

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

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			
F6	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.