CLWYD PENSION FUND COMMITTEE

Date of Meeting	21 March 2018
Report Subject	Business Plan 2018/19 to 2020/21
Report Author	Clwyd Pension Fund Manager

EXECUTIVE SUMMARY

The Committee approved a three year Business Plan in March 2017 and has received updates each quarter on progress. The purpose of this report is to summarise progress during 2017/18 and update the Plan for 2018/19.

The Business Plan includes business as usual, tasks, risks and an estimate of the financial resources required.

In summary, the majority of the tasks for 2017/18 have been completed, or are work in progress, which is illustrated in Appendix 1.

Looking ahead, the next few years will be challenging for those involved in the governance, management and operation of the Fund. The Fund's Business Plan covering the period from 2018/19 to 2020/21, which the Committee is asked to approve, has been updated (Appendix 2) to ensure that all our known risks are being managed and resourced as well as possible.

RECOMMENDATIONS	
1	That Committee members note progress made towards the Fund's Business Plan during 2017/18.
2	That the Committee approve the Business Plan in Appendix 2 relating to the period 2018/19 to 2020/21.

REPORT DETAILS

1.00	**Review of the Fund's Business Plan**
1.01	Progress of the Fund's Business Plan key tasks across the three main activities (governance, funding and investment, administration and communication) is shown in Appendix 1. The updated Plan for the three years commencing 2018/19 is attached as Appendix 2. 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	In terms of a summary on Governance for 2017/18: • Business as usual continued to be delivered throughout the year. • The only element highlighted as a specific task was the induction and refresher training for the Committee. This was delivered and further training has been identified on the back of the recent training needs self-assessment exercise, which will be delivered throughout 2018/19. Looking ahead for 2018/19 new tasks include: • The appointment of a new Pension Board member • Consideration of and action to manage the risk of Cybercrime to the management of the Fund • Final implementation of changes to meet the requirements of General Data Protection Regulations (GDPR) • Finalising the review of the structure of the Pension Fund Finance team • Preparation for and procurement of our three key advisers (actuarial and benefits, investment consultant and independent adviser) as well consideration of the need for an ongoing custodian.
1.03	In terms of a summary on Funding and Investment for 2017/18: • A key area of focus was asset pooling, with the administering authority entering into the Inter-Authority Agreement for the Wales Pension Partnership, and the appointment of Link as the Operator. • The introduction of MIFID II introduced the need for Clwyd pension Fund to be opted up to professional status by all its Fund Managers and authorised advisers, which was successfully managed in a very short period of time. • The annual review of the funding 'flight-path' commenced and ongoing information will be provided during 2018/19 to consider options in relation to equity protection. • Business as usual, which also includes accounting, continued to be delivered, albeit resources have been stretched due to the investment pooling project and the retirement of one of the Pension Finance Managers.

	The year finished with extremely positive news; we have just been notified that the Fund's approach to the Stewardship Code was awarded Tier One status by the Financial Reporting Council (FRC). The assessment considers the quality of the Fund's Responsible Investment and voting policy and arrangements. Looking ahead for 2018/19 new tasks include: • The implementation of asset pooling, in particularly agreeing a transition plan, transitioning the initial assets, developing reporting, reviewing the internal processes (including accounting matters) and considering how opportunities in infrastructure investment will be taken forward. • The actuary will also carry out an interim funding review, to help prepare for the 31st March 2019 actuarial valuation. • An improved framework will developed to better identify and manage employer risk.

1.04		In terms of a summary on Administration and Communication for 2017/18:
		
		• A number of major tasks were completed or commenced as planned including;
		  • the launch of the Fund's new website and member self-service facility, the latter having extremely positive initial take up rates;
		  • preparation and scheme member engagement for the move to electronic communications (such as annual benefit statements);
		  • the roll out of iConnect (employer data submission module) to a number of employers. In particular, it is worth highlighting that the year finished with major progress in implementing iConnect for FCC, Aura and Newydd, which were not originally planned until 2018/19; and
		  • appointment of a contractor to carry out the scheme/GMP reconciliation, and the commencement of that work.
		• The Employer Liaison Team continued to provide services to Flintshire County Council and also commenced providing services for Wrexham County Borough Council, which has been key in ongoing data cleansing and providing information for the Operations Team to calculate benefit calculations.
		• Business as usual across the operations, pensioners' payroll, communication and technical teams has continued to be delivered including implementing process improvements and much more management information to track performance. It has been identified that day to day tasks have approximately doubled in the last three years placing ongoing strain on the Administration Team.
		
		Looking ahead for 2018/19 new tasks include:
		
		• The first electronic annual benefit statements.
		• Continued roll out of iConnect.
		• Working through a backlog of "aggregation" cases by a dedicated team.
		• Development of a Data Improvement Plan.

1.05		In summary, the majority of the tasks on the 2017/18 Business Plan have

been completed as planned or are work in progress. The actual outturn in relation to cash flows and the Fund's budget will be provided at June 2018 Pension Fund Committee.

Looking ahead, 2018/19 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 will be realised before the end of 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 are estimated in 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 2017/18 Key Tasks Appendix 2 – Business Plan 2018/19 to 2020/21

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Clwyd Pension Fund Business Plan 2017/18 to 2019/20 (March 2017 PFC). **Contact Officer:** Philip Latham, Clwyd Pension Fund Manager **Telephone:** 01352 702264 **E-mail:** philip.latham@flintshire.gov.uk

7.00	GLOSSARY OF TERMS

7.01	(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 (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. (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. NB: The terms used in the report are explained within Appendix 2.