

Business Plan 2024/25 to 2026/27 – Q1&Q2 Update

Finance, Funding and Investment

Key Tasks

Key:

	Complete
	On target or ahead of schedule
	Commenced but behind schedule
	Not commenced
xN	Item added since original business plan
xM	Period moved since original business plan due to change of plan /circumstances
*	Original item where the period has been moved or task deleted since original business plan

Finance, Funding and Investment 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

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	2024/2025 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 2024/2025 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	2024/2025 Q2 & Q3
Carry out interim funding review (including data quality)	2024/2025 Q3 & Q4
Results and discussion with employers	2024/2025 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 2024/2025 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	2024/2025 Q1 & Q2
TNFD training for Committee	2024/2025 Q3
Review of Investment Strategy Statement	2024/2025 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 2024/2025 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)	2025/2026 Q2
Individual Employer results (expected)	2025/2026 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 2025/2026. Allowance will be made in the Fund Actuary's estimated budget for 2025/2026 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 2025/2026.

Timescales and Stages

Review of Investment Strategy	2025/2026 Q2 to Q3
Approve Investment Strategy (with employer consultation if required)	2025/2026 Q4
Implementation of any changes	2026/2027

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 2025/2026 (and 2026/2027) in due course.