

Business Plan 2022/23 to 2024/25 – Q1 & 2 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	17,464	68,400	0
Lump Sums & Death Grants	12,475	17,158	16,000	3,826	16,000	0
Transfers Out	5,901	4,459	6,000	1,824	6,000	0
Expenses	5,073	5,047	6,800	1,205	6,800	0
Tax Paid	174	73	100	5	100	0
Support Services	173	173	200	0	200	0
Total Payments	88,704	93,704	97,500	24,324	97,500	0
Income						
Employer Contributions	(49,282)	(49,897)	(49,000)	(14,301)	(49,000)	0
Employee Contributions	(17,518)	(17,530)	(17,200)	(4,217)	(17,200)	0
Employer Deficit Payments	(14,977)	(14,383)	(15,000)	(13,989)	(15,000)	0
Transfers In	(3,393)	(6,957)	(6,000)	(1,215)	(6,000)	0
Pension Strain	(107)	(1,482)	(1,200)	(115)	(1,200)	0
Income	(30)	(13)	(40)	(21)	(40)	0
Total Income	(85,307)	(90,262)	(88,440)	(33,858)	(88,440)	0
Cashflow Net of Investment Income	3,397	3,442	9,060	(9,534)	9,060	0
Investment Income	(10,270)	(11,635)	(8,000)	(2,105)	(8,000)	0
Investment Expenses	3,918	6,162	4,000	1,608	4,000	0
Total Net of In House Investments	(2,955)	(2,031)	5,060	(10,031)	5,060	0
In House Investments						
Draw downs	43,927	66,941	103,661	20,723	103,661	0
Distributions	(63,533)	(117,117)	(98,146)	(19,383)	(98,146)	0
Net Expenditure /(Income)	(19,606)	(50,176)	5,515	1,340	5,515	0
Total Net Cash Flow	(22,561)	(52,207)	10,575	(8,691)	10,575	0
Rebalancing Portfolio	5,720	9,640		0	0	0
Total Cash Flow	(16,841)	(42,567)	10,575	(8,691)	10,575	0
Closing Cash	(37,078)	(79,645)	(65,323)	(88,336)	(69,070)	0

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	68	397	0
Support & Services Costs (Internal Recharges)	22	23	24	0	24	0
IT (Support & Services)	1	0	5	0	5	0
Other Supplies & Services)	54	65	95	9	95	0
Audit Fees	39	41	45	7	45	0
Actuarial Fees	504	493	879	48	879	0
Consultant Fees	847	1,065	1,627	113	1,627	0
Advisor Fees	576	532	517	33	517	0
Legal Fees	16	113	100	0	100	0
Pension Board	106	101	113	0	113	0
Pooling (Consultants & Host Authority)	101	144	197	0	197	0
Total Governance Expenses	2,527	2,876	3,999	278	3,999	0
Investment Management Expenses						
Fund Manager Fees*	16,924	19,490	16,275	1,551	16,275	0
Custody Fees	69	106	112	0	112	0
Performance Monitoring Fees	67	53	53	3	53	0
Pooling (Operator / Manager)	304	998	500	0	500	0
Total Investment Management Expenses	17,364	20,647	16,940	1,554	16,940	0
Administration Expenses						
Employee Costs (Direct)	1,091	1,242	1433	333	1,433	0
Support & Services Costs (Internal Recharges)	156	150	158	0	158	0
Outsourcing	197	41	0	0	0	0
IT (Support & Services)	408	488	715	446	715	0
Other Supplies & Services)	112	103	146	12	146	0
Miscellaneous Income	0	0	0	0	0	0
Total Administration Expenses	1,964	2,024	2,452	791	2,452	0
Employer Liaison Team						
Employee Costs (Direct)	199	218	363	90	363	0
Total Costs	22,054	25,765	23,754	2,713	23,754	0

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	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			
G3	Review against TPR new Single Code	x	x	x	x		
G4	Review appointment of Local Pension Board and Pension Fund Committee Members		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.