities for 2014/15.

In terms of investment strategy the Fund has regularly compared itself against other private sector and public sector pension funds through benchmarking. Our success in this area is also demonstrated by entering awards. The recent results are below, with a full history since 2007 shown in the Annual Report.

IPE Real Estate Awards - May 2012

Won - Best Portfolio Construction (Themed Awards – Europe-wide)

Won - Best Medium Real Estate Investor in Europe (Gold Awards – Europe-wide)

Runner up - Best Pension Fund in UK/Ireland (Country Awards)

Runner up - Best Indirect Investment Strategy (Themed Award – Europe-wide)

Runner up - Best Opportunistic Investment (Themed Award – Europe-wide)

IPE Awards - November 2012

Won - Best Public Sector Fund in Europe

Won - Best use of Alternatives

Runner up - Best Fund in Europe

Runner up - Best use of Commodities

Runner up - Best use of Emerging Markets

Runner up - Best use of Hedge Funds

Runner up - Best use of Real Estate

Runner up - Best use of Specialist Investment Managers

IPE Real Estate Awards - May 2013

Won – Best Institutional Investor in UK/Ireland

Monitoring our Progress

Improvement	Lead Officer	Target Date
GOVERNANCE		
Work with the Independent Adviser on developing the risk register	CPFM	March 2015
Work with the Independent Adviser on the Implementation the CIPFA Knowledge & Skills Code of Practice for Elected Members and officers.	CPFM	March 2015
Preparation for implementation of Local Pension Board	CPFM	March 2015
INVESTMENT AND FUNDING		
Fundamental review of the Investment Strategy with the Consultant.	CPFM	March 2015
ADMINISTRATION		
Continue to develop an Administration Strategy for the Fund including service standards with members and employers.	PAM	March 2015
Continue to Improve data quality from the employers, through the implementation of I connect and through other work with employers.	PAM	March 2015
Improve historic membership data by removing a backlog of tasks	PAM	May 2015

NB: Each of the above projects will have a detailed plan which will be monitored throughout the year by the Clwyd Pension Fund Manager and progress reported to the Advisory Panel and Pension Fund Committee. Appendix 2 provides some further detail and timings on the work relating to these improvements.

Working with Regulators – key areas of improvement work to be undertaken as a result of audit/inspection findings

The external auditors, Wales Audit Office, have not raised any major issues about the management of the Fund and their unqualified opinion in the 2012/13 accounts is included in the Annual Report. There were two internal audits relating to 2013/14 on Clwyd Pension Fund Finance and Administration. The main recommendation was on the implementation of the disaster recovery plan for the pension fund systems and this has been arranged with ICT for the first quarter of 2014/15.

The Pensions Regulator will be the regulator for the LGPS from 2015 and any Codes of Practice issued are being monitored by the Fund.

6. Monitoring and Reporting Arrangements

The Clwyd Pension Fund Manager is responsible for ensuring that the plan is adopted at an operational level and used as a working document. There are a number of **corporate tasks and objectives** to be implemented and monitored as shown in Appendix 1. Those tasks specific to the Pension Fund are included in Appendix 2.

At the end of every quarter we will monitor all actions that were due to be achieved as follows:

- Confirmation that the action or target has been achieved.
- Reasons for not achieving agreed actions or targets and planned remedial action.
- Evidence to support reported performance.

The Clwyd Pension Fund Committee will meet quarterly and the agenda covers three main areas: Governance, Investment and Funding, and Administration and Communications. An Annual Report is issued to stakeholders which includes the performance of the Fund and stakeholders are also invited to an Annual Meeting.

The Fund's Independent Adviser is responsible for annually reporting to stakeholders on the performance of the Clwyd Pension Fund Committee in managing risks. This report is included in the Annual Report.