

Business Plan 2016/17 to 2018/19 – Q3 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 2014/15, 2015/16, together with projected 2016/17 figures, are shown below:

Cash-flow

	2014/15 £000s	2015/16 £000s	2016/17 £000s			
	Actual	Actual	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	40,390	55,440	(1,860)
Lump Sums & Death Grants	17,317	14,906	20,000	11,963	17,000	(3,000)
Transfers Out	2,036	5,889	2,800	3,397	4,100	1,300
Expenses (including In House)	2,691	4,881	4,500	4,444	5,664	1,164
Support Services	219	167	250	155	155	(95)
Total Payments	72,678	78,775	84,850	60,349	82,359	(2,491)
Income						
Employer Contributions	(29,608)	(30,506)	(33,250)	(27,546)	(33,250)	0
Employee Contributions	(14,532)	(14,535)	(15,200)	(7,981)	(14,200)	1,000
Employer Deficit Payments	(28,079)	(27,872)	(28,500)	(27,928)	(28,500)	0
Transfers In	(2,347)	(1,791)	(4,000)	(998)	(1,300)	2,700
Pension Strain	(3,030)	(3,204)	(1,200)	(817)	(1,800)	(600)
Income	(223)	(74)	(170)	(105)	(120)	50
Total Income	(77,819)	(77,982)	(82,320)	(65,375)	(79,170)	3,150
Cash-flow Net of Investment Income	(5,141)	793	2,530	(5,026)	3,189	659
Investment Income	(2,847)	(2,497)	(3,000)	(2,476)	(3,000)	0
Total Net of In House Investments	(7,988)	(1,704)	(470)	(7,502)	189	659
In House Investments						
Draw downs	40,212	34,021	40,955	35,320	49,112	8,157
Distributions	(59,824)	(64,836)	(71,043)	(44,156)	(61,170)	9,873
Net Expenditure /(Income)	(19,612)	(30,815)	(30,088)	(8,836)	(12,058)	18,030
Total Net Cash-Flow	(27,600)	(32,519)	(30,558)	(16,338)	(11,869)	18,689
Rebalancing Portfolio	14,385	62,614	30,000	(1,378)	12,622	(17,378)
Total Cash Flow	(13,215)	30,095	(558)	(17,716)	753	
Closing Cash	(43,735)	(13,640)	(14,198)	(31,356)	(12,887)	

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	177	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	1	10	0
Other Supplies & Services)	49	54	56	4	56	0
Audit Fees	37	39	40	3	40	0
Actuarial Fees	205	222	304	381	454	150
Consultant Fees	403	371	389	331	431	42
Advisor Fees	142	225	188	125	188	0
Legal Fees	21	35	30	26	50	20
Total Governance Expenses	1,108	1,202	1,282	1,048	1,494	212
Investment Management Expenses						
Fund Manager Fees*	16,127	14,971	11,028	2,308	11,028	0
Custody Fees	32	28	34	17	32	(2)
Performance Monitoring Fees	20	30	25	27	54	29
Total Investment Management Expenses	16,179	15,029	11,087	2,352	11,114	27
Administration Expenses						
Employee Costs (Direct)	592	603	711	472	635	(76)
Support & Services Costs (Internal Recharges)	53	46	90	0	90	0
Outsourcing	32	404	1,240	147	405	(835)
Premises	33	33	75	6	75	0
IT (Support & Services)	218	243	250	188	250	0
Member Self Service	0	0	107	0	54	(53)
Other (Supplies & Services)	75	61	70	48	65	(5)
Miscellaneous Income	(1)	0	0	0	0	0
Total Administration Expenses	1,002	1,390	2,543	861	1,574	(969)
Total Costs	18,289	17,621	14,912	4,261	14,182	(730)

*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		
G4	Consider Key Person Risk			x	x	xM	

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.

G4 – Consider Key Person Risk

What is it?

The Council needs to review any key person risk within the Pensions Finance team; it is recognised that there is also a potential risk for the Pensions Administration team. This is a particular concern for the Pensions Finance team due to its small size and age group concentration.

Timescales and Stages

Review risk and staffing levels: 2016/17 Q3/4

Resource and Budget Implications

To be led by Pension Fund Manager. All internal costs are being met from the existing budget albeit any necessary changes to staffing levels or numbers may impact on the budget.