

Business Plan 2016/17 to 2018/19 – Q1 Update

Governance

Budget

All the costs associated with the management of the Fund are a charge to the Fund and not to the Council. Final out-turn figures for 2015/16, together with projected 2016/17 figures, are shown below:

Cashflow

	2014/15	2015/16	2016/17 £000s			
	£000s	£000s	Budget	Actual	Projected for full year	Final under/over
Opening Cash	(30,520)	(43,735)	(13,640)	(13,640)		
Payments						
Pensions	50,415	52,932	57,300	12,919	57,300	0
Lump Sums & Death Grants	17,317	14,906	20,000	5,207	20,000	0
Transfers Out	2,036	5,889	2,800	332	2,800	0
Expenses (including In House)	2,691	4,881	4,500	938	4,500	0
Support Services	219	167	250	0	159	(91)
Total Payments	72,678	78,775	84,850	19,396	84,759	-91
Income						
Employer Contributions	(29,608)	(30,506)	(33,250)	(13,684)	(33,250)	0
Employee Contributions	(14,532)	(14,535)	(15,200)	(3,457)	(15,200)	0
Employer Deficit Payments	(28,079)	(27,872)	(28,500)	(27,074)	(28,500)	0
Transfers In	(2,347)	(1,791)	(4,000)	(273)	(4,000)	0
Pension Strain	(3,030)	(3,204)	(1,200)	0	(1,200)	0
Income	(223)	(74)	(170)	(38)	(170)	0
Total Income	(77,819)	(77,982)	(82,320)	(44,526)	(82,320)	0
Cashflow Net of Investment Income	(5,141)	793	2,530	(25,130)	2,439	(91)
Investment Income	(2,847)	(2,497)	(3,000)	(628)	(3,000)	0
Total Net of In House Investments	(7,988)	(1,704)	(470)	(25,758)	(561)	(91)
In House Investments						
Draw downs	40,212	34,021	40,955	9,722	40,955	0
Distributions	(59,824)	(64,836)	(71,043)	(15,580)	(71,043)	0
Net Expenditure /(Income)	(19,612)	(30,815)	(30,088)	(5,858)	(30,088)	0
Total Net Cash Flow	(27,600)	(32,519)	(30,558)	(31,616)	(30,649)	(91)
Rebalancing Portfolio	14,385	62,614	30,000		30,000	0
Total Cash Flow	(13,215)	30,095	(558)	(31,616)	(649)	
Closing Cash	(43,735)	(13,640)	(14,198)	(45,256)	(14,289)	

Operating Costs

	2014/15	2015/16	2016/17			
	Actual	Actual	Budget	Actual	Projected for full year	Projected under/over
	£000s	£000s	£000s	£000s	£000s	£000s
Governance Expenses						
Employee Costs (Direct)	218	225	229	59	229	0
Support & Services Costs (Internal Recharges)	13	12	19	0	19	0
Premises	8	8	17	0	17	0
IT (Support & Services)	12	11	10	23	10	0
Other Supplies & Services)	49	54	56	20	56	0
Audit Fees	37	39	40	(13)	40	0
Actuarial Fees	205	222	304	38	304	0
Consultant Fees	403	371	389	26	389	0
Advisor Fees	142	225	188	24	188	0
Legal Fees	21	35	30	0	30	0
Total Governance Expenses	1,108	1,202	1,282	177	1,282	0
Investment Management Expenses						
Fund Manager Fees*	16,127	14,971	11,028	185	11,028	0
Custody Fees	32	28	34	2	34	0
Performance Monitoring Fees	20	30	25	0	25	0
Total Investment Management Expenses	16,179	15,029	11,087	187	11,087	0
Administration Expenses						
Employee Costs (Direct)	592	603	711	156	711	0
Support & Services Costs (Internal Recharges)	53	46	90	0	90	0
Outsourcing	32	404	1,240	54	1,240	0
Premises	33	33	75	0	75	0
IT (Support & Services)	218	243	250	145	250	0
Member Self Service	0	61	107	0	107	0
Other Supplies & Services)	75	0	70	22	70	0
Miscellaneous Income	(1)	0	0	0	0	0
Total Administration Expenses	1,002	1,390	2,543	377	2,543	0
Total Costs	18,289	17,621	14,912	741	14,912	0

*CIPFA have changed the elements that need to be included in Fund manager fees resulting in a reduction. Underlying fees are no longer required to be disclosed in the accounts.

Key Tasks

Key:

	Complete
	On target or ahead of schedule
	Commenced but behind schedule
	Not commenced
xN	Item added since original business plan
xM	Period moved since original business plan due to change of plan /circumstances
x	Original item where the period has been moved or task deleted since original business plan

Governance Tasks

Ref	Key Action –Task	2016/17 Period				Later Years	
		Q1	Q2	Q3	Q4	2017/18	2018/19
G1	Review CPF Adviser Procurement Framework		x	x	x		
G2	Review constitution and delegations in relation to asset pooling		x	x	x		
G3	Review/Tender Investment Consultancy and Independent Adviser Contracts		x	x	x		

G1 – Review CPF Adviser Procurement Framework

What is it?

Clwyd Pension Fund’s adviser procurement framework agreement ceases in 2016/7 and we will need to consider whether there is a need to renew it or take part in the national procurement framework. This needs to be completed prior to G3.

Timescales and Stages

Carry out review:

2016/17 Q2

Put in place new CPF procurement framework

2016/17 Q2-4

Resource and Budget Implications

To be confirmed.

G2 - Review constitution and delegations in relation to asset pooling

What is it?

It will be necessary to review the Council's delegations (within the Council's Constitution and the PFC's Scheme of Delegation) in relation to pension matters in relation to any changes being implemented as a result of asset pooling (see Funding and Investment section). In particular, the Administering Authority will need to determine what decisions will need to be made and by whom.

Timescales and Stages

Review and recommend updates to delegations:

2016/17 Q1/2

Resource and Budget Implications

To be led by Pension Fund Manager, liaising with Monitoring Officer and taking advice from Investment Consultant and Independent Adviser. There will be external adviser costs associated with this exercise but they are not expected to be significant.

G3 – Review/Tender Investment Consultancy and Independent Adviser Contracts

What is it?

The Fund's investment consultancy and independent Adviser contracts reach their initial break point on 31 March 2017 albeit they can be extended for up to 2 years. A decision should be made as to whether these are retendered or extended. The implications of the Government changes to investment regulations, including, pooling will need to be considered.

Timescales and Stages

Carry out review/decide whether to tender or extend existing contracts	2016/17 Q2
Pension Fund Committee agree way forward (27 th September 2016)	2016/17 Q2/3
Potential tender if contracts are not extended	2016/17 Q4

Resource and Budget Implications

To be led by Pension Fund Manager within existing budget.