

CLWYD PENSION FUND COMMITTEE

Date of Meeting	18th March 2020
Report Subject	Business Plan 2020/21 to 2022/23
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 2020/21 to 2022/23. The Business Plan includes 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 and a new Code of Practice being launched by The Pensions Regulator. The Fund's Business Plan covering the period from 2020/21 to 2022/23, which the Committee is asked to approve, has been prepared to ensure that all our known risks are being managed and resourced.

RECOMMENDATIONS

1	That the Committee approve the Business Plan in Appendix 1 relating to the period 2020/21 to 2022/23, including the budget therein for 2020/21.
---	---

REPORT DETAILS

1.00	Review of the Fund's Business Plan
1.01	The updated Business Plan for the three years commencing 2020/21 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>A number of key achievements were accomplished in 2019/20 including:</p> <ul style="list-style-type: none">• the completion of the 2019 actuarial valuation involving the review of the funding strategy; this included all employers agreeing to include a budget for expected additional costs relating to the McCloud judgement• review of the Fund's investment strategy and responsible investment policy including agreeing a number of key priorities for the next three years• transfer of some initial Fund asset classes to the Wales Pensions Partnership• review of the Fund's flight-path risk management plan, including increasing the Fund's equity risk protection and reviewing the inflation hedge ratio to safeguard against the impact of RPI reform• completion of nearly all administration backlogs• a major data cleansing exercise• a fundamental increase in the use of digital communications for scheme members and employers, through the Member Self-Service (MSS) and i-Connect systems. <p>Much of these and other priorities for 2019/20 will continue to be delivered and monitored as part of business as usual to ensure we continue to meet the Fund's objectives.</p>
1.03	<p>Within the 2020/21 to 2022/23 business plan key tasks include:</p> <ul style="list-style-type: none">• Implementing the remedy for the McCloud court case, and any further "cost cap" changes• Further transition of assets to the Wales Pension Partnership (WPP), and feeding into the ongoing development of WPP policies• Carrying out compliance checks against The Pension Regulator's new Single Modular Code• Implementing the Fund's Responsible Investment Policy including climate risk• Implementing any governance changes as a result of the SAB Good Governance review• Understanding any risk and developing controls relating to cybercrime and business continuity• Finalising and implementing the Fund's cash flow and liquidity policy• Finalising implementation of digital systems including i-Connect for greater efficiencies in administration.
1.04	Looking ahead, 2020/21 will continue to be challenging for those involved in the governance, management and operation of the Clwyd Pension Fund but we hope the benefits of a number of initiatives are already being realised and will continue to assist in delivering this three-year Business Plan. The

	Plan has been updated to ensure that all our known risks are being managed and resourced.
--	---

2.00	RESOURCE IMPLICATIONS
2.01	The resources required for managing the Fund and delivering this Business Plan are included in the budget section of the Business Plan.

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.

5.00	APPENDICES
5.01	Appendix 1 – Business Plan 2020/21 to 2022/23

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Previous Business Plans including Clwyd Pension Fund Business Plan 2019/20 to 2021/22 (February 2019 PFC).</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>

- (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.
- (d) **LPB or PB – Local Pension Board or Pension Board** – each LGPS Fund has an LPB. Their purpose is to assist the administering authority in ensuring compliance with the scheme regulations, the Pensions Regulator requirements and efficient and effective governance and administration of the Fund.
- (e) **LGPS – Local Government Pension Scheme** – the national scheme, of which Clwyd Pension Fund is part.
- (f) **SAB – Scheme Advisory Board** – the national LGPS Scheme Advisory Board is established under primary legislation. Its purpose is to make recommendations for policy and legislative change to the Secretary of State and to provide guidance and advice to LGPS administering authorities.

NB: Other terms used in the report and its appendix are explained within Appendix 1.