

# Business Plan 2019/20 to 2021/22 – Q2 Update

## Governance

*Cashflows projections for 2019/20*

	2017/18 £000s	2018/19 £000s	2019/20 £000s			
	Actual	Actual	Budget	Actual	Projected for full year	Final under/ over
<b>Opening Cash</b>	(13,623)	(21,188)	(3,599)	(5,764)		
<b>Payments</b>						
Pensions	57,452	59,447	61,600	14,887	61,600	0
Lump Sums & Death Grants	13,500	14,708	15,000	3,571	15,000	0
Transfers Out	5,600	6,791	6,000	817	6,000	0
Expenses	3,935	4,263	4,600	680	4,600	0
Support Services	120	265	140	0	140	0
<b>Total Payments</b>	<b>80,607</b>	<b>85,474</b>	<b>87,340</b>	<b>19,955</b>	<b>87,340</b>	<b>0</b>
<b>Income</b>						
Employer Contributions	(34,617)	(39,554)	(40,000)	(10,577)	(40,000)	0
Employee Contributions	(15,259)	(14,794)	(14,400)	(3,591)	(14,400)	0
Employer Deficit Payments	(52,612)	(18,811)	(19,800)	(18,238)	(19,800)	0
Transfers In	(4,813)	(4,220)	(4,000)	(1,030)	(4,000)	0
Pension Strain	(1,057)	(1,644)	(1,200)	(151)	(1,200)	0
Income	(29)	(45)	(48)	(44)	(48)	0
<b>Total Income</b>	<b>(108,387)</b>	<b>(79,068)</b>	<b>(79,448)</b>	<b>(33,631)</b>	<b>(79,448)</b>	<b>0</b>
<b>Cashflow Net of Investment Income</b>	<b>(27,780)</b>	<b>6,406</b>	<b>7,892</b>	<b>(13,676)</b>	<b>7,892</b>	<b>0</b>
Investment Income	(3,540)	(7,990)	(6,000)	(1,735)	(6,000)	0
Investment Expenses	3,035	3,593	3,000	1,309	3,000	0
<b>Total Net of In House Investments</b>	<b>(28,285)</b>	<b>2,009</b>	<b>4,892</b>	<b>(14,102)</b>	<b>4,892</b>	<b>0</b>
<b>In House Investments</b>						
Draw downs	73,893	91,883	77,019	22,510	85,163	8,144
Distributions	(52,294)	(58,348)	(77,930)	(14,001)	(76,726)	1,204
<b>Net Expenditure /(Income)</b>	<b>21,599</b>	<b>33,535</b>	<b>(911)</b>	<b>8,509</b>	<b>8,437</b>	<b>9,348</b>
<b>Total Net Cash Flow</b>	<b>(6,686)</b>	<b>35,544</b>	<b>3,981</b>	<b>(5,593)</b>	<b>13,329</b>	<b>9,348</b>
Rebalancing Portfolio	(879)	(20,120)	(10,000)	0	(20,000)	(10,000)
<b>Total Cash Flow</b>	<b>(7,565)</b>	<b>15,424</b>	<b>(6,019)</b>	<b>(5,593)</b>	<b>(6,671)</b>	
<b>Closing Cash</b>	<b>(21,188)</b>	<b>(5,764)</b>	<b>(9,618)</b>	<b>(11,357)</b>	<b>(12,435)</b>	

## Operating Costs

	2017/18	2018/19	2019/20			
	Actual	Actual	Budget	Actual	Projected for full year	Projected under/ over
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Governance Expenses</b>						
Employee Costs (Direct)	229	193	299	64	299	0
Support & Services Costs (Internal Recharges)	23	23	22	0	22	0
IT (Support & Services)	5	0	5	0	5	0
Other Supplies & Services)	69	64	70	14	70	0
Audit Fees	39	39	40	(20)	40	0
Actuarial Fees	217	407	435	134	435	0
Consultant Fees	511	598	664	84	664	0
Advisor Fees	202	436	179	55	179	0
Legal Fees	37	57	40	0	40	0
Pension Board		58	69	13	69	0
Pooling (Consultants & Host Authority)	0	85	109	0	109	0
Total Governance Expenses	1,332	1,960	1,932	344	1,932	0
<b>Investment Management Expenses</b>						
Fund Manager Fees*	20,539	21,218	21,000	1,315	21,225	225
Custody Fees	31	31	31	(2)	31	0
Performance Monitoring Fees	67	60	66	22	66	0
Pooling (Operator / Manager)			186	0	186	0
Total Investment Management Expenses	20,637	21,309	21,283	1,335	21,508	225
<b>Administration Expenses</b>						
Employee Costs (Direct)	649	777	893	215	893	0
Support & Services Costs (Internal Recharges)	105	113	66	0	66	0
Outsourcing	227	394	900	104	900	0
IT (Support & Services)	286	364	424	346	424	0
Other Supplies & Services)	139	86	63	16	63	0
Miscellaneous Income	0	0	0	0	0	0
Total Administration Expenses	1,406	1,734	2,346	681	2,346	0
<b>Employer Liaison Team</b>						
Employee Costs (Direct)	163	205	213	48	213	0
<b>Total Costs</b>	<b>23,538</b>	<b>25,208</b>	<b>25,774</b>	<b>2,408</b>	<b>25,999</b>	<b>225</b>

## 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
✖	Original item where the period has been moved or task deleted since original business plan

## Governance Tasks

Ref	Key Action –Task	2019/20 Period				Later Years	
		Q1	Q2	Q3	Q4	2020/ 21	2021/ 22
G1	Develop business continuity plan		x	x			
G2	Review pension administration system contract	x	x	x	x	x	

## Governance Task Descriptions

### G1 – Develop business continuity plan

#### What is it?

The Fund has carried out a number of tests in recent years to ensure services can continue to be maintained in various scenarios, such as an office fire. It is now necessary to capture the Fund's business continuity plans and processes into one central document, based on the current methods of working, within a central document that will be maintained and subject to further testing.

#### Timescales and Stages

Develop business continuity plan

2019/20 Q2 & Q3

#### Resource and Budget Implications

To be led by the Deputy Head of Clwyd Pension and the Pensions Administration Manager and it is hoped that all costs can be met from existing budgets.

## **G2 - Review administration system contract**

### **What is it?**

The Fund has a rolling one year contract with Aquila Heywood in relation to their Altair administration system. It has not been subject to a full review through tender for a number of years and it would be good practice to carry this out in the near future. However, due to significant projects involving the administration system (e.g. 2016 actuarial valuation, implementing iConnect and scheme/GMP reconciliation) and to tie in with end dates of existing add-on modules within Altair, it was agreed as part of the 2017/18 business plan to defer this until 2019/20. In recent months, a feasibility study has been carried out into whether a national framework can be put in place for LGPS administration systems. CPF has been participating in carrying out this study. It is therefore recommended that CPF participates as a founding authority in the development of the national framework (assuming it proceeds) and then carries out the CPF tender for the administration system once that framework is in place. It is hoped that this will allow a new contract to be appointed to before the end of 2020/21.

### **Timescales and Stages**

Take part in national framework for pensions administration system and conduct tender for CPF administration system	2019/20 & 2020/21
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### **Resource and Budget Implications**

To be led by Pension Administration Manager and Principal Pensions Officer - Technical. Any associated costs or assistance from advisers will be considered nearer the time.