

Cronfa Bensiynau Clwyd
Clwyd Pension Fund

Gweinyddwyd gan
Administered by



Flintshire County Council

**Administering Authority for
Clwyd Pension Fund**

Business plan 2022/23 TO 2024/25

March 2022

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Introduction

This is the business plan for the Clwyd Pension Fund, which is managed and administered by Flintshire County Council. The business plan details our priorities and areas of key focus in relation to the Clwyd Pension Fund for 2022/23, 2023/24 and 2024/25. This business plan was approved at the Clwyd Pension Fund Committee meeting on 16 March 2022. The business plan is formally reviewed and agreed every year. However, throughout the year it is monitored, and the Pension Fund Committee may be asked to agree to changes to it.

The purpose of the business plan is to:

- explain the background to and objectives for the management of the Clwyd Pension Fund
- document the priorities and improvements to be implemented by the pension service during the next three years to help achieve those objectives
- enable progress and performance to be monitored in relation to those priorities
- provide staff, partners and customers with a clear vision for the next three years.

In addition, this business plan includes a budget for expected payments to and from the Clwyd Pension Fund during 2022/23 including the resources required to manage the Fund, as well as the expected cashflows over the period of this plan.

If you require further information about anything in or related to this business plan, please contact:

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Background to the Clwyd Pension Fund

The Clwyd Pension Fund ("CPF") is a £2.5bn¹ Local Government Pension Fund which provides death and retirement benefits for local government employees (other than teachers, police and firefighters) in North East Wales and employees of other qualifying bodies which provide similar services.

Total Fund membership is 49,079 (48,900²) with 17,730 (17,700) active contributors from 52 (48) contributing employers, 14,395 (13,900) retired and survivor members³, and 16,954 (17,300) deferred and other members.

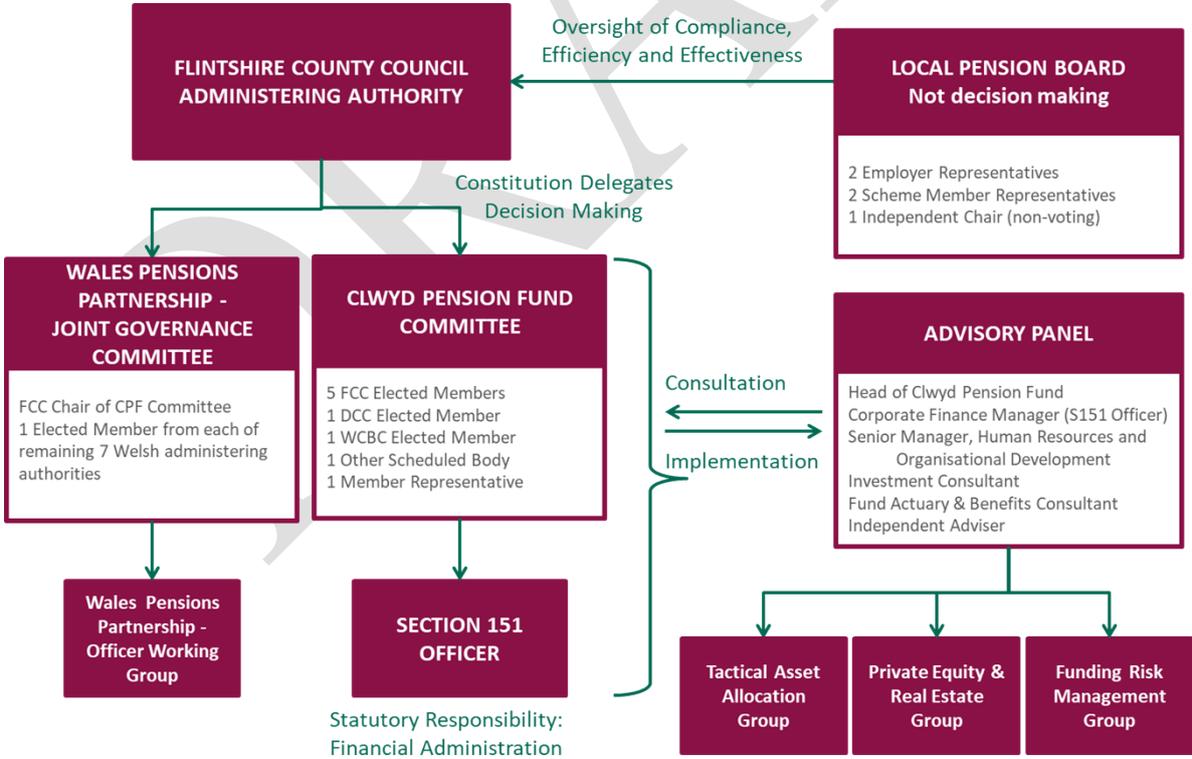
Governance and Management of the Fund

The key decision making and management of the Fund has been delegated by Flintshire County Council ("the Council") to a formal Pension Fund Committee ("PFC"), supported by a Pensions Advisory Panel ("AP"). The Corporate Finance Manager is the Section 151 Officer and therefore has a statutory responsibility for the proper financial affairs of the Council including Fund matters.

A Local Pension Board is in place to assist in:

- securing compliance of Fund matters and
- ensuring the efficient and effective governance and administration of the Fund.

This structure is illustrated below.



¹ Information correct as at 31 December 2021.

² The figures shown in brackets in this paragraph were as at 31 January 2021.

³ In addition approximately 1,150 teachers' compensation pensions are paid by the CPF team.

The Joint Governance Committee ("JGC") for the Wales Pension Partnership ("WPP" - the Wales asset pool) is a joint committee of the eight participating administering authorities as well as a non-voting scheme member representative. An inter-authority agreement has been agreed which delegates certain investment decisions to the JGC. The JGC will be advised by an Officer Working Group (OWG) on which each of the administering authorities are represented. The WPP has its own suppliers and advisers, and its own business plan.

The Pension Fund Management Team

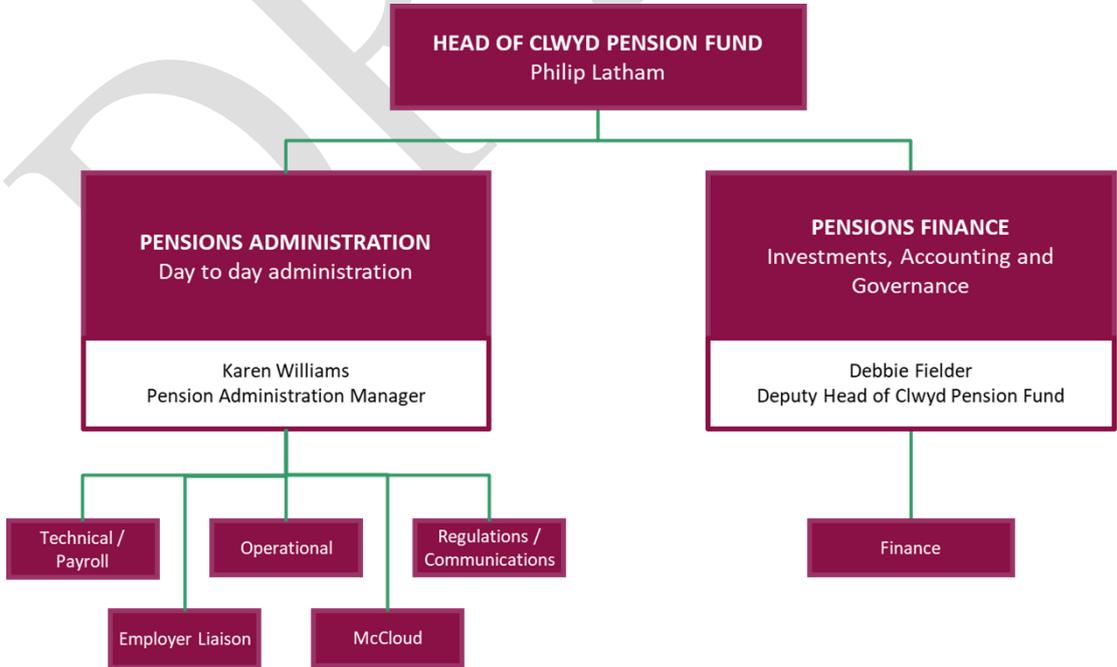
The day to day operations of the Fund are managed by the Head of Clwyd Pension Fund supported by the Deputy Head of Clwyd Pension Fund and the Pensions Administration Manager. There are two sections within the team:

- The Pensions Administration Section which is responsible for delivering the Fund's Administration and Communications Strategies. It is headed by the Pension Administration Manager and has 42.2 full time equivalent members of staff.
- Within the Pensions Administration Section there is an Employer Liaison Team that undertakes employer responsibilities which are recharged to the employer through their employer contribution rate. A number of the Fund's employers use this service.

The Pensions Finance Section is responsible for delivering the Fund's Investment and Funding Strategies, as well as accounting matters. It also has overall responsibility for ensuring all governance matters are delivered. It is headed by the Deputy Head of the Clwyd Pension Fund and has 7 full time equivalent members of staff.

More information about their day to day responsibilities is documented later in this Plan in the "Business as Usual".

The structure as at March 2022 is illustrated below.



The Pension Fund Management Team and Pension Fund Committee are assisted by a range of specialist consultants, suppliers and fund managers.

Aims and Objectives for the Management of the Fund

Our Mission Statement is:

- to be known as forward thinking, responsive, proactive and professional, providing an excellent customer focused, reputable and credible service to all customers.
- to have instilled a corporate culture of risk awareness, financial governance, and to provide the highest quality distinctive services within the resource budget.
- to work effectively with partners, being solution focused with a 'can do' approach.

Our key strategies and policies which guide the management of the Fund are listed below and most can be found on our website at <http://mss.clwydpensionfund.org.uk>

- Governance Policy and Compliance Statement;
- Knowledge and Skills Policy, Conflicts of Interest Policy, Risk Management Policy and Reporting, Business Continuity Policy, Recording Breaches of the Law Procedure,
- Investment Strategy Statement including Responsible Investment Policy,
- Funding Strategy Statement,
- Administration Strategy, Personal Data Retention Policy, Administering Authority Discretionary Policies, Voluntary Scheme Pays Policy, Policy on the Overpayment and Underpayment of Pension Scheme Benefits,
- Communications Strategy.

The key actions and areas of focus in our business plan (as shown in the appendix) are grouped into the areas of governance, funding and investments, administration, communications and employer liaison team to align with the key aims and objectives of these strategies and policies. These aims and objectives are summarised below.

Governance

- Act in the best interests of the Fund's members and employers
- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies
- Ensure the Pension Fund is managed, and its services delivered, by people who have the appropriate knowledge and expertise
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- Understand and monitor risk
- Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- Clearly articulate our objectives and how we intend to achieve those objectives through business planning, and continually measure and monitor success

- Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved.

Funding and Investments

- Achieve and maintain assets equal to 100% of liabilities within the 13-year average timeframe, whilst remaining within reasonable risk parameters
- Determine employer contribution requirements, whilst recognising the constraints on affordability and strength of employer covenant, with the aim being to maintain as predictable an employer contribution requirement as possible
- Recognising the constraints on affordability for employers, aim for sufficient excess investment returns relative to the growth of liabilities
- Strike the appropriate balance between long-term consistent investment performance and the funding objectives
- Manage employers' liabilities effectively through the adoption of employer specific funding objectives
- Ensure net cash outgoings can be met as/when required
- Minimise unrecoverable debt on employer termination
- Ensure that its future strategy, investment management actions, governance and reporting procedures take full account of longer-term risks and sustainability
- Ensure that the Fund's investment and return targets are aligned with the transition to a low carbon economy through a commitment to achieving a net zero carbon dioxide emission's target by 2045
- Promote acceptance of sustainability principles and work together with others to enhance the Fund's effectiveness in implementing these
- Aim to use the Wales Pensions Partnership as the first choice for investing the Fund's assets subject to it being able to meet the requirements of the Fund's investment strategy and objectives (including environmental, social and governance requirements), within acceptable long-term costs to deliver the expected benefits and subject to ongoing confidence in the governance of the Partnership.

Administration

- Provide a high quality, professional, proactive, timely and customer focussed administration service to the Fund's stakeholders
- Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS⁴ regulations and in the delivery of the administration functions of the Fund
- Ensure the correct benefits are paid to, and the correct income collected from, the correct people at the correct time

⁴ Local Government Pension Scheme.

- Maintain accurate records and ensure data is protected and has authorised use only.

Communications

- Promote the Scheme as a valuable benefit and provide sufficient information so members can make informed decisions about their benefits
- Communicate in a clear, concise manner
- Ensure we use the most appropriate means of communication, taking into account the different needs of different stakeholders, but with a default of using electronic communications where efficient and effective to do so
- Look for efficiencies and environmentally responsible ways in delivering communications through greater use of technology and partnership working
- Regularly evaluate the effectiveness of communications and shape future communications appropriately.

Employer Liaison Team

- Provide a high quality, professional, proactive, timely and customer focused service to the employer
- Provide the agreed service in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- Ensure the employer is aware of and understands their role and responsibilities under the LGPS regulations and the Fund's Administration Strategy
- Ensure that accurate member information is provided to the Fund, in the correct format, within the agreed timescales
- Ensure data is protected and has authorised use only.

Business as usual

The appendix to this business plan highlights what our key priorities are for the next three years. This focusses on areas of change and project-like tasks which are in addition to our day to day “business as usual” duties. On a day to day basis, our focus is on the following key elements of Fund management:

- Paying pension benefits to all our beneficiaries, as prescribed by the LGPS regulations
- Communicating with our scheme members about their membership of the Fund
- Ensuring we receive all the pension contributions paid by active members of the Fund, again as prescribed by the LGPS regulations
- Ensuring all the employers in the Fund pay their pension contributions
- Safeguarding the money in the Fund (the Fund’s assets)
- Investing any Fund assets that are not currently needed to pay benefits
- Working with the actuary so, every three years, they determine how much employers need to pay into the Fund to ensure we have enough money to pay pension benefits in the future.

Understanding the continuing pressure on resources and budgets for employers and the administering authority, an Employer Liaison team is available which can provide assistance to employers by carrying out a number of the employer responsibilities on the employers' behalf.

Managing the Fund on a day to day basis involves a wide range of processes and procedures, some of which are outlined below and all of which have been designed around achieving our Fund’s objectives as outlined in our strategies and policies. The management of the Fund is significant, complex and highly regulated. As such, these processes and procedures require expert knowledge and experience from both officers and external advisors in several diverse areas as illustrated below.

Governance

- Ensuring decisions relating to the management of the Fund are made in accordance with agreed delegated responsibilities
- Setting the agenda, reporting and presenting to the Pension Fund Committee, Local Pension Board and Advisory Panel, and ensuring those bodies carry out their delegated responsibilities
- Implementing and monitoring the achievement of other governance areas such as the training policy, conflict of interest policy, risk management policy, breaches of law procedure and The Pension Regulator’s Code of Practice
- Ensuring the Fund's business plan is regularly updated, agreed and delivered
- Ensuring we adhere to Council and legal requirements for procurement, health and safety and data protection
- Procurement of and payment for, advisers and other services
- Assisting internal and external audit in their role

- Replying to Freedom of Information requests
- Participation at the Joint Governance Committee and Officer Working Group of the WPP
- Ensuring business continuity arrangements are in place and regularly tested
- Managing the risk of cybercrime and ensuring our data and systems are safeguarded.

Accountancy

- Preparing and publishing the Fund's Annual Report
- Completing the Annual Accounts and assisting external auditors
- Preparing and quarterly monitoring of the Annual Budget
- Preparation of statutory and non-statutory returns as required
- Monthly bank reconciliations
- Quarterly cash flow and treasury management
- Monthly monitoring of income and expenditure including employer and scheme member contributions
- Quarterly invoicing of employers for pensions strain and added years.

Funding

- Agreeing the funding strategy with the actuary every three years, consulting with employers and monitoring continued appropriateness annually
- Assisting the actuary with the triennial Actuarial Valuation by providing membership data and presenting results and explanations to employers of future employer contributions and deficit payments
- Arranging through the Actuary, data required by the Government Actuary's Department ("GAD")
- Monitoring the employers' funding positions and covenants including their ability to pay contributions and managing any employers who wish to join or leave the Fund
- Review Additional Voluntary Contributions (AVCs) provision on a regular basis to ensure it continues to remain appropriate

Investments

- Carrying out a fundamental review of the investment strategy every three years
- Appointing, monitoring and dismissing of fund managers including within a pooling environment
- Quarterly monitoring and reporting on investment performance
- Monthly monitoring and reporting on the Fund's funding position and implementation of our cash and risk management strategy ("Flight-path") with annual 'health checks'
- Working with other LGPS funds in Wales and nationally to pool investments through our role within the Joint Governance Committee and Officer Working Group
- Monthly monitoring and implementation of the tactical asset allocation decisions

- Developing, implementing, and monitoring the Fund's approach to Responsible Investment
- Identifying sustainable investments that aim to make a positive social or environmental impact
- Monitoring of over 100 investments in private markets including cashflow deployment.
- Ensuring costs are fully disclosed in line with the LGPS Investment Code of Transparency
- Working with WPP to ensure that it can support the Fund in delivering its own Responsible Investment and Climate Change beliefs and requirements.

Administration

- Providing ongoing information to scheme members and their beneficiaries as they join, leave or change their status in the Fund
- Calculating and notifying entitlement to pension and death benefits
- Providing quotations of retirement benefits including any additional costs to employers
- Providing information on how scheme members can increase their pension benefits
- Maintaining scheme member records
- Providing a scheme members' help line for ad-hoc enquiries
- Administering the Fund's Internal Dispute Resolution Procedure.

Payroll

- Calculating and paying monthly pensions to all pensioners and beneficiaries
- Issuing payslips (where net pay has changed)
- Issuing P60s
- Investigating returned payments and dealing with any under or overpayment of pensions
- Updating and maintaining accuracy of pensioner member details.

Communication

- Providing Annual Benefit Statements to all active and deferred scheme members
- Providing information to members via one to ones, workshops and newsletters
- Maintaining the Fund's website and members' self-service facility
- Provide new employers with information about their Fund responsibilities
- Providing ongoing training and technical updates to employers
- Running an Annual Meeting for employers and members' representatives.

Technical

- Maintaining and updating the pensions software system, including overseeing the monthly employer returns
- Providing guidance on changes in processes following legislation updates

- Developing reporting to provide information on progress against key performance indicators and daily work management
- Providing reports and extracts for the Fund Actuary and GAD
- Reporting and making payments to HMRC
- Processing bulk updates to data such as annual pensions increases and year end employer returns.

Employer Liaison Team

- Providing notifications regarding new starters, personal/employment changes and leavers/retirements in the Fund
- Undertaking estimates of benefits for scheme members and the employer
- Undertake response to outstanding requests for information to cleanse the pension records
- Providing information to the Fund's actuary as required for new alternative delivery models for employer services
- Undertake work as necessary to clear outstanding year-end or other data queries.

The plan for the next three years

Key Challenges and Influences

The last decade saw an unprecedented number of external factors that impacted or could impact the management of the Fund on top of major changes that have been implemented to the Fund in recent years, such as:

- Implementation of a new governance structure, including creation of a Pension Fund Committee, Advisory Panel and Local Pension Board between 2014 and 2016.
- A fundamental review of the investment strategy in 2014/15, to ensure a closer relationship with the funding strategy through implementation of a flight-path risk management plan, which is annually reviewed.
- The implementation of the new LGPS Career Average Revalued Earnings (CARE) Scheme from April 2014 and each year introducing innovative ways of working within the Administration Section.
- Establishing and investing assets in the WPP since 2016/17
- Agreeing a number of key priorities relating to responsible investing, including a commitment to achieve a net-zero carbon dioxide emission's target by 2045.

This puts us in a strong position to meet the challenges ahead. The following are just some of the key areas of focus for the Fund over the next three years:

- Carrying out the Actuarial Valuation of the Fund as at 31 March 2022
- Implementing the remedy following the McCloud court case
- Implementing changes to meet and monitor the Fund's new targets in relation to climate risk
- Carrying out compliance checks against The Pension Regulator's New Code
- Implementing any governance changes as a result of the Scheme Advisory Board Good Governance review
- Integration with the National Pensions Dashboards
- Finalising the development of controls relating to cybercrime and business continuity.
- Developing and implementing a refreshed communications strategy

These, and other priorities for the next three years, are articulated in more detail in the appendix to this business plan, split into three sections;

- governance
- funding and investments
- administration, communications and employer liaison team.

Budget

All the costs associated with the management of the Fund are a charge to the Fund and not to the Council. The following shows the expected income and expenditure to the Fund (cash flow) as well as the expected operating costs.

Cash flow projection for 2022/23 to 2024/25

	Estimated	Budget	Budget	Budget
	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s
Opening Cash	(37,078)	(75,898)	(65,323)	(5,474)
Payments				
Pensions	66,808	68,400	70,000	72,000
Lump Sums & Death Grants	16,842	16,000	16,000	16,000
Transfers Out	5,016	6,000	6,000	6,000
Expenses (excluding investments)	4,427	6,800	5,800	5,800
Tax Paid	62	100	100	100
Support Services	180	200	200	200
Total Payments	93,335	97,500	98,100	100,100
Income				
Employer Contributions	(49,910)	(49,000)	(52,400)	(52,400)
Employee Contributions	(17,369)	(17,200)	(17,600)	(17,600)
Employer Deficit Payments	(14,383)	(15,000)	0	0
Transfers In	(7,538)	(6,000)	(6,000)	(6,000)
Pension Strain	(1,067)	(1,200)	(1,200)	(1,200)
Income	(37)	(40)	(40)	(40)
Total Income	(90,304)	(88,440)	(77,240)	(77,240)
Cash-flow Net of Investment Income	3,031	9,060	20,860	22,860
Investment Income	(11,334)	(8,000)	(8,000)	(8,000)
Investment expenses	5,550	4,000	4,000	4,000
Total Net of In House Investments	(2,753)	5,060	16,860	18,860
In House Investments				
Draw downs	63,982	103,661	130,150	149,000
Distributions	(110,246)	(98,146)	(87,161)	(78,302)
Net Expenditure /(Income)	(46,264)	5,515	42,989	70,698
Total Net Cash-Flow	(49,017)	10,575	59,849	89,558
Rebalancing Portfolio	10,197			(90,000)
Total Cash Flow	(38,820)	10,575	59,849	(442)
Closing Cash	(75,898)	(65,323)	(5,474)	(5,916)

Operating Cost Budget 2022/23

	Actual	Revised Budget	Estimate	Budget
	2020/21	2021/22	2021/22	2022/23
	£000s	£000s	£000s	£000s
Governance Expenses				
Employee Costs (Direct)	261	326	294	397
Support & Services Costs (Administering Authority)	22	24	24	24
IT (Support & Services)	1	5	2	5
Other Supplies & Services	54	97	65	95
Audit Fees	39	41	41	45
Actuarial Fees	504	696	483	879
Investment Consultant Fees	847	1,142	1,061	1,627
Governance Advisor Fees ^a	576	485	580	517
Legal Fees	16	40	84	100
Pension Board ^a	106	91	92	113
Pooling (Host and Consultant Costs)	101	130	140	197
Total Governance Expenses	2,527	3,077	2,865	3,999
Investment Management Expenses				
Fund Manager Fees	16,924	19,915	15,500	16,275
Custody Fees	69	32	113	112
Performance Monitoring Fees	67	53	53	53
Wales Pension Partnership Investment Costs	304	636	500	500
Total Investment Management Expenses	17,364	20,636	16,166	16,940
Administration Expenses				
Employee Costs (Direct) ^a	1,091	1,366	1,213	1,433
Support & Services Costs (Administering Authority)	156	158	158	158
Outsourcing	42	30	60	0
IT (Support & Services) ^a	426	515	477	715
Other Supplies & Services) ^a	119	134	103	146
Total Administration Expenses	1,834	2,203	2,011	2,451
Employer Liaison Team				
Employee Costs (Direct) ^a	199	286	255	363
Total Employer Liaison Team	199	286	255	363
Total Costs	21,924	26,201	21,297	23,753

Notes relating to proposed budget:

- 1) Items marked "a" include estimates for additional costs relating to McCloud. Please see below for detail.

McCloud Budget 20/21	£000s
Employee Costs (Direct) *	270
Governance Advisor Fees	222
Pension Board	21
IT (Support & Services)	100
Other Supplies & Services)	10
Total	623
* Of the employee costs £60k is allocated to ELT	

- 2) The costs incurred by the Employer Liaison Team will be recovered from the participating employers making use of the service through their employer contribution rate.
- 3) The actuarial, consultancy and adviser costs include allowances for project work which will not be required in future years, for example Private Markets advice and impact of the 2022 Valuation.
- 4) The above estimates assume pay inflation of 3.5% where appropriate.
- 5) The Employer Liaison Team employee costs include £62k relating to two additional posts which may be required within the team, which were not in the 2021/22 budget.
- 6) Employee costs in Governance Expenses covers the approved establishment for the Governance and Finance Team. Given current recruitment and retention issues it is likely that some of this budget will be used on a temporary basis to cover the cost of external support.

Delivering the Business Plan

Monitoring and Reporting

In order to identify whether we are meeting our agreed business plan we will:

- continue to monitor progress of the key priorities and the agreed budgets on an ongoing basis within the Pension Fund Management Team and the Pension Fund Advisory Panel
- provide updates on progress against these key priorities on a quarterly basis to the Pension Fund Committee, which will be shared with the Pension Board
- as part of these quarterly updates:
 - highlight any areas where we are exceeding or failing to achieve our targets and the reasons why, and identify any changes to the planned priorities as a result of this
 - highlight any significant additional spend or underspend in relation to the agreed budget as it becomes apparent.

Current Significant Risks

The Clwyd Pension Fund has embedded risk management into the governance of the Fund. The Committee has approved a Risk Management Policy and a detailed Risk Register is maintained. Changes to the level of risk are reported at each Committee.

Given that many pension fund risks are outside of our control, our risk management focusses on measuring the **current** risk against the Fund's agreed **target** risk (which may still be relatively high) and identifying the further controls and actions that can be put in place. This risk management process is integral in identifying actions that are then included in the Fund's Business Plan.

Overall the next few years will be challenging for those involved in the governance, management and operation of the Fund. The risks discussed below are documented in the Risk Register which will continue to be updated at each Committee meeting as circumstances change. The risks shown are those risks which are currently identified as amber i.e. with moderate consequences that are considered a possible occurrence, or higher, and where we are not currently meeting the target risk exposure.

A further key risk currently being considered relates to geopolitical risk as a consequence of Russia's invasion of the Ukraine. This is not yet reflected in the Risk Register but action is being taken to mitigate this risk.

Key:

Risk Exposure	Impact/Likelihood
Black	Catastrophic consequences, almost certain to happen
Red	Major consequences, likely to happen
Amber	Moderate consequences, possible occurrence
Yellow	Minor consequences, unlikely to happen
Green	Insignificant consequences, almost very unlikely to happen

Governance

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
Insufficient staff numbers (e.g. sickness, resignation, retirement, unable to recruit) - current issues include age profile, implementation of asset pools and local authority pay grades	Services are not being delivered to meet legal and policy objectives			<ul style="list-style-type: none"> 1 - Recruit to vacant governance and business role, Fund accountant and Trainee Fund Accountant 2 - Ongoing consideration of business continuity including succession planning 3 - Ongoing consideration of how to fill vacant administration posts 4 - Identify how services in Finance Team can be supported due to resignation of Fund Accountant

Funding & Investment

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
Market factors impact on inflation and interest rates	Value of liabilities increase due to market yields/inflation moving out of line from actuarial assumptions			<ul style="list-style-type: none"> 1 - Consider as part of Triennial Actuarial Valuation

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
<p>1. Responsible Investment (including Climate Change) is not properly considered within the Fund's long-term Investment Strategy meaning it is not sustainable and does not address all areas of being a Responsible Investor</p> <p>2. WPP does not provide CPF with the tools to enable implementation of RI policies</p>	The Fund's long-term Investment Strategy could fail to deliver appropriate returns			<p>1 - Implement Strategic RI Priorities, including ongoing analysis of the Fund's carbon Footprint. Identify sustainable investment opportunities and improve disclosure and reporting</p> <p>2 - Work with WPP to ensure the Fund is able to implement effectively via the Pool</p>

Administration & Communication

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
That there are poorly trained staff and/or we can't recruit/retain sufficient quality of staff, including potentially due to pay grades (including due to Covid-19)	Unable to meet legal and performance expectations (including inaccuracies and delays) due to staff issues			<p>1 - Continue discussions with HR about effective recruitment advertising</p> <p>2 - Use internal secondment to officer role and then backfill with new pension assistants</p>

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
<p>Employers:</p> <ul style="list-style-type: none"> - don't understand or meet their responsibilities - don't have access to efficient data transmission - don't allocate sufficient resources to pension matters (including due to Covid-19) 	<p>Unable to meet legal and performance expectations (including inaccuracies and delays) due to employer issues</p>			<ol style="list-style-type: none"> 1 - Consider need to roll out APP training - in house and employers 2 - Engage directly with employers on data issues
<p>Systems are not kept up to date or not utilised appropriately, or other processes inefficient (including McCloud and potential exit cap)</p>	<p>High administration costs and/or errors</p>			<ol style="list-style-type: none"> 1 - Review of and update website during 2022/23 2 - Review of success of new website planned for 2022/23 3 - Carry out CPF tender for pension admin system 4 - If delays in system upgrades, look for alternative solutions to administer regulatory changes
<p>System failure or unavailability, including as a result of cybercrime and Covid-19</p>	<p>Service provision is interrupted</p>			<ol style="list-style-type: none"> 1 - Develop updated business continuity plan for CPF 2 - Review of cybercrime risk controls 3 - Develop post Covid-19 approach to working arrangements

Training Plan

A Clwyd Pension Fund Training Policy has been established to aid Pension Fund Committee, Pension Board members and senior officers in performing and developing personally in their individual roles, with the aim of ensuring that Clwyd Pension Fund is managed by individuals who have the appropriate levels of knowledge and skills. The following training plan has been developed for 2022/23 to assist in meeting that aim.

Title of session	Type of session	Training Content	Timescale	Audience
Myners Principles	Essential	To include reviewing the effectiveness of the PF Committee	March or June 2022 PFC possibly	Committee, Pensions Board and Officers
WPP Pooling Governance	Desirable	Cost Transparency / Good Governance	22 March 2022	Committee, Pensions Board and Officers
LGC Investment Seminar, Carden Park	Desirable	Various topical presentations.	24 - 25 Mar 2022	Committee, Pensions Board and Officers
The Communications Strategy	Essential	What's in the Communications Strategy, how it will be delivered and performance measures/assurances.	8th June 2022 at 10am	Committee, Pensions Board and Officers
PLSA	Desirable	Local Authority Conference	13-15 June 2022	Committee, Pensions Board and Officers
The Actuarial valuation	Essential	Actuarial valuation and Funding Strategy Statement (FSS)	24th August 2022 at 2.30pm	Committee, Pensions Board and Officers
Investment strategy review including asset classes	Essential	Setting the strategy and delivery of Investment objectives, including the risk and return characteristics of the asset classes	5th October 2022 at 10am	Committee, Pensions Board and Officers
Governance update - Various	Essential	1. The role and powers of The Pensions Regulator and Codes of Practice 2. MIFID2 knowledge and skills requirements and the impact on the Fund around investment restrictions 3. Changes to be introduced as a result of the national SAB good governance project	TBC	Committee, Pensions Board and Officers
£95k Exit Cap and wider reform	Essential	If applies to Wales, the new £95k cap and the impact on scheme members being given early retirement	TBC	Committee, Pensions Board and Officers
Goodwin Case	Essential	Overview of Goodwin court case affecting widowers' pension entitlements retrospectively to 2005	TBC	Committee, Pensions Board and Officers
Private Market investments	Essential	All aspects of investing in Private Markets	TBC	Committee, Pensions Board and Officers
Private Market Allocators & Active Sustainable Equities	Desirable	Content to be set by Wales Pensions Partnership and their oversight advisor	TBC	Committee, Pensions Board and Officers

Title of session	Type of session	Training Content	Timescale	Audience
Governance & Administration including Roles & Responsibilities	Desirable	Content to be set by Wales Pensions Partnership and their oversight advisor	TBC	Committee, Pensions Board and Officers
Stewardship Code & TCFD Reporting	Desirable	Content to be set by Wales Pensions Partnership and their oversight advisor	TBC	Committee, Pensions Board and Officers
Progress of the LGPS Pools & Collaboration Opportunities	Desirable	Content to be set by Wales Pensions Partnership and their oversight advisor	TBC	Committee, Pensions Board and Officers

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Appendix - BUSINESS PLAN 2022/23 - 2024/25 – Key Tasks

Governance

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		
G5	Outcome of Scheme Advisory Board good governance review			x	x	x	
G6	Review/Tender Fund Actuary, Investment Consultancy and Independent Adviser Contracts			x	x		x
G7	Review of governance related policies				x	x	x

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.

G5 – Outcome of Scheme Advisory Board good governance review

What is it?

The national LGPS Scheme Advisory Board (SAB) carried out a project to help and assist with the successful management of potential conflict of interests arising between a pension fund and its parent local authority. It was originally investigating options for change regarding the separation of LGPS pension funds and their host authorities.

The review has now evolved to focus on the elements of good governance, rather than the structure of the organisation. A number of recommendations have been made including ensuring appropriate conflicts of interest management, knowledge and skills and having a designated LGPS lead officer in each administering authority. The SAB has now made a number of formal recommendations to DLUHC, including the request for DLUHC to issue statutory guidance relating to the areas of best practice identified by the project. SAB will also be undertaking a number of surveys to take forward some of the work and is expected to issue guidance in due course. The actual timescales are estimated and may be delayed due to other national priorities.

Timescales and Stages

Expected period to review existing arrangements against new statutory guidance and/or guidance	2022/23 Q3 to 2023/24 (estimated)
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Resource and Budget Implications

Estimated costs for this work are included within this year's budget although costs are uncertain at this time and may vary depending on the final guidance and requirements. It is expected this will mainly involve the Head of Clwyd Pension Fund taking advice from the Independent Adviser.

G6 – Review/Tender Fund Actuary, Investment Consultancy and Independent Adviser Contracts

What is it?

The Fund's actuary and benefits consultant contract reaches its initial break point on 31 March 2025 albeit, it can be extended by the Committee for 1 year.

The Fund's investment consultancy and independent adviser contracts reach their initial break point on 31 March 2023 albeit, they can be extended by the Committee for 2 years. The independent adviser can also be the Chair of the Pension Board and therefore that needs to be considered at the same point.

Timescales and Stages

Consider extension of investment consultancy and independent adviser contracts	2022/23 Q3 & Q4
Conduct tenders for investment consultancy services and independent adviser (assuming extensions have been applied)	2024/25
Consider extension of actuarial and benefits consultancy contract	2024/25
Conduct tender for actuarial and benefits consultancy services (assuming extension has been applied)	2025/26

Resource and Budget Implications

To be led by the Deputy Head of Clwyd Pension Fund within existing budget.

G7 – Review of Governance Related Policies

What is it?

The Fund has several policies focussing on the good governance of the Fund, all of which are subject to a fundamental review, usually at least every three years. The only policy that is due for review in 2022/23 is the Governance Policy. Although it is not due for review until quarter 4, it may be done earlier due to changes that are expected to be made to the FCC Constitution as a result of the recent departure of Colin Everett as Chief Executive.

Timescales and Stages

Policy	Last reviewed	Next review due	Timescales for review work
Governance Policy and Compliance Statement	February 2020	February 2023	2022/23 Q4
Risk Policy	October 2020	October 2023	2023/24
Business Continuity Policy	March 2021	March 2024	2023/24
Conflicts of Interest Policy	September 2021	September 2024	2024/25
Knowledge and skills policy	September 2021	September 2024	2024/25
Procedure for Recording and Reporting Breaches of the Law	March 2022 (expected)	March 2025	2024/25
Cyber Strategy	March 2022 (expected)	March 2025	2024/25

Resource and Budget Implications

It is expected this will mainly involve the Head of Clwyd Pension Fund taking advice from the Independent Adviser. Estimated costs are included in the budget.

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Funding and Investments (including accounting and audit)

Ref	Key Action –Task	2022/23 Period				Later Years	
		Q1	Q2	Q3	Q4	2023/ 24	2024/ 25
F1	Funding Strategy Statement Review and Triennial Actuarial Valuation	x	x	x	x		
F2	Review of Investment Strategy		x	x	x	x	
F3	Climate Change and TCFD		x	x		x	
F4	UK Stewardship Code	x	x	x			
F5	LGPS Investment Related Developments (later timescales unknown)		x	x			
F4	Interim Funding Review						x

F1 – Funding Strategy Statement Review and Triennial Actuarial Valuation

What is it?

The formal triennial actuarial valuation of the Fund is due to be undertaken as at 31 March 2022. This considers the solvency position and other financial metrics and is a legal requirement of the LGPS Regulations. It determines the contribution rates payable by the employers to fund the cost of benefits including the impact of any shortfall or surplus. These aspects are driven by the contents of the separate Funding Strategy Statement, which is reviewed and consulted on as part of the process.

This is considered in conjunction with the employer risk management framework implemented by the Fund. Employers will be required to provide financial statements and evidence of affordability and security before contributions can be agreed. Consideration will also be given as to the sustainability of any contribution reductions. The exercise will include cash flow projections to input into the Cash and Risk Management policy framework.

Timescales and Stages

Effective date	31 March 2022
Demographic Analysis including covid-19 impact	2022/23 Q1
Update risk management and monitoring framework	2022/23 Q1 & Q2
Initial whole Fund results (expected)	2022/23 Q2
Integration with climate change considerations	2022/23 Q2
Individual Employer results including review of McCloud allowances (expected)	2022/23 Q2 & Q3
Funding Strategy Statement review and consultation with employers	2022/23 Q2 & Q3
Funding Strategy Statement approval	2022/23 Q4
Deadline for agreement of all contributions and sign-off valuation report	31 March 2023

Resource and Budget Implications

The exercise is led by the Deputy Head of Clwyd Pension Fund and will be performed by the Fund Actuary. It will involve considerable resource from the Administration and Finance teams over 2022/23. The Fund Actuary's costs in relation to this exercise are included in the 2022/23 budget.

F2 – Review of Investment Strategy

What is it?

This relates to the triennial review of the Investment Strategy having regard to the findings of the actuarial valuation and the review of the Funding Strategy.

The review will also have regard to DLUHC's recently published Levelling Up agenda and the requirement for LGPS Funds to draft a mandatory plan setting out an ambition as to how they will allocate at least 5% to "new" local investments (with local being defined as the UK). Note however that this is not a mandatory requirement in scale nor does it represent a ceiling. In addition, the review of investment strategy will incorporate strategic climate change scenario analysis modelling.

This is expected to take place concurrently with the review of the Funding Strategy Statement in 2022/23.

Timescales and Stages

Review of Investment Strategy	2022/23 Q2 & Q3
Approve Investment Strategy (with consultation if required)	2022/23 Q4
Implementation of any changes	2023/24

Resource and Budget Implications

The work will be led by Deputy Head of Clwyd Pension Fund, working with the Fund's Investment Consultant. The Investment Consultant's estimated costs in relation to this exercise are included in the 2022/23 budget.

F3 – Climate Change and TCFD

What is it?

The Task Force on Climate-Related Financial Disclosures (TCFD) have released climate-related financial disclosure recommendations to help organisations provide better information to support informed capital allocation. The Fund will look to report on a TCFD basis to ensure transparency of the work the Fund is undertaking with respect to climate change. This will include reporting on the various commitments the Fund has made relating to meeting its net zero target.

As noted in F5, DLUHC will be launching a wide-ranging consultation in the summer of 2022, and this will include how TCFD should be adopted within the LGPS. The Fund will have regard to this whilst carrying out the development of their reporting.

Design TCFD compliant reporting template	2022/23 Q2 to Q3
Review TCFD reporting template (if required) in line with LGPS requirement	2023/24

Resource and Budget Implications

This work will be led by the Deputy Head of Clwyd Pension Fund, supported by the Investment Consultant. Estimated costs for the development of the reporting are contained within the 2022/23 budget.

F4 – UK Stewardship Code

What is it?

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

The UK Stewardship Code 2020 comprises a set of 12 'apply and explain' Principles for asset owners. As part of the Fund's desire to demonstrate its good governance and stewardship of

its assets, the Fund will look to become a signatory to the Code by submitting its report by October 2022. The WPP have already submitted its application to become a signatory of the Stewardship Code, and the Fund will need to use this submission to inform their application.

Timescales and Stages

Develop Stewardship Code template	2022/23 Q1 to Q2
Stewardship Code submission (pre October 2022 deadline)	2022/23 Q3

Resource and Budget Implications

This work will be led by the Deputy Head of Clwyd Pension Fund, supported by the Investment Consultant. Estimated costs for the development of the submission are contained within the 2022/23 budget.

F5 – LGPS Investment Related Developments

What is it?

The Government (DLUHC) will continue to produce guidance for the LGPS community. It is expected that, in summer 2022, the Fund will be asked to consider a significant single consultation exercise. The Fund intends to respond to the consultation in respect of all areas covered.

Further detail will be provided in due course but it is anticipated that it will encompass the following areas:

- Levelling up – as described in section F2 (will eventually result in the publication of a mandatory plan by the Fund)
- TCFD – as described in section F3
- Asset Pooling Guidance - DLUHC undertook an informal consultation on new asset pooling guidance during early 2019. DLUHC has since confirmed its intention to carry out a formal consultation in due course (and it will now be contained within this wider consultation)
- Competition and Markets Authority Order 2019 – covering the requirement to set strategic objectives for investment consultants.

Timescales and Stages

Respond to consultation (in full)	2022/23 Q2 to Q3
Respond to changes in requirements	Unclear

Resource and Budget Implications

This work will be led by the Deputy Head of Clwyd Pension Fund, supported by the Investment Consultant. Estimated costs for the development of the reporting are contained within the 2022/23 budget albeit this may need revisited when the requirements are better understood.

F6 – Interim Funding Review

What is it?

In advance of the 2025 actuarial valuation, the Actuary will assess the funding position as at 31 March 2024 in order to prepare the Fund and employers for the potential contribution outcomes from the 2025 valuation.

The 2024 interim review will be carried out in the same way as a full actuarial valuation process. It would allow the Fund to update the contribution requirements in the same way as a statutory valuation for some employers where appropriate and permissible under the Funding Strategy Statement.

This analysis will assist the Fund to understand employer contribution affordability and budgets so that plans can be made considering the current funding position and the outlook for returns. It will also involve discussions with the Fund's employers.

Timescales and Stages

Carry out interim funding review	2024/25
Results and discussion with employers including via steering groups	2024/25

Resource and Budget Implications

This exercise will be performed by the Fund Actuary. It will involve input from both the Clwyd Pension Fund Administration and Finance teams.

Administration, Communications and Employer Liaison Team

Ref	Key Action -Task	2022/23 Period				Later Years	
		Q1	Q2	Q3	Q4	2023/ 24	2024/ 25
Essential Regulatory Driven Areas							
A1	Preparation of Member Data for Valuation and Funding Reviews	x	x				
A2	McCloud judgement	x	x	x	x	x	
A3	National Pensions Dashboard			x	x	x	
A4	Implement Survivor Benefits Changes (dates unknown)						
A5	Other Expected National Changes (dates unknown)						
Priority Fund Driven Projects							
A6	Review Administration & Communications Related Policies and Strategies	x					x
A7	Review pensioner existence checking	x	x	x			
A8	Conduct appropriate procurement and implementation (if necessary) for CPF administration system	x	x	x	x	x	
A9	Develop and implement a refreshed communications strategy	x	x	x	x	x	x
Lower Priority Fund Driven Projects							
A10	Trivial Commutation			x	x	x	
Employer Liaison Team (ELT) Projects							
E1	McCloud ELT Services	x	x	x	x	x	
E2	Expand ELT to more employers					x	

Essential Regulatory Driven Areas

A1 – Preparation of Member Data for Valuation and Funding Reviews

What is it?

The triennial actuarial valuation as at 31 March 2022 requires the pension administration team to provide data to the actuary. This involves an additional year end cleansing exercise post 31 March 2022 to ensure the data is of sufficient quality for the valuation and to then rectify any anomalies discovered during the valuation process. The CPF data is expected to be more robust than in previous years due to ongoing work implementing i-Connect and dealing with backlogs. An interim valuation was completed during 2021/22 where some initial data validation has been completed already, which highlighted an area to investigate. As a result further work will be done working with employers to close down casual workers records where appropriate.

It is hoped that data can be submitted to the Fund actuary by early July with any data cleansing being investigated and responded to by 31 July 2022.

Timescales and Stages

Preparation of data for 31 March 2022 valuation	2022/23 Q1 to Q2
Investigating and responding to data queries from Fund Actuary	2022/23 Q2

Resource and Budget Implications

This will be carried out by the Technical Team in the main with assistance from the rest of the Operations Team depending on the requirements. All internal costs are being met from the existing budget. The work by the Fund Actuary is also included in proposed budget for 2022/23.

A2 – McCloud judgement

What is it?

The McCloud case has highlighted that the protections given to older members on the introduction of the new CARE schemes for Firefighters and Judges in April 2015 were unlawful age discrimination. This case impacts other public service pension schemes including the LGPS (where the new CARE scheme from April 2014 included a statutory underpin for older members). MHCLG (now DLUHC) issued a consultation setting out its proposals for implementing the McCloud judgement in the LGPS in July 2020. This focused on remedies which will result in changes to scheme benefits some of which will be retrospective. DLUHC's response to the consultation feedback is expected in Summer 2022, along with LGPS regulations. The primary legislation which will enable remedial changes to the LGPS is currently working its way through Parliament.

From an administrative perspective, the impact of the court case is expected to result in a change to how benefits are calculated for a large number of scheme members including members who have left. This is likely to significantly impact on administration processes and

systems as well as requiring a robust communication exercise with employers and scheme members. The additional resource requirements are significant. Whilst regulations are awaited, the focus is on:

- ensuring any existing backlogs or data cleansing are cleared
- fast-tracking training within the team to ensure wider and more senior work knowledge across the existing team members
- collecting data required to calculate the statutory underpin

The Fund has established the McCloud programme to implement the remedy for Clwyd Pension Fund. This includes some team members who will be 100% dedicated to this work for the duration of the programme.

Timescales and Stages

Data collection from all employers (commenced during 2020/21)	By 31/05/2022
Validate data from all employers (commenced during 2020/21)	By 31/08/2022
Use of interface to upload data / data cleansing	2022/23 Q1 to Q3
Load all data onto Altair	By 31/12/2022
Final regulations come into force benefit recalculations can be made	Estimated 01/04/2023
Verifying impact on members and benefit recalculations	By 30/04/2023

Resource and Budget Implications

Although the work is being led and managed by a separate CPF McCloud programme team, it will impact across all of the Administration Team. An estimated allowance for additional resource has been included in the 2022/23 budget, which assumes 7.5 FTE internal posts, 2 of which are within ELT and therefore will be recharged to employers using that service. There are also additional costs relating to consultancy (including programme management which has been outsourced), incidentals such as postage and printing, and system costs. The budget for 2022/23 is £623k in total.

A3 – National Pensions Dashboard

What is it?

The Pensions Dashboard is a Government initiative first announced in the Budget 2016. The idea behind the Dashboard is to allow all pension savers in the UK access to view the values of all of their pension pots, including state pension, through one central platform. A consultation was undertaken by Government in early 2019 which sought views on the potential phasing of the introduction of the pensions dashboards as well as how the architecture, funding and governance arrangements would work. The Pension Schemes Act 2021 provides the legal framework for implementing the dashboard. A consultation on regulations closes on 13 March 2022 and these draft regulations include more detail on the requirements to participate in the Pension Dashboard for schemes and clarify that public sector pension schemes will be expected to initially onboard between October 2023 and April

2024. The Pensions Administration Manager is participating in a PLSA working group on the development of the Dashboard. The CPF has also volunteered to be part of the testing of the pension dashboard enhancements being integrated into the administration software.

Timescales and Stages

Development and testing of software (estimated)	2022/23 Q3 to Q4 and 2023/24
Likely launch period	2023/24

Resource and Budget Implications

Resource and budget implications cannot be fully determined until more detail is available. Additional budget may be necessary if work is to commence in 2022/23.

**A4 – Implement Survivor Benefit Change:
Amendment LGPS Regulations & Elmes versus Essex High Court Ruling**

What is it?

The LGPS (Miscellaneous Amendment) Regulations 2018 (SI2018/1366) came into force with effect from 10 January 2019. These included changes that impact on the calculation of and entitlement to surviving partner pensions in respect of Civil Partners or same sex marriages. As a result, it is necessary for the Fund to carry out a major review to identify any members who are affected and to ensure the correct benefits are paid. In addition, LGPS Funds need to action the outcome of the Elmes versus Essex case where it has been ruled in the High Court that in respect of any LGPS members leaving the scheme between 1 April 2008 and 31 March 2014, and who subsequently died leaving a Cohabiting Partner, that partner could have a survivors pension paid to them even without a completed nomination form in place so long as they still meet the eligibility criteria. Any potential cohabiting partners need to be contacted and surviving partner pensions put into payment if applicable. Guidance is awaited from LGA to finalise the work on these changes.

Furthermore, a June 2020 Employment Tribunal ruling (the "Goodwin ruling") relating to the Teachers' Pension Scheme concluded that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The Chief Secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. It is expected that it will be necessary to contact any female dependant members who were previously in a Civil Partnership to recalculate their benefits.

It is possible there are other elements relating to the inequality of survivor benefits that need incorporated into amending legislation.

The work in relation to these changes commenced during 2019/20 but is now on hold awaiting Regulations.

Timescales and Stages

Tracing, contacting, verifying entitlement and recalculating affected surviving partners	Unclear
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Resource and Budget Implications

This project is being absorbed by the Operations Team within Pensions Administration to ensure all surviving partners are reviewed and amended where applicable.

A5 - Other Expected National Changes

There are a number of further changes that are expected in due course but the final details of the impact of them and the timescales are not yet available. These include the following changes that are detailed below. These explanations are based on the situation in early 2022.

Cost Management

Public Sector Pension Schemes (including the LGPS) were designed to ensure sustainability for 25 years. The design included a cost management mechanism and at the 2016 valuations the lower threshold within that mechanism (i.e. the cost floor) was deemed to be breached which suggested member benefits would need to increase or their contributions reduce. Following the McCloud judgement, Government announced that any additional McCloud costs would fall to be deemed “member costs” within the cost management mechanism and it is not now expected that any changes to member benefits or contributions will be required on account of the 2016 exercise. The LGPS Scheme Advisory Board (SAB) has confirmed that no changes will be needed by virtue of its separate mechanism which applies to the LGPS in England and Wales in addition to the HMT mechanism which applies across all of the public service pension schemes. However, the SAB has set out its determination to revisit third tier ill health and contributions for the lowest paid members with the view to making recommendations in these areas separately to the cost management process. It should also be noted that the Trades Unions have applied for a Judicial Review of the decision to allocate McCloud costs to members as part of the 2016 cost management process. It is not yet known if the Judicial Review will go ahead, nor what the outcome will be if it does, but until the issue is resolved we cannot say with certainty that no changes will be required following the 2016 process.

In relation to the 2020 cost management process, on 24 June 2021 the Chief Secretary to the Treasury published a Written Ministerial Statement announcing publication of a consultation on proposed reforms to the cost control mechanism for Public Service Pension Schemes following the publication of the Government Actuary’s review of the mechanism. On 4 October 2021, HM Treasury released their response to the consultation confirming that there will be changes to the mechanism from the 2020 scheme valuation. In light of this, the LGPS SAB is also reviewing its cost management process for England and Wales. It is not yet known if any changes flowing from the 2020 cost management process will be required. The widening of the corridor in the HMT process is intended to reduce the likelihood that changes will be required, but the LGPS SAB process was originally intended to be far more sensitive to changes in cost.

From an administrative perspective, should there be changes to member benefits and/or contributions as a result of the 2016 or 2020 cost management process, this could have a significant impact on administration processes and systems as well as requiring a robust communication exercise with employers and scheme members.

Fair deal

In May 2016, DCLG (now DLUHC) initially proposed that the New Fair Deal be extended to the LGPS. This would mean that for any staff being outsourced they would remain in the LGPS and their 'new' employer would gain admission body status, rather than using the previous option of being able to offer a pension scheme that is broadly comparable to LGPS.

On 10 January 2019, a consultation document was published around the topic of Fair Deal – Strengthening Pension Protection. The consultation confirmed the 2016 proposal of service providers offering LGPS membership to individuals who have been compulsorily transferred from an LGPS employer, even if the contract is outsourced a second time (and removal of the option of a broadly comparable scheme). Within the 2019 consultation, there were also proposals about automatically transferring LGPS assets and liabilities when scheme employers are involved in a merger or takeover. This consultation closed on 4 April 2019. Final regulations are still to be made.

Exit Payment Reform

With effect from 4 November 2020 a £95k cap on exit payments made by public sector employers came into effect, this included the cost of early payment of LGPS pensions. However, in the face of legal challenge, HMT issued a direction to disapply the £95k exit cap with effect from 12 February 2021. HMT has confirmed it will bring forward proposals to tackle unjustified exit payments in the near future. DLUHC will also be carrying out a separate consultation on the impact on the LGPS. It is unclear at this stage whether this may also include wider reform on exit payments and conditions around how LGPS benefits are paid. Welsh Government might implement a different approach to meeting the exit cap requirements which would then impact on some of the employers in the CPF.

Increase in minimum retirement age

On 11 February 2021 HMT launched a consultation on implementing the increase in the normal minimum pension age from 55 to 57 in April 2028. The proposed change is designed to maintain a 10-year gap between minimum retirement age and state pension age as confirmed as part of Government's policy back in 2014. The proposals form part of the Finance Bill 2021-22 which is currently going through Parliament. Protections to retain the normal minimum pension age lower than age 57 are proposed for those:

- in a pension arrangement on or before 3 November 2021 and
- who are, or become, members of a scheme whose rules as at 11 February 2021 gave them an unqualified right to take their benefits between 55 and 57.

The proposals will require changes to the LGPS Regulations and (at the time of writing) the Bill is not yet an Act, noting that the proposals for protection have already been amended subsequent to the Government's original policy paper issued in July 2021. In the meantime, CPF needs to keep a note of any protected pension ages to which new members may be entitled, which will generally be due to existing scheme membership or a transfer-in from another pension arrangement.

Priority Fund Driven Projects

A6 - Review Administration and Communication Related Policies and Strategies

What is it?

The CPF Administration Strategy was last approved at the May 2021 PFC and the CPF Communications Strategy was last approved at the September 2019 PFC. The strategies state that they will be reviewed at least once every three years to ensure they remain relevant and up to date. The Communications Strategy is undergoing a more fundamental review and that work is included in A9 below.

There are a number of other administration and communications related policies that also need to be reviewed regularly as shown in the table below.

Timescales and Stages

Review of Administration Strategy (last approved May 2021)	2024/25 Q1
Review of Communications Strategy (last approved September 2019)	2022/23 Q1
Review of Scheme Pays Policy (last approved April 2019)	2022/23 Q1
Review of Administering Authority Discretionary Policy (last approved April 2019)	2022/23 Q1
Review of Under / Overpayment Policy (approved September 2021)	2024/25 Q2
Personal Data Retention Policy (assuming reviewed March 2022)	2024/25 Q4
Policy for Administration and Communications of Tax Allowances to Scheme Members (new policy – assuming approved March 2022)	2024/25 Q4

Resource and Budget Implications

This will be led by the Pensions Administration Manager. All costs are being met from the existing budget other than the review of the Communications Strategy where Aon’s costs are included within the budget for 2022/23.

A7 – Review pensioner existence checking

What is it?

When a scheme member retires, a pension is put into payment following the retirement process being completed. Dependants’ pensions are often paid following the death of a pensioner. These pensions are paid continually until the Fund is notified of the pensioner’s/dependant’s death which could be by a relative, executor or another via another source, such as TellUsOnce or the member’s bank. As the Fund relies on notification of the pensioner’s/dependant’s death, there is a chance that pension payments could continue in error where the pensioner’s/dependant’s death is not notified or identified in a timely manner, either unintentionally or as a result of fraud from a person connected to the

pensioner/dependant. Whilst the Fund is confident that adequate reporting procedures are in place for UK residents through the National Fraud Initiative (NFI) and monthly mortality reporting via ATMOS, it is important that from time to time the Fund verifies that all overseas pensioners or dependants currently receiving a pension are still alive so that pensions for any person who cannot be verified do not continue to be paid. This exercise was last conducted in 2014 using a paper based verification exercise for all pensioner/dependants. There are now more efficient and effective ways to carry out pensioner existence checking through specialist providers. It is planned to review the appropriateness of the current processes in place to manage fraud in the event of death of pensioners/dependants, and put in place a fraud policy. This is likely to result in an additional process for overseas members by procuring an external provider to assist in pensioner existence screening (known as mortality screening).

Timescales and Stages

Review current processes and develop Fraud Policy	2022/23 Q1 to 3
Procurement of an external provider to assist with mortality screening	2022/23 Q1 to 2

Resource and Budget Implications

To be led by Pension Administration Manager and Principal Pensions Officer - Technical. All internal costs are being met from the existing budget albeit there will be additional costs relating to the external provider which are not yet known – an allowance of £5k has been included in 2022/23 for this.

A8 - Conduct appropriate procurement and implementation (if necessary) for CPF administration system

What is it?

The Fund has a rolling one-year contract with Heywood Pension Technology 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. 2019 actuarial valuation, implementing i-Connect and scheme/GMP reconciliation) and to tie in with end dates of existing add-on modules within Altair, it was agreed to defer this. Between 2019 and 2021 CPF worked with other founder authorities to develop a national framework for LGPS administration systems. Now that the framework is in place, it will be used for the Fund to carry out their own tender for an administration system. Should a new software supplier be appointed, there will be a significant amount of work required to migrate to the new system.

Timescales and Stages

Conduct appropriate procurement for CPF administration system	2022/23 Q1 to Q3
Transition to new administration system if required	2022/23 Q4 to 2023/24

Resource and Budget Implications

To be led by Pension Administration Manager and Principal Pensions Officer - Technical. The current year system costs will be higher than 2021/22 if the existing provider is maintained due to license fees. This has been incorporated into the existing budget as the minimum costs this year. If transition to a new system is required, there are likely to be significant transition costs and the ongoing cost of systems included in the budget will need to be increased appropriately.

A9 – Develop and implement a refreshed communications strategy

What is it?

Fund members often have questions, need information or require a process to be completed by the Fund; this can equally apply to the Fund's employers. For Fund members, these points of engagement are the key time to increase awareness of the benefits of the Fund and how it works, encourage members to take ownership of their pension and maintain and build positive member experiences wherever they are on their journey. They rely on efficient processes and data coming from employers and the Fund can also enhance efficiency through better use of technology in its communications.

The initial elements of this project will focus on communications with scheme members and will involve:

- Research into member preferences and effectiveness of new communications through focus groups, revised member/employer surveys and a review group to test proposed new communications.
- Creating a communication plan that ensures communication reaches members at the moments that matter to them, which will require a new approach such as segmenting communication by age and focussing on more visual and shorter digital communications.
- Developing messaging and branding for consistent use in all Fund communications ensuring all communications are recognisable, understandable, and accessible for scheme members, employers and other stakeholders.
- Creating a visual roadmap showing members 'moments that matter' to help them understand the value of their pensions and take key decisions.
- Developing a range of videos/webcasts (for loading on the Fund's website) for employers and scheme members relating to various subject matters.
- Reviewing the structure and content of the Fund's website.
- Driving greater use of online services, such as Member Self-Service, through phased promotion exercises and continuing to develop the range of online processes that are available.
- Continuing to focus on collecting email addresses through redesigning of all forms.
- Measuring against a new Fund's communications efficiency objective through monitoring time spent on member 1-2-1s and phone calls for all Administration Team members.

Any changes to how we engage with employers and other stakeholders, in line with the new Communications Strategy, will be considered in 2023/24.

Timescales and Stages

Approve revised Communications Strategy (as per A6 above)	2022/23 Q1
Recruit new Communications Officer	By 2022/23 Q1
Run focus groups and establish test review group for new communications and plan approach to annual surveys (and run first survey)	2022/23 Q1 & Q2
Create a new communication plan	2022/23 Q2 & Q3
Develop messaging and branding guidelines	2022/23 Q1 & Q2
Review the structure and content of the Fund's website	2022/23 Q1 to Q3
Develop initial phase of videos and webcasts for the website	2022/23 Q1 to Q4
Drive greater use of MSS through promotion exercises and develop ongoing plan for promotion	2022/23 Q1 to Q4
Continue to develop the range of online processes	2022/23 Q1 to Q4
Finalise redesign of forms to collect email addresses	2022/23 Q1 to Q4
Ongoing development and delivery of communications relating to new communication plan	2022/23 to 2024/25
Measure efficiency improvements through logging 1-2-1s and telephone calls	2022/23 to 2024/25
Create and deliver a visual roadmap (the journey to retirement)	2023/24
Consider engagement with employers and other stakeholders	2023/24

Resource and Budget Implications

These projects involve a mix of the various teams within the Administration Team with external support from Aon. Internal costs are being met from the existing budget and external consultancy costs are included within Aon's budget for 2022/23. The ability to deliver on these areas to these timescales may depend on resourcing within the Administration Team and in particular whether and when the vacant Communications Officer post is filled.

Lower Priority Fund Driven Projects

A10 - Trivial Commutation

What is it?

This is where a member who is entitled to a small pension can elect to give up the entirety of that pension and instead receive their benefit as a single lump sum payment. A project will be carried out to identify any pensioners and dependants who may be eligible for trivial

commutation and to offer it to them. This will reduce the administrative burden on the Fund paying a large number of very small pensions over a number of years as well as providing greater clarity from a funding perspective. The government has a limit for members to trivially commute their pension in relation to their single pension (£10,000 value – called a "small pot") and total benefits (£30,000 – called "trivial commutation"). As well as reducing the number of pensioner payments that require ongoing payment, this could also have a positive impact on the funding level as it removes the liabilities for these members. It will also be welcomed by a number of pensioners who would prefer a one-off lump sum payment rather than ongoing smaller payments of little value.

Timescales and Stages

Timescales below are indicative and subject to prioritisation of other administration work streams.

Identify members eligible to commute under £10,000	2022/23 Q3
Communicate with eligible members and pay lump sums	2022/23 Q4 to 2023/24
Identify members eligible to commute under £30,000	To be determined
Communicate with eligible members and pay lump sums	To be determined

Resource and Budget Implications

It is hoped that the first stage of this work (relating to the £10k cases) can be completed internally within the existing budget. This is likely to be led by the Technical and Payroll Team with some assistance from the Operational Team.

Employer Liaison Team Projects

Understanding the continuing pressure on resources and budgets for employers and the administering authority, the CPF offers assistance to Fund Employers in providing accurate and complete notifications to the Fund (and other Employer duties) in a timely manner. The Employer Liaison Team (ELT) mainly assists in providing notifications regarding new starters, personal/employment changes and leavers/retirements in the LGPS. It undertakes outstanding requests for information in order to cleanse the pension records. All ELT costs are recharged to employers using the ELT service through their employer contribution rate. Resources continue to be reviewed to meet demand depending on ongoing employer uptake. The total budget allocated for 2022/23 is £363k which includes £62k of staffing costs to allow for two new posts if required. £60k of this total budget relates to temporary McCloud services.

E1 – McCloud ELT Services

What is it?

Provide and continue developing ELT services in relation to data provision and other ongoing support to assist with the impact of the McCloud Judgement.

Timescales and Stages

Assisting employers with data collation for McCloud	2022/23 Q1 to 4 and 2023/24
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E2 – Expand ELT to more employers

What is it?

Consider expanding the ELT service to a wider range of employers and generally making employers more aware of the facility that is available, particularly to those employers that are not meeting their KPIs.

Timescales and Stages

Start discussions with other employers	2023/24
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