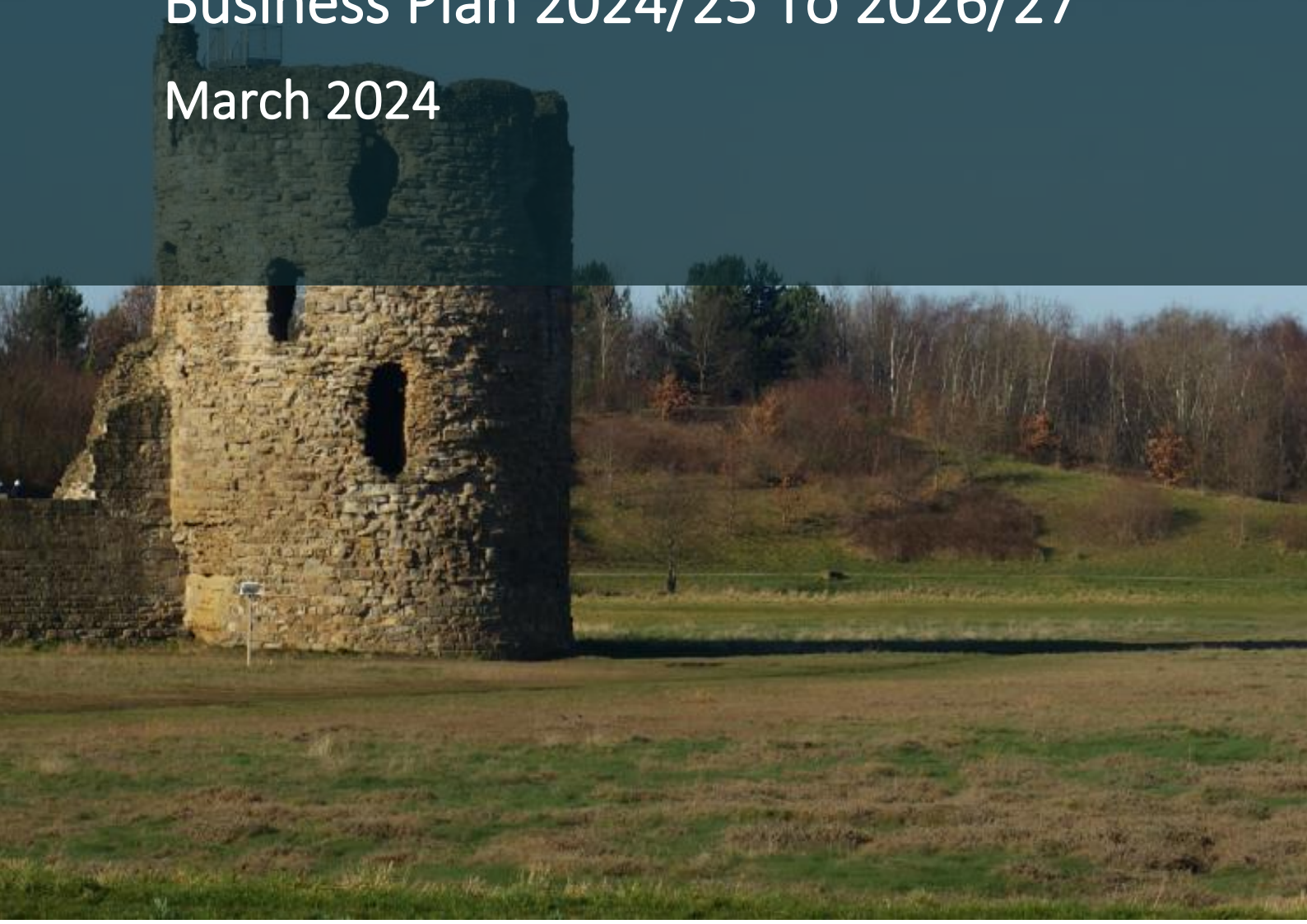


Clwyd Pension Fund

Business Plan 2024/25 To 2026/27

March 2024



Contents

Introduction	3
About the Clwyd Pension Fund.....	4
What We Do.....	4
Objectives for the Management of the Fund	5
Governance and Management of the Fund	6
The plan for the next three years	8
Delivering the Business Plan	10
2024/25 Cashflow and Budget.....	11
Governance Appendix.....	14
Finance, Funding and Investment Appendix	25
Administration and Communications Appendix (including the Employer Liaison Team).....	35

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Introduction

This is the business plan for the Clwyd Pension Fund, which is managed and administered by Flintshire County Council. It was approved at the Clwyd Pension Fund Committee meeting on 20 March 2024 and details our priorities and areas of key focus for 2024/25, 2025/26 and 2026/27.

The business plan is formally reviewed and agreed every year. It is monitored throughout the year, 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 pensions 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.

This business plan also includes a budget for expected payments to and from the Clwyd Pension Fund during 2024/25, the resources required to manage the Fund, and expected cashflows over the period of this plan.

Contact information

If you require further information about the Fund or this business plan, please contact:

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About the Clwyd Pension Fund

The Clwyd Pension Fund ("CPF" or "the Fund") is a £2.3bn¹ Local Government Pension Scheme Fund providing death and retirement benefits for employees of local authorities in North East Wales (other than teachers, police and firefighters) and employees of other qualifying bodies providing similar services. There are currently 52 contributing employers, (53 as at 31 March 2022) and around 50,000 members as set out in the table below:

Members	31 December 2022	31 December 2023
Active contributors	17,641	17,725
Retired and survivor members	15,060	15,674
Deferred and other members	16,685	16,641

What We Do

Our work consists of day-to-day activities (summarised below) and additional project work:

- Governing and managing the Fund, including statutory accounting and other statutory and non-statutory reporting.
- Ensuring we receive all the pension contributions paid by active members of the Fund, and ensuring all the employers in the Fund pay their pension contributions.
- Maintaining and protecting up to date member data, and calculating and paying pension benefits to or for all our beneficiaries, as prescribed by the LGPS regulations.
- Communicating with scheme members and employers about membership of the Fund.
- Safeguarding the money in the Fund (the Fund's assets) and investing any Fund assets that are not currently needed to pay benefits.
- Monitoring the funding position of the Fund (level of assets compared with liabilities) and acting if necessary.
- Working with the actuary to determine, every three years, how much employers need to pay into the Fund to ensure we have enough money to pay pension benefits in the future, whilst working with employers to manage affordability.

A further breakdown of what we do and our plan for the year, grouped into governance; finance, investments and funding; and administration and communications; is shown in the Appendices.

¹ Information correct as at 31 December 2023.

Objectives for the Management of the Fund

Our Mission Statement is:

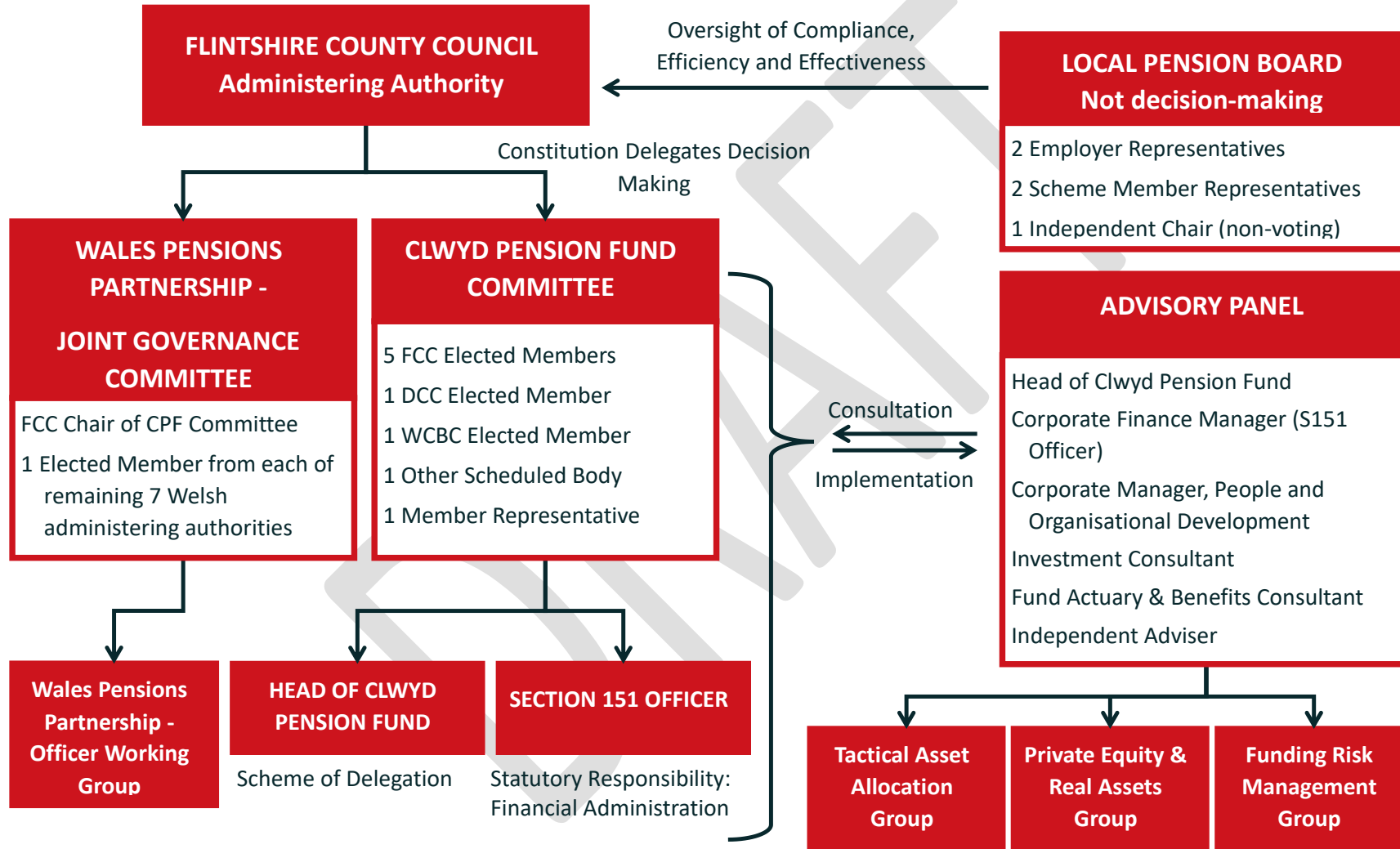
- to be known as forward thinking, responsive, proactive and professional, providing an excellent customer focused, reputable and credible service to all customers.
- to have instilled a corporate culture of risk awareness, financial governance, and to provide the highest quality distinctive services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

Our key strategies and policies are listed below. Most can be found on our website at <https://mss.clwydpensionfund.org.uk/home/investments-and-governance/strategies-and-policies/>

Governance	Finance, Investment and Funding	Administration and Communications
Governance Policy and Compliance Statement	Investment Strategy Statement (ISS)	Administration Strategy
Knowledge and Skills Policy	Responsible Investment Policy (within the ISS)	Communications Strategy
Conflicts of Interest Policy	Funding Strategy Statement	Personal Data Retention Policy
Risk Management Policy	Whilst not technically strategy documents, the Fund Report and Accounts and the Actuarial Valuation Report are also key documents	Statement of Administering Authority Discretionary Policies
Business Continuity Policy		Voluntary Scheme Pays Policy
Recording Breaches of the Law Procedure		Policy on the Overpayment and Underpayment of Pension Scheme Benefits
Anti-Fraud and Corruption Strategy		Policy for Administration and Communication of Tax Allowances to Scheme Members
Cyber Strategy		

Further details of our objectives across governance; administration and communications; and finance, investments and funding can be found in the Appendices.

Governance and Management of the Fund



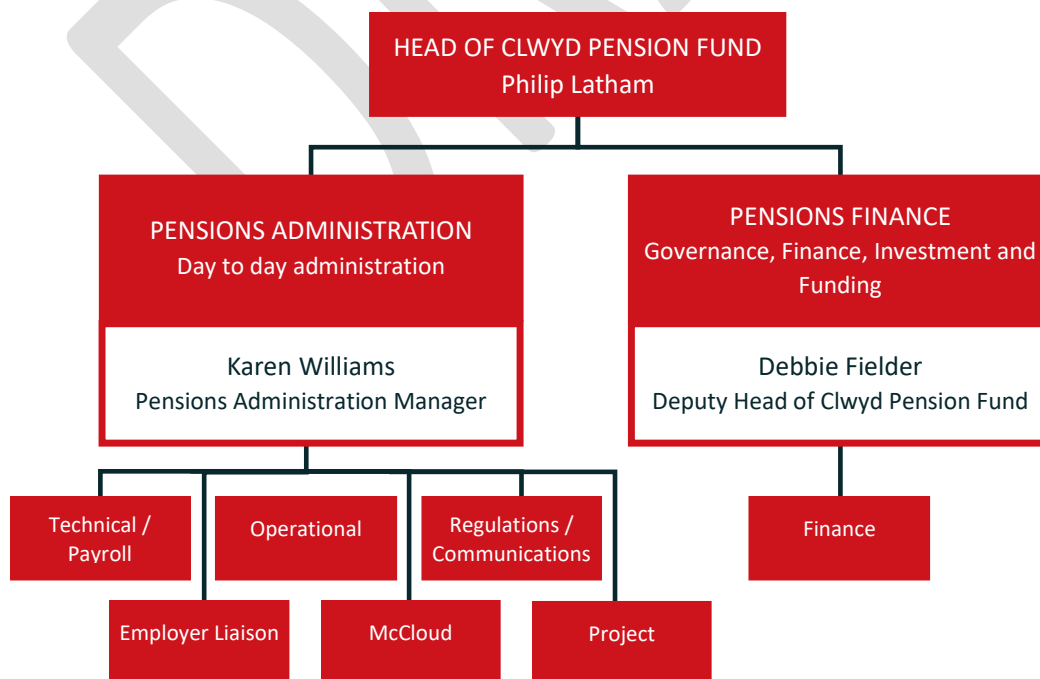
As illustrated in the chart above, the key decision-making and management of the Fund is delegated by Flintshire County Council ("the Council") to the Pension Fund Committee ("PFC"), supported by a Pensions Advisory Panel ("AP"). The Corporate Finance Manager is the Section 151 Officer who has statutory 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.

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 and a non-voting scheme member representative. The JGC is advised by an Officer Working Group ("OWG"), which also includes representatives from each of the administering authorities. The WPP has its own suppliers and advisers, and its own business plan.

An inter-authority agreement between the eight participating administering authorities delegates certain investment decisions to the JGC. Although we determine our own investment strategy for the Clwyd Pension Fund, the selection of the fund managers, or in the case of private markets, asset allocators, is made by the WPP. A significant portion of our assets are held outside WPP, and we are continuing to transition our existing assets to the pool where appropriate.

The Pension Fund Management Team

Managing the Fund on a day-to-day basis involves a wide range of processes and procedures, which have been designed around achieving our Fund's objectives and legal requirements. Day-to-day operations are managed by the Head of Clwyd Pension Fund supported by the Deputy Head of Clwyd Pension Fund and the Pensions Administration Manager as set out in the chart below:



- **The Pensions Administration Section** led by the Pensions Administration Manager, is responsible for delivering our Administration and Communications Strategies. The section has 45 permanent full time equivalent members of staff and 0.6 temporary full time equivalent members of staff.
- Understanding the continuing pressure on employer resources and budgets, we offer a service to our employers where we carry out their Fund related duties on their behalf. These duties are carried out by our **Employer Liaison Team (ELT)** and further details are set out in the Administration and Communications Appendix. All ELT costs are paid for by employers using the service through their employer contribution rate. ELT has 9.1 permanent full time equivalent members of staff.
- **The Pensions Finance Section**, led by the Deputy Head of the Clwyd Pension Fund, is responsible for delivering the Fund's Investment and Funding Strategies, and is responsible for investments, accounting and governance matters. The section has 7 permanent full time equivalent members of staff.

The plan for the next three years

Key Risks, Challenges and Influences

Overall, the next few years will be challenging for those involved in the governance, management, and operation of the Fund. A significant number of legislative changes and external influences continue to impact us and thus the management of the Fund continues to become more complex. In addition, we also have to consider expected retirements across the internal teams.

Risk management is embedded into the governance of the Fund. We have a Risk Management Policy which explains how we manage risk, and we maintain a detailed risk register. Changes to the level of risk are reported at each Pension Fund Committee. Given that many risks are outside of our control, our risk management focusses on measuring the **current** risk against the Fund's agreed **target** risk (which is unlikely to be zero), and identifying the further controls and actions that can be put in place to help manage the risk. This risk management process is integral to identifying actions included in this business plan.

In each of the appendices to this business plan, covering governance; finance, investments and funding; and administration and communications, we have included:

- risks currently identified as red (i.e. with major consequences that are considered a possible occurrence) or higher where we are not currently on target, or
- where there are no red risks, the risks where we are currently furthest from meeting the target risk exposure.

These risks are documented in our risk register which will continue to be updated as circumstances change.

The **current main risks** to the Fund achieving its objectives, and our **key areas of focus** over the next three years to manage these risks are summarised in the following table:

Key Risk	Internal Controls in place
Failure to retain Fund Officers with knowledge, skills, qualification, and experience	<ul style="list-style-type: none"> • Active planning for recruitment, retention and succession planning • Keeping our governance and senior management structure under review.
A sustained downturn in global financial markets, reducing the funding position resulting in the potential of increase in cost of the scheme for employers.	<ul style="list-style-type: none"> • Monitoring the funding position and making changes to the investment strategy, if required, whilst keeping employers informed on the cost of the scheme before, during and after the March 2025 actuarial valuation.
The Fund's Long term Investment Strategy fails to deliver on our ambition and objectives as a Responsible Investor.	<ul style="list-style-type: none"> • Implementing further changes to meet and monitor our targets in relation to climate risk and further developing our approach to stewardship.
Various legislative changes impacting quality of service provided to members and employers	<ul style="list-style-type: none"> • Carrying out compliance checks against The Pension Regulator's General Code. • Implementing any governance changes following the Scheme Advisory Board Good Governance review. • Implementing the remedy following the McCloud court case and any other legislative changes. • Integration with the National Pensions Dashboards.
Employers' understanding of their responsibilities, access to efficient data transmission and allocation of sufficient resources to pension matters.	<ul style="list-style-type: none"> • Implement new process for employers relating to service standards.

These, and other priorities for the next three years, are articulated in more detail in the appendices to this business plan.

Delivering the Business Plan

Monitoring and Reporting

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

- 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
- highlight, as part of these quarterly updates:
 - any areas where we are exceeding or failing to achieve our targets and the reasons why, and identify any changes to the planned priorities
 - any significant additional spend or underspend in relation to the agreed budget.

Training Plan

Our Knowledge and Skills Policy aims to ensure that the Fund is managed by individuals who have the appropriate levels of knowledge and skills. The following training plan for our Pension Fund Committee and Pension Board members has been developed for 2024/25 to assist in meeting that aim. Training is complemented by attendance at various external events and conferences, including WPP training. This training plan has been updated following a training needs analysis carried out in 2023/24 and discussions with the Committee.

Title of session	Training Content	Timescale
Impact Investing	The Fund's approach on impact investing.	June
Governance	Including Good Governance and an update on the Fund's position against TPR's General Code	September
Funding Strategy	Actuarial matters around the interim valuation and the potential changes to Funding Strategy ahead of the 2025 Actuarial Valuation	November
Task Force on Nature Related Financial Disclosures (TNFD)	Including the requirements of TNFD and how the Fund intends to implement these.	February
National Developments	Other national developments as they arise.	March (or TBC)

2024/25 Cashflow and Budget

Operating Cost Budget 2024/25

The following table shows the expected operating costs and investment management expenses to deliver the 2024/25 section of this business plan. All the costs associated with the management of the Fund are charged to the Fund and not to Flintshire County Council. The investment management expenses, which are the majority of these costs, will rise or fall because the fees are based on the value of the Fund's assets which can rise and fall.

	Actual 2022/23 £000s	Budget 2023/24 £000s	Estimate 2023/24 £000s	Budget 2024/25 £000s
Governance Expenses				
Employee Costs (Direct)	281	413	366	442
Support & Services Costs (Administering Authority)	17	17	17	15
Other Supplies & Services	65	95	94	78
Training	-	-	-	86
Audit Fees	47	45	47	45
Actuarial Fees	926	722	550	835
Investment Consultant Fees	1,548	1,087	1,143	1,230
Governance Advisor Fees ^a	586	598	581	629
Legal Fees	74	30	60	25
Pension Board ^a	96	111	143	105
Pension Board Training	-	-	-	24
Pooling (Host and Consultant Costs)	163	215	224	218
Total Governance Expenses	3,803	3,333	3,225	3,732
Investment Management Expenses				
Fund Manager Fees	21,298	19,755	21,679	23,068
Custody Fees	158	192	192	134
Performance Monitoring Fees	46	46	47	49
Wales Pension Partnership Investment Costs	930	885	1,246	1,187
Total Investment Management Expenses	22,432	20,878	23,164	24,438
Administration Expenses				
Employee Costs (Direct) ^a	1,392	1,636	1,541	1,820
Support & Services Costs (Administering Authority)	114	114	114	98
IT ^a	516	718	602	718
Other Supplies & Services ^a	125	146	117	146
Total Administration Expenses	2,147	2,614	2,374	2,782
Employer Liaison Team				
Employee Costs (Direct) ^a	320	396	347	282
Total Employer Liaison Team	320	396	347	282
Total Costs	28,702	27,221	29,110	31,234

Notes relating to proposed budget:

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

McCloud Budget 24/25	£000s
Employee Costs (Direct)	133
Governance Advisor Fees	190
Pension Board	13
IT (Support & Services)	100
Other Supplies & Services)	10
Total	446

- 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 increases in line with the contracts and includes specific project work.
- 4) The above estimates assume pay inflation of 5% where appropriate.
- 5) IT costs include additional costs in relation to Dashboard project work
- 6) Training costs have been identified separately for 2024/25, previously these costs were included elsewhere within the budget

Cash flow projection for 2024/25 to 2026/27

We monitor the amount of money coming in and going out of the Fund (the cash flow) monthly to ensure there is sufficient money in the bank account to pay all pension fund expenditure including our private market investment commitments. The payments from the Fund exceed the pension contributions from scheme members and employers, meaning that the shortfall needs to be found from investments and strategic cash. The table below illustrates the projected cash flow over the three-year period.

	Estimated 2023/24 £000s	Budget 2024/25 £000s	Budget 2025/26 £000s	Budget 2026/27 £000s
Opening Cash	(98,282)	(31,877)	(31,410)	(33,303)
Payments				
Pensions	78,562	85,280	89,880	94,480
Lump Sums & Death Grants	17,841	16,000	16,000	16,000
Transfers Out	3,713	4,000	4,000	4,000
Expenses (excluding investments)	5,736	6,864	6,864	6,864
Tax Paid	75	100	100	100
Support Services	135	113	113	113
Total Payments	106,062	112,357	116,957	121,557
Income				
Employer Contributions	(66,493)	(68,000)	(71,600)	(75,200)
Employee Contributions	(21,172)	(22,000)	(23,200)	(24,000)
Employer Deficit Payments	8,591	9,200	9,200	9,200
Transfers In	(5,036)	(6,000)	(6,000)	(6,000)
Pension Strain	(250)	(600)	(600)	(600)
Income	(903)	(200)	(200)	(200)
Total Income	(85,263)	(87,600)	(92,400)	(96,800)
Cash-flow Net of Investment Income	20,799	24,757	24,557	24,757
Investment Income	(15,629)	(25,000)	(25,000)	(25,000)
Investment expenses	8,725	8,000	8,000	8,000
Total Net of In-House Investments	13,895	7,757	7,557	7,757
In House Investments				
Draw downs	143,351	177,110	179,350	172,318
Distributions	(66,164)	(79,400)	(68,800)	(94,400)
Net Expenditure /(Income)	77,187	97,710	110,550	77,918
Total Net Cash-Flow	91,062	105,467	118,107	85,675
Investment assets and strategic cash	(24,677)	(105,000)	(120,000)	(90,000)
Total Cash Flow	66,405	467	(1,893)	(4,325)
Closing Cash	(31,877)	(31,410)	(33,303)	(37,628)

Governance Appendix

This section sets out the Fund's governance aims and objectives, an overview of our business as usual governance activities and key risks, and governance-related business plan tasks for 2024/25 to 2026/27.

Aims and Objectives

The following are the aims and objectives from our Governance Policy. There are more specific objectives within the other governance related policies.

- 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.

Business as usual

- 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 our key governance areas by ensuring that:
 - those managing the Fund have the requisite knowledge and skills by arranging and suggesting training sessions and regularly assessing their training needs
 - those managing the Fund make decisions which are free from conflicts of interest, and noting any declared conflicts within a conflicts of interest register

- there is a robust framework for the identification and management of risks, including maintaining a risk register and reporting the risks to decision makers quarterly
- breaches of law are recorded and reported to the Pensions Regulator where these are deemed to be of material significance to the Pensions Regulator
- instances of fraud or corruption are prevented as far as possible and where they do occur, they are identified, investigated and reported to the relevant authorities
- we comply with the requirements of The Pension Regulator's General Code of Practice,
- business continuity arrangements are in place and regularly tested
- the risk of cybercrime is appropriately managed and ensuring our data and systems are safeguarded
- Ensuring the Fund's business plan, including the budget and cashflow, 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 (JGC) and Officer Working Group of WPP and the subgroups of the JGC: Risk, Procurement, Private Markets and Responsible Investment.

Governance Risks

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

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
<p>Governance (particularly at PFC) is poor including due to:</p> <ul style="list-style-type: none"> - short appointments - poor knowledge and advice - poor engagement /preparation / commitment - poor oversight 	Inappropriate or no decisions are made	Amber	Green	<p>1: Agree training plan for 2024/25</p> <p>2: Review approach to PFC meetings and papers issued to members</p>
Externally led influence and change such as scheme change (e.g. McCloud, potential exit cap, Pensions dashboard, national reorganisation, cybercrime, asset pooling,	The Fund's objectives/legal responsibilities are not met or are compromised: external factors	Amber	Amber	1: Refresh and document business continuity assessments / procedures

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
levelling up and boycotts / divestments / sanctions, Climate lobbying, Operator contract with WPP)				2: Establish formal project for Pensions Dashboard 3: Ongoing engagement with WPP in relation to the WPP Operator
Insufficient staff numbers (e.g. sickness, resignation, retirement, unable to recruit): current issues include age profile / FCC pay grades versus other LAs, asset pools, private sector / cost of living.	Services are not being delivered to meet legal and policy objectives	Amber	Green	1: Ongoing consideration of business continuity including succession planning 2: Agree and implement plan for retirement of current Deputy.

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Business Plan key tasks

Ref	Key Action: Task	2024/25 Period				Later Years	
		Q1	Q2	Q3	Q4	2025/ 26	2026/ 27
G1	Succession planning	x	x	x	x		
G2	Governance arrangements	x	x	x	x		
G3	Compliance with TPR General Code	x	x	x	x	x	
G4	Implement regulatory and guidance changes (including Good Governance review)	x	x	x	x	x	
G5	Review of governance related policies	x	x		x	x	x
G6	Review/tender key supplier contracts and Procurement Act changes	x	x	x	x	x	
G7	Appointments of Local Pension Board and Pension Fund Committee Members			x	x	x	x

G1: Succession planning

What is it?

A number of our senior management team are approaching retirement age or have plans to retire over the period of this business plan, most significantly the Deputy Head of the Fund whose role currently includes:

- responsibility for the finance team and governance of the Fund
- participation in all of the sub-groups of the Advisory Panel
- attending all WPP officer groups, participating on behalf of the Fund

The expected requirement to accelerate pooling of investments will also impact on the Fund's resourcing needs, noting that the Deputy Head of the Fund also has a key role in relation to investments.

In order for us to continue to deliver excellent service and meet statutory requirements, suitable succession plans must be in place to ensure roles can be filled by individuals who have the appropriate level of expertise and skills. As part of this we will also develop a

Workforce Policy (which may become a requirement as part of the government’s response to the SAB Good Governance review).

Timescales and Stages

Review the senior management structure and ensure succession planning is in place for senior management: already commenced	2024/25 Q1 to Q2
Consider impact on the team beyond senior management	2024/25 Q3 to Q4

Resource and Budget Implications

To be led by the Head of Clwyd Pension Fund, with input from the Independent Adviser. All expected costs are included within the existing budgets.

G2: Governance arrangements

What is it?

The Fund’s governance structure includes an Advisory Panel of officers and advisors to support the Head of the Fund in carrying out the functions delegated to them by the Pension Fund Committee. Given the specialist nature of some of this work, particularly in relation to investments, the Advisory Panel is in turn supported by a number of subgroups.

With Government expected to bring forward new requirements in relation to investments and pooling and governance, as well as expected changes to the Senior Management Team, we plan to review the subgroups supporting the Advisory Panel. This will include the number of scope of the groups, their membership and Terms of Reference.

Timescales and Stages

Review the sub-groups supporting the Advisory Panel	2024/25 Q1 to Q2
Develop and implement proposed changes to governance arrangements	2024/25 Q3 to Q4

Resource and Budget Implications

To be led by the Head of Clwyd Pension Fund, with input from the Independent Adviser, Investment Consultant and Fund Actuary. All expected costs are included within the existing budgets.

G3: Compliance with TPR General Code

What is it?

The Pensions Regulator (TPR)'s new General Code of Practice came into force on 27 March 2024. It replaces Code of Practice No.14 (the Code for Public Service Pension Schemes), merging 10 of the 15 codes previously in place, and incorporates previous guidance, e.g. on cyber. A very high level check has already been carried out, but we will carry out a more detailed review of the Fund's practices against the requirements of the new General Code and develop a plan to ensure we comply with those requirements. Whilst there is no explicit timeframe for achieving and demonstrating compliance, we understand TPR expects this to be completed as soon as possible and so we plan to ensure the Fund is fully compliant by the end of 2024/25.

The Pension Board has a legal requirement to assist in ensuring we comply with TPR's requirements and will therefore oversee this review.

Timescales and Stages

Detailed review of the Fund's practices against the new TPR General Code and develop ongoing action plan in relation to non-compliant areas	2024/25 Q1 to Q2
Implement the action plan following the review	2024/25 Q3 to Q4

Resource and Budget Implications

This work will initially be led by the Head of Clwyd Pension Fund working with the Independent Adviser, Chair of the Board and Governance Administration Assistant, but will involve all of the management team. Estimated costs of the review are included within the budgets shown.

G4: Implement regulatory and guidance changes (including Good Governance review)

What is it?

It is expected that there will be new requirements placed on and guidance provided to LGPS funds including:

- requirements to have a training policy in place for Pension Fund Committee members and report regularly on the training completed by Committee members, as proposed

by the Department for Levelling Up Housing and Communities² (DLUHC)'s response to their 2023 consultation, "Next steps on investments".

- recommendations from the national LGPS Scheme Advisory Board (SAB)'s review of the LGPS governance arrangements ("the Good Governance Review"), including ensuring appropriate conflicts of interest management, knowledge and skills and having a designated LGPS lead officer in each administering authority. These recommendations were made to DLUHC in 2021 and it was expected that DLUHC would issue statutory guidance in some areas with SAB issuing guidance in other areas. Progress on implementing the Good Governance recommendations has been delayed due to other national priorities and it is currently expected that this will be issued during 2024/25. DLUHC also announced that it intends to require funds to put in place a Workforce Policy as part of the requirements.

Timescales and Stages

Respond to any further consultations on regulations/guidance from DLUHC and SAB	2024/25 Q1 to Q3 (estimated)
Review existing arrangements against new regulations and/or guidance	2024/25 Q2 to Q4 and 2025/26 (estimated)

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.

G5: Review of governance related policies

What is it?

We have several policies focussing on the governance of the Fund, all of which are subject to a fundamental review, usually at least every three years. The policies due for review in 2024/25 are the Business Continuity Policy (carried over from 2023/24), the Conflicts of Interest Policy, Knowledge and Skills Policy, Breaches Policy and the Cyber Strategy.

When reviewing these policies, we will need ensure that they are aligned to the new TPR General Code (see G3) and any Good Governance requirements (see G4). We also expect requirements on Pension Fund Committee knowledge and skills to be implemented as part of the LGPS investment/pooling changes which will be considered when reviewing the

² DHLUC is the Government Department responsible for the LGPS and issuing LGPS Regulations

Knowledge and Skills Policy. Depending on the timing of any national changes, the timescales shown below may need to change.

Timescales and Stages

Policy	Last reviewed	Next review due	Timescales for review work
Business Continuity Policy	March 2021	June 2024	2024/25 Q1
Conflicts of Interest Policy	September 2021	September 2024	2024/25 Q2
Knowledge and Skills Policy	September 2021	September 2024	2024/25 Q2
Procedure for Recording and Reporting Breaches of the Law	March 2022	March 2025	2024/25 Q4
Cyber Strategy	March 2022	March 2025	2024/25 Q4
Governance Policy and Compliance Statement	November 2022	November 2025	2025/26
Anti-Fraud and Corruption Strategy	March 2023	March 2026	2025/26
Risk Management Policy	March 2024	March 2027	2026/27

Resource and Budget Implications

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

G6: Review/tender key supplier contracts and Procurement Act changes

What is it?

We have a number of key supplier contracts that require ongoing review and procurement as follows:

- 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 contract is due to expire on 31 March 2025. However due to the retirement of the Deputy Head of Clwyd Pension Fund in June 2024, the procurement of this contract will take place before her retirement, with the existing contract terminating and the new contract commencing during 2024/25 (i.e. prior to the expected date of 31 March 2025).
- The Fund's independent adviser reaches the end of its contract on 31 March 2025. The independent adviser can also be the Chair of the Pension Board and therefore that needs to be considered at the same point.
- The suitability testing for the Fund's Administration Software is next due in February 2028, outside the period of this business plan.

There is a new Procurement Act with secondary legislation expected to be made and come into force during 2024. We will ensure we understand the changes being implemented and consider the impact on future procurement we may undertake.

Timescales and Stages

Conduct tender for investment consultancy services	2024/25 Q1 to Q2
Conduct tender for independent adviser	2024/25 Q3 to Q4
Consider extension of actuarial and benefits consultancy contract	2024/25 Q4
Conduct tender for actuarial and benefits consultancy services (assuming extension has been applied)	2025/26
Consider and implement necessary changes due to Procurement Act 2023	2024/25 Q2 to Q4

Resource and Budget Implications

The investment consultant tender will be led by the Deputy Head of Clwyd Pension Fund within existing budget. Other tenders will be led by the appropriate senior officer. There may be additional costs associated with advice required to review the procurement process to ensure it adheres to new regulations expected under the Procurement Act 2023.

G7: Appointment of Local Pension Board and Pension Fund Committee members

What is it?

The Pension Board is made up of 5 members: 2 Employer representatives, 2 Member representatives and 1 independent member. Members are appointed by the Board Secretary after completion of a selection process.

The employer and scheme member representatives on the **Pension Board** are appointed for a period of three years. This period may be extended to up to five years. The current appointments are subject to review as follows:

- Scheme member representative (non-trade union) – February 2025 (five-year point)
- Scheme employer representative – July 2025 (five-year point)
- Scheme member representative (trade union) – October 2025 (three-year point)
- Scheme employer representative – December 2026 (three-year point)

In addition, the appointment of the Chair of the Pension Board ends on 31 March 2025 so a review exercise will be carried out.

The Pension Fund Committee is made up of nine members, five of these members are Flintshire County Council Councillors with the remainder being co-opted members. The co-opted members comprise one Councillor from Wrexham County Borough Council, one Councillor from Denbighshire County Council and two representative members, one for the other Scheme employers and one for Scheme members in the Fund.

The five Flintshire Councillors are appointed annually, and the Councillors from Wrexham and Denbighshire are appointed until the next ordinary local government election. Both groups can be reappointed for further terms.

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, but may be reappointed for further terms. The existing representative members were appointed in July 2020 so their appointments will need to be reviewed by July 2026.

Timescales and Stages

Review Pension Board scheme member (non-trade Union) representative	2024/25 Q3 to Q4
Review Chair of the Pension Board	2024/25 Q3 to Q4
Review Pension Board representatives (scheme member (trade union) and one scheme employer)	2025/26
Review Pension Board scheme employer representative	2026/27
Review Pension Fund Committee representative members (other scheme employers and scheme members)	2026/27

Resource and Budget Implications

It is expected this will mainly involve the Head of Clwyd Pension Fund taking advice from the Independent Adviser and Chair of the Pension Board, where appropriate. All costs will be met from the existing budget.

Finance, Funding and Investment Appendix

This section sets out the Fund's funding and investment aims and objectives, an overview of our business as usual finance, funding and investment activities and key risks, and finance, funding and investment -related business plan tasks for 2024/25 to 2026/27.

Aims and Objectives

- Achieve and maintain assets equal to 100% of liabilities within the 12-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 of 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.

Business as usual

Finance

- 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 annual monitoring of its appropriateness.
- 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.

Investments

- Carrying out a fundamental review of the investment strategy every three years, or more frequently if considered appropriate.
- 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.
- Transitioning the Fund's investment strategy in line with its net-zero targets.
- Monitoring of the Fund's investments in private markets including commitment planning.
- 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 the Fund's Responsible Investment and Climate Change beliefs and requirements.
- Review Additional Voluntary Contributions ("AVCs") provision on a regular basis to ensure it continues to remain appropriate.
- Annual stewardship reporting, reporting to the year ending 31 March, with a submission to the FRC.
- Annual TCFD reporting, reporting to the year ending 31 March.
- Annual cashflow monitoring of the Fund, taking into account payroll and private market drawdown commitments.

Risks

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

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
<ul style="list-style-type: none"> ▪ Markets perform below actuarial assumptions ▪ Fund managers and/or in-house investments don't meet their targets ▪ Market opportunities are not identified and/or implemented. ▪ Black swan event e.g. global pandemic such as Covid-19 ▪ WPP does not provide CPF with portfolios to deliver the Investment Strategy ▪ Internal team do not have sufficient knowledge to challenge investment managers on advice given or understand the implications of all investment choices 	<p>Investment targets are not achieved therefore materially reducing solvency / increasing contributions</p>	Red	Amber	<p>1: Continue to monitor market conditions, underlying asset classes and investment managers either directly or via WPP</p> <p>2: Ongoing consideration of officer succession planning, including maintaining local investment knowledge</p> <p>3: Interim Investment Strategy Review</p>

Risk Description (if this happens)	Risk Overview (this will happen)	Current Risk Status	Target Risk Status	Further Action
<ul style="list-style-type: none"> ▪ 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 ▪ WPP does not provide CPF with the tools to enable implementation of RI policies 	<p>The Fund's Long term Investment Strategy fails to deliver on its ambition and objectives as a Responsible Investor.</p>	Red	Amber	<p>1 - Implement the responsible investment plan as outlined in the business plan including a review of the current carbon reduction targets, and initial training on nature related financial disclosures.</p> <p>2 - Work with WPP to ensure the Fund is able to implement the Fund's RI Policy and ambitions effectively via WPP</p> <p>3 - Interim Investment Strategy Review</p>

Business Plan Key tasks

Ref	Key Action: Task	2024/25 Period				Later Years	
		Q1	Q2	Q3	Q4	2025/ 26	2026/ 27
F1	Interim Investment Strategy Review and Implementation	x	x				x
F2	Interim Funding Review		x	x	x		
F3	Task Force on Nature-Related Financial Disclosures	x	x	x	x	x	x
F4	Funding Strategy Statement Review and Triennial Actuarial Valuation					x	
F5	Review of Investment Strategy						x

F1: Interim Investment Strategy Review and Implementation

What is it?

This relates to the ongoing interim investment strategy review we are carrying out and implementation of any agreed changes to the Investment Strategy of the Fund.

An interim investment strategy review is being undertaken in order to: formalise a plan to fully fund the WPP Sustainable Active equity; increase the liquidity of the available assets in order to help meet ongoing cashflow and Private Market capital drawdown requirements; and to consider the impact on climate related objectives from the above. Once agreed, any changes are expected to be implemented over a period of time in order to manage transition costs and liquidity.

Timescales and Stages

Agreement and Implementation of any changes	2024/25 Q1 & Q2
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Resource and Budget Implications

The work will be led by 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 2024/25 budget.

F2: 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.

In the context of the continued challenges on employer budgets it is appropriate that we consider the key funding metrics, which will involve the Actuary analysing the outlook for returns and the likelihood that average contributions would need to change at the next valuation. This analysis will assist us in understanding employer contribution affordability so that plans can be made considering the current funding position and the future outlook for returns and life expectancy. We believe that the life expectancy changes will likely be more significant than previously based on latest national trends. As in previous exercises, an interim valuation will facilitate earlier engagement for some employers than would otherwise be the case.

The 2024 interim review will be carried out in the same way as a full actuarial valuation process. It will allow us to update the contribution requirements for some employers where we need to and this is allowed under the LGPS Regulations and Funding Strategy Statement. This will also be used to inform other policies e.g. assumptions (including life expectancy changes) to be used when employers leave the Fund.

This analysis will assist the Fund to understand employer contribution affordability and budgets so that plans can be made considering the funding position at that point and the outlook for returns. The interim valuation and analysis will also involve discussions with our employers and in particular the Steering Group with representatives from the major Councils. It will also include a review of data quality to feed into the 2025 valuation discussions.

Timescales and Stages

Initial engagement with employers to assess affordability and budgeting outlook	2024/25 Q2 & Q3
Carry out interim funding review (including data quality)	2024/25 Q3 & Q4
Results and discussion with employers	2024/25 Q3 & Q4

Resource and Budget Implications

This exercise will be led by the Fund Accountant. It will be performed by the Fund Actuary, with input from both the Clwyd Pension Fund Administration and Finance teams. An allowance has been made in the 2024/25 budget for the full interim review and associated tasks.

F3: Task Force on Nature-Related Financial Disclosures (TNFD)

What is it?

The TNFD have released nature-related financial disclosure recommendations to help organisations provide better information to support informed capital allocation. We will look to conduct mapping of our listed equity portfolio against the priority sectors that the TNFD have identified and investigate our exposure to a range of Nature Capital themes in our private market portfolio.

Once this work has been undertaken, the Committee will receive training on TNFD and review the findings of the analysis. Following this work and additional training, the Investment Strategy Statement will be reviewed and updated, as appropriate, to formally document our approach to TNFD.

Timescales and Stages

Priority Sector Mapping & Private Market themes analysis	2024/25 Q1 & Q2
TNFD training for Committee	2024/25 Q3
Review of Investment Strategy Statement	2024/25 Q4

Resource and Budget Implications

The work will be led by the 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 2024/25 budget.

F4: Funding Strategy Statement Review and Triennial Actuarial Valuation

What is it?

The next formal triennial actuarial valuation of the Fund is due to be undertaken as at 31 March 2025. 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 our employers to fund the cost of benefits including the impact of any shortfall or surplus. These aspects are driven by the contents of our separate Funding Strategy Statement which is approved by the Committee and reviewed and consulted on with employers as part of the process.

The valuation is considered in conjunction with our employer risk management framework. Our employers will be required to provide financial statements and evidence of affordability

and security before contributions can be agreed. The exercise will also include cash flow projections (of future benefit payments to members and future contributions receivable from members and employers) to input into the Cash and Risk Management policy framework.

Timescales and Stages

Effective date	31 March 2025
Initial whole Fund results (expected)	2025/26 Q2
Individual Employer results (expected)	2025/26 Q2 & Q3
Deadline for agreement of all contributions and sign-off valuation report	31 March 2026

Resource and Budget Implications

The exercise will be led by the Fund Accountant and will be performed by the Fund Actuary. It will determine contribution requirements for all participating employers from 1 April 2026 and employers will be formally consulted on the funding strategy as part of the process. As a major exercise for the Fund, it will involve considerable resource from the Administration and Finance teams over 2025/26. Allowance will be made in the Fund Actuary's estimated budget for 2025/26 in due course.

F5: Review of Investment Strategy

What is it?

We carry out a review of our Investment Strategy every three years, having regard to the findings of the actuarial valuation and the review of the Funding Strategy. The investment strategy review is expected to take place at the same time as the review of the Funding Strategy Statement in 2025/26.

Timescales and Stages

Review of Investment Strategy	2025/26 Q2 to Q3
Approve Investment Strategy (with employer consultation if required)	2025/26 Q4
Implementation of any changes	2026/27

Resource and Budget Implications

The work will be led by the Clwyd Pension Fund Investment Officer, working with the Fund's Investment Consultant. Allowance will be made in the Investment Consultant's estimated budget for 2025/26 (and 2026/27) in due course.

Administration and Communications Appendix (including the Employer Liaison Team)

This section sets out the Fund's administration and communication aims and objectives, an overview of our business as usual administration and communication activities and key risks, and administration and communication-related business plan tasks for 2024/25 to 2026/27.

Administration Aims and Objectives

- 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 LGPS³ 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.
- Maintain accurate records and ensure data is protected and has authorised use only.

Communications Aims and Objectives

- Increase awareness and understanding of the Scheme and provide sufficient information so members can make informed decisions.
- 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.

We also have further specific objectives for communications with scheme members and employers.

Employer Liaison Team Aims and Objectives

- Provide a high quality, professional, proactive, timely and customer focused service to the employer.

³ Local Government Pension Scheme.

- 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

Operations

- Providing relevant individual information to scheme members and their beneficiaries, including:
 - 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 including:
 - Changes to personal details
 - Changes to employment details
 - Processing transfers of pension rights and aggregations of member records
- Responding to scheme members' enquiries (including phone calls)

Pensioners' Payroll

- Calculating and paying monthly pensions to all pensioners and beneficiaries
- Issuing payslips (where net pay has changed)
- Processing annual pensions increases and issuing annual pensions increase statements to pensioners and beneficiaries
- Issuing P60s
- Investigating returned payments and dealing with any under or overpayment of pensions
- Updating and maintaining accuracy of pensioners' and beneficiaries' details.
- Carrying out existence checking for pensioners' and beneficiaries' payments
- Responding to scheme members' enquiries (including phone calls)

- Reporting and making payments to HMRC

Communications

- Providing information to members via newsletters and shorter news alerts
- Maintaining the Fund's website and members' self-service facility, and promoting their use
- Responding to scheme members' enquiries (including emails)
- Developing the Fund's communications with stakeholders to ensure information is accessible to all
- Liaising with employers joining or leaving the Fund and providing them with information about their Fund responsibilities
- Providing ongoing training and technical updates to employers
- Running an Annual Meeting and engagement events with employers and members' representatives
- Administering the Fund's Internal Dispute Resolution Procedure.

Projects

- Providing Annual Pensions taxation information to all affected and at-risk members
- Bulk data cleansing exercises
- Managing ad-hoc projects such as implementing major scheme changes and national initiatives.
- Recalculating benefits following backdated pay awards

Technical

- Preparing and issuing annual benefit statements for all active and deferred scheme members
- Preparing annual pensions increase statements for pensioners and beneficiaries
- Maintaining and updating the pensions software system, including overseeing the monthly employer returns
- Providing guidance on changes in processes following legislation updates
- Developing reports on progress against key performance indicators and daily work management
- Monitoring timescales for employers submitting information
- Providing information to the Fund's actuary as required for new alternative delivery models for employer services

- Providing reports and extracts for the Fund Actuary and GAD⁴

Employer Liaison Team

On behalf of employers:

- Providing notifications regarding new starters, personal/employment changes and leavers/retirements in the Fund
- Verifying and uploading monthly iConnect files
- Undertaking estimates of benefits for scheme members and the employer
- Responding to outstanding requests for information to cleanse the pension records
- Undertaking work as necessary to clear outstanding year-end or other data queries.
- Managing ad-hoc projects such as implementing major scheme changes and national initiatives.

⁴ Government Actuary's Department

Risks

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

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	Unable to meet legal and performance expectations (including inaccuracies and delays) due to staff issues	Amber	Yellow	1: Action plan being developed for recruitment, retention and succession planning 2: Ongoing training of recent recruits
Employers don't: -understand or meet their responsibilities. -have access to efficient data transmission -allocated sufficient resources to pension matters	Unable to meet legal and performance expectations (including inaccuracies and delays) due to employer issues	Amber	Green	1: Implement new process for employers relating to service standards

Business Plan key tasks

Ref	Key Action -Task	2024/25 Period				Later Years	
		Q1	Q2	Q3	Q4	2025 /26	2026 /27
Essential Regulatory-Driven Areas							
A1	McCloud judgement	x	x	x	x	x	
A2	National Pensions Dashboard	x	x	x	x	x	
A3	Implement Survivor Benefits Changes (dates unknown)		x	x	x		
A4	Other Expected National Changes (dates unknown)						
A5	Preparation of Member Data for Interim Valuation and Triennial Valuation	x	x			x	
Priority Fund-Driven Projects							
A6	Review Administration & Communications Related Policies and Strategies	x	x	x	x	x	x
A7	Implement the updated Communications Strategy	x	x	x	x	x	x
A8	Benefit payment decisions and requirements	x					
A9	Employer escalation procedure	x					
Employer Liaison Team (ELT) Projects							
E1	Expand ELT to more employers	x					

Essential Regulatory Driven Areas

A1 – McCloud judgement

What is it?

The McCloud judgement refers to an age discrimination court case where protections for older members, introduced during the Government's reforms of public service pension schemes in 2014 and 2015, were deemed to result in unlawful age discrimination. In the LGPS the protections applied to members in the new career average scheme who were within ten years of their Normal Pension Age (NPA) on 1 April 2012 in the form of a “better of both” promise. This means comparing the benefits payable under the career average and final salary schemes and paying the higher amount. This protection is called the underpin.

To remove the discrimination, the LGPS Regulations were updated with effect from 1 October 2023, providing all qualifying members with protection for the remedy period (1 April 2014 to 31 March 2022). Whilst regulations are in place for the main element of the remedy, as at March 2024, further regulations are still awaited to implement requirements for excess service for teachers. In addition, guidance is awaited before certain new member events can be progressed (for example transfers, divorce, flexible retirement). Guidance is also required before historic member events during the remedy period can be reviewed. Guidance is expected in Q1 2024.

Implementing the McCloud remedy has involved a large-scale retrospective data collection exercise, which we have nearly completed. It has a significant impact on our administration processes and systems, and has required regular communications with employers and scheme members. Due to the significant additional resource requirements, we have dedicated McCloud team members.

While our administration system has been largely updated to ensure compliance with the McCloud regulations, certain areas still require attention. Finalising the data collection exercise is crucial for dealing with business as usual cases on an automated basis.

Once guidance is received, and all the McCloud data is updated to our administration system, we will start reviewing all scheme member events that occurred during the remedy period (known as rectification). This exercise is expected to be largely carried out in bulk, although a degree of manual intervention is anticipated, and testing will establish the likely amount of manual work. Statutory guidance setting out the priority of rectification is expected in Q1 2024.

Timescales and Stages

Data collection from all employers (already commenced)	31 March 2024
Data validation and upload to Altair (already commenced)	2024/25 Q1
Identify and update service for members where multiple records are not combined	2024/25 Q1
Issue communications to scheme members and gather, verify and upload data on members' previous public service pension scheme membership	2024/25 Q3

Identify and verify (if required) previous LGPS membership using the LGPS NI database	2024/25 Q2
Finalise how processes and calculations will need to change to implement McCloud into business as usual (BAU) (ongoing)	2024/25 Q1
Identify and re-combine aggregated and concurrent records as required to ensure the underpin is calculated correctly	2024/25 Q3
Recalculation of leavers' benefits (benefit rectification) – process recalculations and prepare letters to members and pay balance of benefits	2024/25 Q4
Ongoing communications to scheme members as required	2024/25 Q1 to Q4
Assess the impact of the Teachers' excess service outcome	To be confirmed
Identify and review individuals where their benefits were affected by the previous underpin with Annual Allowance implications or Lifetime Allowance Protection	2024/25 Q4
Finalise and issue new annual benefit statements to include McCloud information	2025/26 Q2

Resource and Budget Implications

The additional internal resource allocated to the dedicated McCloud programme team will continue throughout 2024/25. Although the work is being led and managed by dedicated McCloud team members, it impacts across all of the Administration Team. There continues to be additional costs relating to consultancy (including programme management which is being provided by the Independent Adviser), incidentals such as postage and printing, and system costs. The budget for 2024/25 is £446k in total.

A2 – National Pensions Dashboard

What is it?

The National Pensions Dashboard is a Government initiative intended to allow all pension savers in the UK access to view the values of all of their pensions online, including state pension, through one central platform. The Pension Schemes Act 2021, The Pensions Dashboards Regulations 2022 and The Pensions Dashboards (Amendment) Regulations 2023 provide the legal framework for implementing the dashboard. All pension schemes must connect to the dashboard infrastructure by their “staging date” as determined by the Department for Work and Pensions (DWP) with the dashboards made publicly available shortly after schemes have onboarded. The staging date for all public sector pension schemes including the LGPS is expected to be 30 September 2025. Legislation is expected soon which will confirm the timings and provide further clarity.

A formal Fund Pensions Dashboard project will be established in Q1 2024/25.

The dashboard requirements also extend to Additional Voluntary Contributions (AVCs). The Fund therefore needs to engage with Prudential and Utmost, its AVC providers, to ensure they are meeting the dashboard requirements.

Although the Fund will be relying on its Integrated Service Provider (ISP), its administration software provider (Heywood) and the AVC providers to carry out the majority of the work relating to the implementation project, there will be additional work for the Fund including new processes when the dashboard is up and running. Also, the Fund's responsibility is to ensure the legal requirements relating to dashboards are met. Therefore, there will still be a significant amount of work for the Fund relating to the implementation of the dashboard and once it is live.

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

Timescales and Stages

Project set up including finalising the project initiation documentation	2024/25 Q1
Data cleansing exercise	2024/25 Q1 to Q4
Appointing an Integrated Service Provider (ISP)	2024/25 Q2
System functionality testing, including reporting	2024/25 Q2 to Q4
Consider and agree data matching criteria	2024/25 Q2 to Q3
Develop communications plan, and develop and issue various member communications	2024/25 Q1 to 2025/26 Q2
Latest connection date (still to be confirmed by DWP)	30 September 2025
Final work on value data post McCloud benefit rectification and data updates	2025/26 (to be confirmed)
Review and update administration processes, and consider impact on future resources/budget	2024/25 Q3 to 2025/26 Q2
Agree, establish and implement dashboard processes with Additional Voluntary Contribution providers	2024/25 Q1 to 2025/26 Q2

Resource and Budget Implications

The proposed 2024/25 budget is £100,000 and includes estimated additional system costs for the ISP (including set up costs) and consultancy costs for technical support. Costs will be monitored throughout the year and any necessary changes will be brought back to Committee for consideration. The biggest uncertainty will be the impact on the workload of the Pensions Administration Team once the dashboard goes live. Ongoing resources will be considered as part of the 2025/26 budget.

A3 – Implement Survivor Benefit Changes

What is it?

Regulations are awaited in relation to the June 2020 Employment Tribunal ruling (the "**Goodwin ruling**") relating to the Teachers' Pension Scheme which concluded that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female member in a same sex marriage or civil partnership, and that 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 changes would be required to other public service pension schemes with similar arrangements. Once these regulations are made, these changes will need implemented.

Work is already ongoing on the following other survivor benefit changes:

- the LGPS (Miscellaneous Amendment) Regulations 2018 (SI2018/1366) that impact on the calculation of and entitlement to **surviving partner pensions in respect of Civil Partners or same sex marriages**
- the outcome of the **Elmes versus Essex case** where the High Court ruled that for any LGPS members who left the scheme between 1 April 2008 and 31 March 2014, and who subsequently died leaving a Cohabiting Partner, a survivor's pension could be paid to that partner without a completed nomination form as long as they meet the eligibility criteria.

Timescales and Stages

Tracing, contacting, verifying entitlement and recalculating benefits for affected surviving partners	2024/25 Q2 to Q4
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Resource and Budget Implications

These projects will be carried out by the Project Team and Operations Team to ensure benefits for all surviving partners are reviewed and amended where applicable.

A4 – Other Expected National Changes

There are a number of further changes that are expected but the final details are not yet available. These include the changes detailed below based on the situation in early 2024.

Cost Management

When the Public Sector Pension Schemes (including the LGPS) were reformed in 2014/15 the scheme design included a cost control mechanism. At the first cost cap valuations as at 31 March 2016 the lower threshold within that mechanism (i.e. the cost floor) was deemed to be breached so member benefits would need to increase or, in the case of the LGPS, their contributions reduce. Following the McCloud judgement, Government announced that any additional McCloud costs would be deemed “member costs” within the cost control mechanism. In June 2022 the Government Actuary’s Department finalised the 2016 valuation confirming that no changes to member benefits or contributions were required for the LGPS. The LGPS Scheme Advisory Board (SAB) also confirmed that no changes were needed by virtue of its separate mechanism, which applies to the LGPS in England and Wales in addition to the HMT mechanism.

A Judicial Review hearing relating to the decision to allocate McCloud costs to members as part of the 2016 cost management process was held on 20th to 22nd February 2024. It is not yet known what the outcome will be, but until the issue is resolved we cannot say with certainty that no changes will be required following the 2016 process.

In light of concerns that the cost control mechanism did not meet its original objectives a review was carried out by the Government Actuary. HM Treasury then consulted on proposals to amend its cost control process and reforms were confirmed in a written ministerial statement on 19 September 2023 (effective from the 2020 cost management valuations). Following a separate DLUHC consultation to amend the LGPS SAB cost management process which operates in addition to the Treasury process, the SAB is in the process of finalising its cost control mechanism.

The Government Actuary’s Department has gathered the data required to carry out the 2020 calculations and these are underway. Whilst it is not currently expected that the 2020 process will lead to any changes to member benefits or contributions, if they are required they would apply retrospectively from 1 April 2023.

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.

In addition, in October 2021 the SAB 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. These recommendations have not yet been made but would lead to additional work for the operations team if they were to be taken forward.

Fair deal

In May 2016, DCLG (now DLUHC) proposed that New Fair Deal be extended to the LGPS. This would mean any staff transferring to a contractor would remain in the LGPS and the new employer would need to gain admission body status, with no option to offer a pension scheme certified as broadly comparable to the LGPS.

On 10 January 2019, a consultation document was published - Fair Deal – Strengthening Pension Protection. This confirmed the 2016 proposal that service providers must offer LGPS membership to individuals who have been compulsorily transferred from an LGPS employer, even if the contract is outsourced a second time. It also included proposals to automatically transfer LGPS assets and liabilities when scheme employers are involved in a merger or takeover. The consultation closed on 4 April 2019 but there has not yet been a response from Government. The Scheme Advisory Board has sought to ensure this remains on DLUHC's agenda, most recently writing to the Department on 17 October 2023.

Exit Payment Reform

With effect from 4 November 2020 a £95k cap on exit payments made by public sector employers came into effect and this included the cost of early payment of LGPS pensions. This was subsequently disapplied retrospectively. In August 2022, HMT issued their consultation on Public Sector Exit Payments which closed on 17 October 2022 seeking views on a new administrative control process for public sector exit payments over £95,000, and amendments to the process for special severance payments. Whilst the consultation related to staff working in central government some LGPS employers could be affected. It is unclear at this stage when we may hear more on wider reform of exit payments and conditions around how LGPS benefits are paid. Bodies under the devolved administrations were not covered by HMT's most recent consultation and Welsh Government might implement a different approach to meeting any exit cap requirements for public sector employers in the Fund.

Increase in minimum retirement age

The Finance Act implements previous proposals to increase the normal minimum pension age from 55 to 57 in April 2028. This change is designed to maintain a 10 year gap between minimum retirement age and state pension age, as confirmed as part of Government policy in 2014. The Finance Act does provide for protected pension ages for members meeting certain conditions, but for this protection to apply the LGPS regulations must be amended. There has been no indication from DLUHC whether they intend to make these changes.

In the meantime, we need 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.

Timescales and Stages

Implement changes to member benefits and/or contributions if required as a result of the 2016 or 2020 cost management process	Unclear
Update admissions processes in light of new Fair Deal	Unclear
Implement changes to calculation of early retirement benefits and associated strain payments if an exit cap is reintroduced	Unclear
Monitor protected retirement ages and communicate with members and employers as appropriate if the minimum retirement age is increased	Unclear

Resource and Budget Implications

The resource implications are uncertain so will be considered once further information becomes available.

A5 - Preparation of Member Data for Interim Valuation and Triennial Valuation

What is it?

We will carry out an interim valuation (as at 31 March 2024) during 2024/25 which will require us to provide data to the actuary. This will highlight any initial data validation to be completed ahead of the formal triennial valuation.

The next formal triennial actuarial valuation will be as at 31 March 2025 and requires us to provide data to the actuary. This involves an additional year-end data cleansing exercise post 31 March 2025 to ensure the data is of sufficient quality for the formal valuation and to then rectify any anomalies discovered during the valuation process.

Timescales and Stages

Preparation of data for 31 March 2024 interim valuation, and investigating and responding to data queries from Fund Actuary	2024/25 Q1 to Q2
Preparation of data for 31 March 2025 triennial valuation, and investigating and responding to data queries from Fund Actuary	2025/26

Resource and Budget Implications

This work will be carried out by the Technical Team in the main with assistance from the rest of the Project and Operations Teams depending on the requirements. All internal costs are being met from the existing budget. The work by the Fund Actuary for the interim valuation will be included in proposed budget for 2024/25.

Priority Fund Driven Projects

A6 - Review Administration and Communication Related Policies and Strategies

What is it?

There are a number of administration and communications related policies that need to be reviewed regularly as shown in the table below. In addition, we will be developing a Data Improvement Policy.

Timescales and Stages

Review of Administration Strategy (last approved May 2021)	2024/25 Q1
Review of Under / Overpayment Policy (approved September 2021)	2024/25 Q2
Develop and approve first Data Improvement Policy	2024/25 Q3 to Q4
Personal Data Retention Policy (last reviewed March 2022)	2024/25 Q4
Review of Communications Strategy (last approved June 2022)	2025/26
Review of Voluntary Scheme Pays Policy (last approved October 2023)	2026/27
Policy for Administration and Communications of Tax Allowances to Scheme Members (approved November 2023)	2026/27
Administering Authority Discretionary Policy (last approved November 2023)	2026/27

Resource and Budget Implications

This will be led by the Pensions Administration Manager. All costs are being met from the existing budget.

A7 – Implement the updated Communications Strategy

What is it?

We updated our Communications Strategy in June 2022 to be more focussed on encouraging stakeholder engagement and providing positive experiences including through embracing technology for greater accessibility (as well as delivering efficiencies). As part of this, we are ensuring that all communication materials are updated to make them clearer and more concise.

The ongoing work involved in implementing the updated strategy is outlined in the table below.

Timescales and Stages

Review and update the structure and content of the Fund's non-administration areas of the website	2024/25 Q1 to Q2
Videos and webcasts - agree plan and create suite of priority videos and webcasts	2024/25 Q1 to Q4
Liaise with Flintshire County Council to improve telephony user experience	2024/25 Q1 to Q4
Review and update content in communications from a Plain English and readability perspective (e.g. lower reading age) – already commenced	2024/25 Q1 to Q2
Review approach to Annual Employer and Scheme Member Meeting	2024/25 Q1 to Q3
Continue to test and implement new online processes within Member Self Service (MSS) and providing MSS to Councillors	2024/25 Q3 or as functionality becomes available
Investigate moving to new website platform provider	2024/25 Q1 to Q4
Implement transformational member experience (TME) – the replacement to MSS	2025/26 to 2026/27 or as functionality becomes available
Create and deliver a visual roadmap (the journey to retirement)	2024/25 Q4
Develop a suite of communications for additional voluntary contributions/additional pension contributions	2024/25 Q1 to Q4

Resource and Budget Implications

This work is mainly being delivered from internal resource, particularly the Communications Team and the Website and Technical Development Officer. The internal costs are included in the existing budget. The Independent Adviser is providing a small element of ongoing external guidance which is included in their budget. There is a significant amount of work involved in reviewing and updating all communications including the developing the suite of videos, updating the content of the existing website but it is hoped this can be completed using internal resource. There may be additional costs relating to new or updated telephony systems and websites, but the costs are unknown at this point in time.

A8 – Benefit payment decisions and requirements

What is it?

On the death of a scheme member, we have a number of decisions to make around who benefits are paid to and how these are paid. We intend to establish further processes to assist in these decisions including who death grants are paid to, and the use of child trust funds. This will also include the approach we will take where a pensioner member does not have a bank account.

Timescales and Stages

Establish and document processes	2024/25 Q1
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Resource and Budget Implications

This work is being led by the Pensions Administration Manager and is mainly being delivered from internal resource. Some consultancy support may be required from the Independent Adviser and those external costs are included within the budget.

A9 – Employer escalation procedure

What is it?

In addition to monitoring our own performance through various key performance indicators, we have services standards that our participating employers should strive to meet, to ensure that our scheme members receive information on their pension benefits in a timely manner. We have been developing internal processes to more accurately monitor whether employers are meeting these service standards. Using the results from this monitoring, we intend to develop and implement an employer escalation procedure within our Administration Strategy. This will include various steps we will take where an employer is not meeting the required standards.

Timescales and Stages

Incorporate new employer escalation procedure within the Administration Strategy (last approved May 2021) and implement new procedure	2024/25 Q1
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Resource and Budget Implications

This work is being led by the Pensions Administration Manager with support from the Operations and Technical teams, and the Independent Adviser. An estimate of any external costs is included within the budget.

E1 - Employer Liaison Team Expansion to more employers

Understanding the continuing pressure on resources and budgets for employers, we offer a service to our employers where we carry out their Fund related duties on their behalf. These duties are carried out by our Employer Liaison Team (ELT). The service mainly consists of providing notifications regarding new starters, personal/employment changes and leavers/retirements in the LGPS. We can also complete 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.

What is it?

We aim to expand the ELT service to more employers in the Fund, making employers more aware of the services that are available, particularly those employers that are not meeting their key performance indicators.

Timescales and Stages

Start discussions with other employers	2024/25 Q1
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