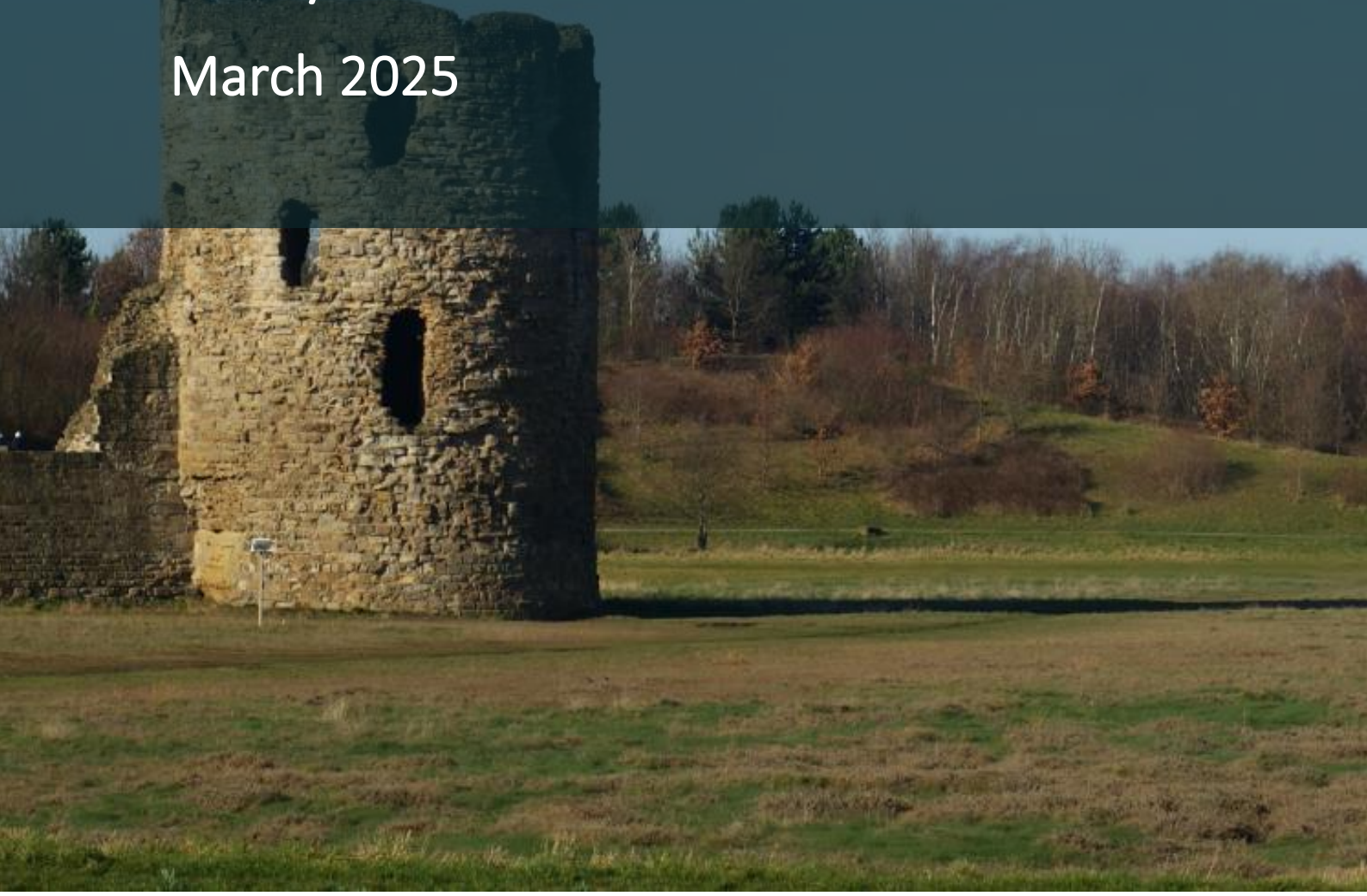


Clwyd Pension Fund

Business Plan 2025/2026 to 2027/2028

March 2025



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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 19 March 2025 and details our priorities and areas of key focus for 2025/2026, 2026/2027 and 2027/2028.

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 2025/2026, the resources required to manage the Fund, and expected cashflows over the period of this plan.

It was expected that 2025/2026 would be a busy year for Fund officers, employers and the Pension Fund Committee and Pension Board due to the number of significant exercises that need to be conducted over the year. This includes the 2025 Actuarial Valuation, the associated investment strategy review and the Fund reaching the connection date for the Pensions Dashboards.

However additionally, in July 2024 the Chancellor launched the Pensions Review, which currently consists of two phases. At the time of writing we are waiting for the Governments response to the second phase of the review. The proposals set out in phase two's November 2024 "LGPS Fit for the Future" consultation included three key requirements for funds to: pool all assets within an FCA regulated asset pool, take "principal" investment advice from the asset pool and a number of governance requirements including the appointment of an LGPS Senior Officer, appointment of an independent advisor and greater knowledge and skills requirements for committee members.

The proposed investment changes would have a significant impact on the Fund's ability to implement the current strategies and will take considerable time and effort from the Fund management team to manage the transition of assets and aid the asset pool in their project to become FCA regulated and receive all fund assets from across Wales. This has increased the risks to the Fund relating to the delivery of the Fund's policies and around having sufficient resources to ensure that both new project work and business as usual activity can be delivered. This impact is likely to be felt across all areas of the Fund.

As a result, it is difficult to make definitive plans beyond the 2025/2026 year, as changes may be required as further information is received from both the Government and Asset Pool. We have set out our best estimate of the two years following March 2026, but this may require revision over the course of 2025/2026.

Philip Latham

Head of Clwyd Pension Fund

Flintshire County Council

About the Clwyd Pension Fund

The Clwyd Pension Fund ("CPF" or "the Fund") is a £2.5bn¹ 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, and around 52,000 members as set out in the table below:

Members	31 st December 2023	31 st December 2024
Active contributors	17,725	17,408
Retired and survivor members	15,674	17,266
Deferred and other members	16,641	17,025

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 31st December 2024.

Objectives for the Management of the Fund

Our Mission Statement is:

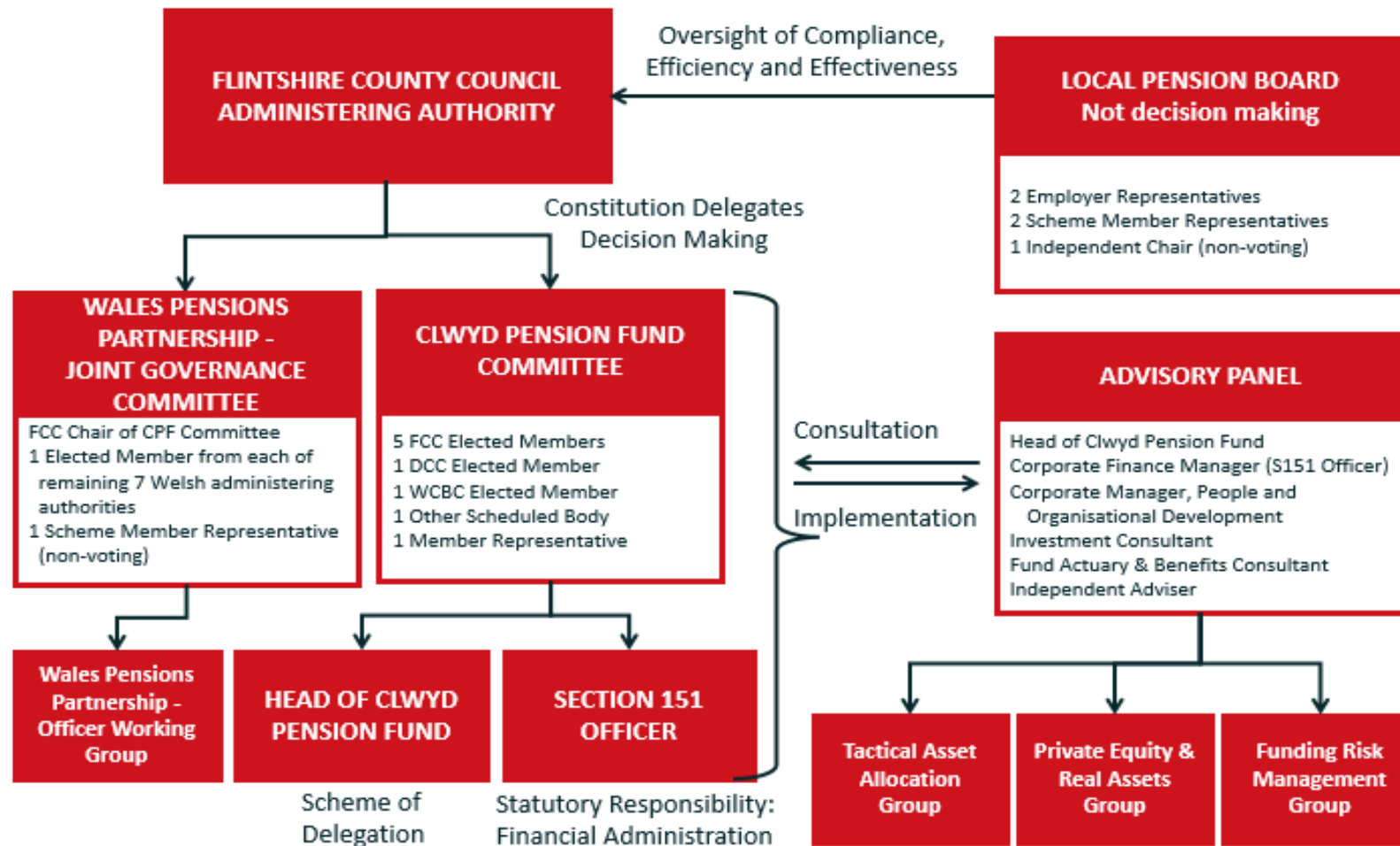
- to be known as forward thinking, responsive, proactive and professional, providing an excellent customer focused, reputable and credible service to all customers
- to have instilled a corporate culture of risk awareness, financial governance, and to provide the highest quality distinctive services 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 clwydpensionfund.org.uk/en/Governance/Strategies-and-Policies/home.aspx

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		
Equality, Diversity and Inclusion Policy		

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



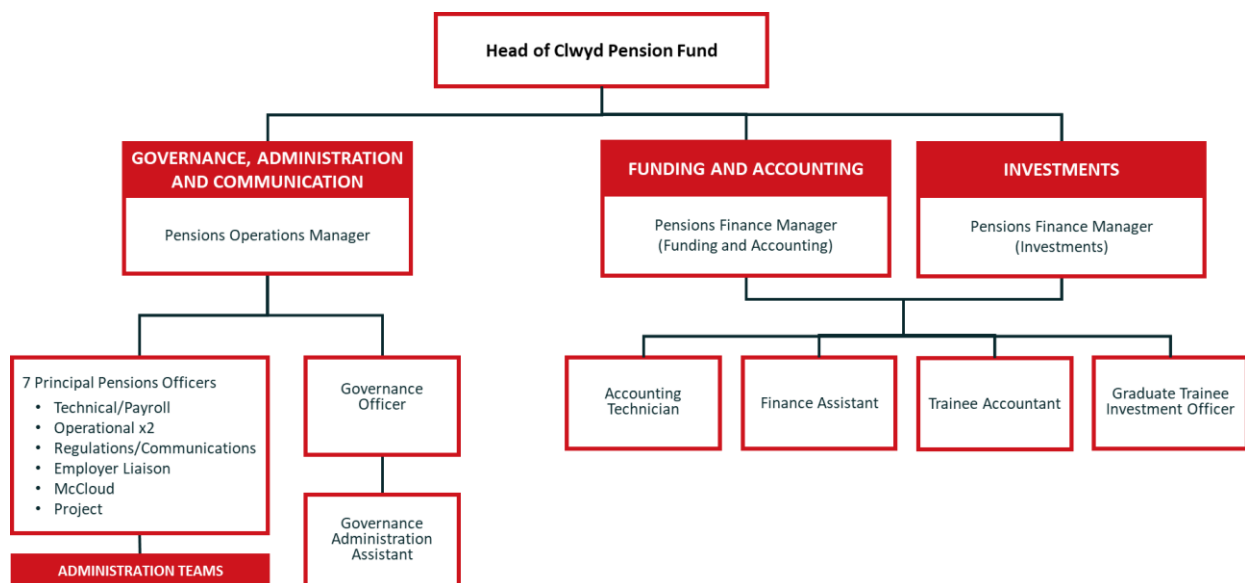
As illustrated in the chart above, the key decision-making and management of the Fund is delegated by Flintshire County Council ("the Council") to the Pension Fund Committee ("PFC"), supported by a Pensions Advisory Panel ("AP"). The Corporate Finance Manager is the Section 151 Officer who has statutory responsibility for the proper financial affairs of the Council including Fund matters. The LGPS Senior officer is the Head of the Clwyd Pension Fund. 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, which includes details of the projects required to meet the government's new requirements around the pooling of LGPS assets.

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, and in line with the requirements set out by the government.

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 Clwyd Pension Fund Management Team as set out in the chart below:



- **The Governance, Administration, and Communication Section**, led by the Pensions Operations Manager, is responsible for delivering our Governance, Administration and Communications Strategies. The section is supported by 55 Full Time Equivalent (“FTE”) administration and governance roles.
- **The Funding and Accounting Section**, led by the Pensions Finance Manager (Funding and Accounting), is responsible for delivering the Fund’s Funding strategies and Funding and Accounting matters.
- **The Investments Section**, led by the Pensions Finance Manager (Investments), is responsible for delivering the Fund’s Investment Strategies, and is responsible for investments. This section, along with the Funding and Accounting section, are supported by 6 FTE finance roles.

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, not least the HMT’s Pension Review which is likely to impact on how we manage the Fund’s assets including WPP’s operating model. Thus the management of the Fund continues to become more complex. In addition, we also have to consider expected retirements across the internal teams. These, and other priorities for the next three years, are articulated in more detail in the appendices to this business plan.

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 significant consequences that are considered a possible occurrence) 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 adequately / appropriately implement governance changes due to external factors	• Work alongside WPP to ensure a smooth transition to the proposed new structure and in transferring all assets to the pool
Failure to retain Fund Officers with knowledge, skills, qualification, and experience	• Keeping our governance and senior management structure under review • Ensuring all key positions are filled with the appropriate and motivated individuals
A sustained downturn in global financial markets, reducing the funding position resulting in the potential of increase in cost of the scheme for employers	• Monitoring the funding position and making changes to the investment strategy, if required, whilst keeping employers informed on the cost of the scheme, 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	• 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	• Implementing the proposed governance changes anticipated to be included within the 2025 Pensions Bill • 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.	• Monitor processes for employers relating to service standards.

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 2025/2026 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 developed following discussions with the Committee.

Title of session	Training Content	Timescale
2025 Valuation and Funding Strategy Statement Principles	Ongoing training in relation to the funding strategy, 2025 valuation and surplus management issues	June
Pensions Dashboards	Ongoing training in relation to the Pensions Dashboards project and the work done by the Fund to meet the requirements	September
Investment Strategy	Ongoing training on the investment strategy including any proposed changes	November
Investment regulations	An update on the updated investment requirements arising from the expected Pensions Bill and associated guidance	February (or TBC)
Regulatory Update	An update on regulatory requirements arising from ongoing national developments	March (or TBC)

The first two sessions on the 2025 Valuation and the Pensions Dashboards may be swapped to ensure that the 2025 Valuation training is delivered to support Committee decision making.

2025/2026 Cashflow and Budget

Operating Cost Budget 2025/2026

The following table shows the expected operating costs and investment management expenses to deliver the 2025/2026 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 2023/2024 £000s	Budget 2024/2025 £000s	Estimate 2024/2025 £000s	Budget 2025/2026 £000s
Governance Expenses				
Employee Costs (Direct)	366	442	383	460
Support & Services Costs (Administering Authority)	22	15	19	34
Other Supplies & Services	96	78	70	80
Training		86	74	82
Audit Fees	46	45	56	50
Actuarial Fees	567	835	862	985
Investment Consultant Fees	1,222	1,230	1,247	1,325
Governance Advisor Fees ^a	684	629	791	679
Legal Fees	57	25	30	30
Pension Board ^a	141	105	106	123
Pension Board Training		24	20	25
Pooling Costs	228	218	222	941
Total Governance Expenses	3,429	3,732	3,880	4,814
Investment Management Expenses				
Fund Manager Fees	25,506	23,068	23,068	27,299
Custody Fees	146	134	134	121
Performance Monitoring Fees	46	49	47	47
Wales Pension Partnership Investment Costs	1,077	1,187	1,187	1,339
Total Investment Management Expenses	26,775	24,438	24,436	28,806
Administration Expenses				
Employee Costs (Direct) ^a	1,549	1,820	1,730	1,914
Support & Services Costs (Administering Authority)	131	98	105	228
IT ^a	479	718	620	713
Other Supplies & Services ^a	101	146	109	140
Total Administration Expenses	2,260	2,782	2,564	2,995

	Actual 2023/2024 £000s	Budget 2024/2025 £000s	Estimate 2024/2025 £000s	Budget 2025/2026 £000s
Employer Liaison Team				
Employee Costs (Direct) ^a	348	282	249	272
Total Employer Liaison Team	348	282	249	272
Total Costs	32,812	31,234	31,129	36,887

Notes relating to proposed budget:

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

McCloud Budget 2025/2026	£000s
Employee Costs (Direct)	137
Governance Advisor Fees	141
Pension Board	9
IT (Support & Services)	50
Other Supplies & Services)	10
Total	347

- 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 4% where appropriate.

Cash flow projection for 2025/2026 to 2027/2028

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 2024/2025 £000s	Cashflow 2025/2026 £000s	Cashflow 2026/2027 £000s	Cashflow 2027/2028 £000s
Opening Cash	(37,092)	(33,811)	(30,000)	(30,000)
Payments				
Pensions	85,608	86,830	89,540	92,322
Lump Sums & Death Grants	23,435	22,000	22,000	22,000
Transfers Out	8,492	8,000	7,000	7,000
Expenses (excluding investments)	6,175	8,330	8,330	8,330
Tax Paid	202	255	255	255
Support Services	123	50	50	50
Total Payments	124,035	125,465	127,175	129,957
Income				
Employer Contributions	(68,561)	(71,304)	(71,383)	(73,525)
Employee Contributions	(22,631)	(23,536)	(24,242)	(24,969)
Employer Deficit Payments	7,577	8,000	10,000	10,000
Transfers In	(11,075)	(11,000)	(10,000)	(10,000)
Pension Strain	(1,913)	(1,500)	(1,500)	(1,500)
Income	(1,287)	(1,000)	(1,000)	(1,000)
Total Income	(97,890)	(100,340)	(98,125)	(100,994)
Cash-flow Net of Investment Income	26,145	25,125	29,050	28,963
Investment Income	(35,024)	(37,000)	(37,000)	(37,000)
Investment expenses	12,826	13,500	15,500	14,500
Total Net of In-House Investments	3,947	1,625	7,550	6,463
In House Investments				
Draw downs	174,941	149,988	154,636	142,405
Distributions	(63,507)	(68,739)	(84,280)	(100,714)
Net Expenditure / (Income)	111,434	81,249	70,356	41,691
Total Net Cash-Flow	115,381	82,874	77,906	48,154
Investment assets and strategic cash	(112,100)	(79,063)	(77,906)	(48,154)
Total Cash Flow	3,281	3,811	0	0
Closing Cash	(33,811)	(30,000)	(30,000)	(30,000)

Contact information

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

Email: pensions@flintshire.gov.uk or pensionsinvestments@flintshire.gov.uk

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 2025/2026 to 2027/2028.

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, assets and systems are safeguarded
 - the Fund encourages and enables an equitable, diverse and inclusive culture in all its aspects.
- 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	Approach	Action
Red	Unacceptable	Risks outside of the Fund's risk appetite.
Amber	Tolerable	Risks within the Fund's risk appetite but not at a level which is acceptable.
Yellow	Adequate	Risks within the Fund's risk appetite which need to be monitored by Senior Management, if risk deteriorates.
Green	Accept	Risks within the Fund's risk appetite.

Risk Event (this [event] could happen)	Risk Impact (...which may result in the following [impact] to our objectives)	Current Risk Status	Target Risk Status	Further Action and Owner
Governance pathway to implement HMT Pensions Review ultimately leads to a result which is disadvantageous for the Fund	• The Fund's legal or fiduciary responsibilities are not met • The Fund is not (seen as) professional providing excellent customer focused, reputable and credible service • Additional costs are incurred beyond the agreed WPP and/or Fund budget • WPP services/deliverables Service delivery to stakeholders is adversely affected, Fund risk levels are inappropriate, strategic aims are not met/cannot be achieved, including investment objectives • Fund stakeholders (members and/or employers) lose faith in the Fund's governance/risk management	Red	Yellow	1. Finalise CPF structure and review AP sub-groups (for investment risk) 2. Project Snowdon- CPF to engage with WPP and partner funds to gain greater clarity on decision making (what, when and how).
Decisions not implemented - resourcing issues	• Poor quality organisation/papers etc for PFC, PB and AP meetings • Risk management not being adequately carried out • Increased pressure/expectations on staff • Additional costs (overtime / external support) • The Fund's legal or fiduciary responsibilities are not met	Red	Yellow	1. Finalise CPF structure review (including consideration of impact of pay grades). 2. Finalise work on succession planning. 3. Carry out knowledge/skills gap analysis and ensure relevant training for new Management Team.

Risk Event (this [event] could happen)	Risk Impact (...which may result in the following [impact] to our objectives)	Current Risk Status	Target Risk Status	Further Action and Owner
				4. Ensure additional adviser costs for Project Snowdon are monitored separately. 5. Ensure budgets are updated to include costs for Project Snowdon. 6. Ensure information is gathered to help CPF understand the resourcing impact of Project Snowdon work on CPF.
Unable to adequately/ appropriately implement governance changes - external	- The Fund's objectives / legal responsibilities are not met or are compromised. - Fund stakeholders (members and/or employers) lose faith in the Fund's governance/risk management	Red	Yellow	1. Project Snowdon/HMT Review: continue to monitor/participate on national developments & engage with PFC and member/employer representatives (PL) 2. Project Snowdon: Continue to engage with WPP as part of project team. (PL)

Business Plan key tasks

Ref	Key Action: Task	2025/2026 Period				Later Years	
		Q1	Q2	Q3	Q4	2026/ 2027	2027/ 2028
G1	Governance structure and ongoing resource requirements	x	x	x	x		
G2	Review of governance related policies			x	x	x	x
G3	Review/tender key supplier contracts and Procurement Act changes			x	x	x	
G4	Appointments of Local Pension Board and Pension Fund Committee Members	x	x			x	x

G1: Governance structure and ongoing resource requirements

What is it?

There are a number of ongoing matters that impact (or may impact) on the Fund's governance and staffing structures or other resourcing requirements. In particular:

- A number of our senior staff members (including in the pension fund management team) are approaching retirement age or have plans to retire over the period of this business plan.
- The requirement to accelerate pooling of investments following HMT's Pensions Review (which is being delivered in Wales through WPP's Project Snowdon) is likely to impact on how the Fund's decisions are made and responsibilities carried out, and therefore also the Fund's resourcing needs.
- Introduction of the National Pensions Dashboard, which could result in a need for further resource within the Pensions Administration Team.

In order to start addressing the first point, during 2024/2025, the pension fund management team structure of the Fund was revised and steps are being taken to implement the new structure. The next stage of this work is to ensure suitable succession plans are in place for the team as a whole, to ensure roles can be filled by individuals who have the appropriate level of expertise and skills. The ability to do this relies heavily on retention of staff over time at all levels of the team, not just the pension fund management team, and therefore benchmarking of the team's pay levels has also commenced to highlight any particular roles at risk. As part of this we will also consider the need for a Workforce Policy to document the Funds workforce needs (which might be required as part of the Government's Good Governance changes).

During 2024/2025 it was also planned to formalise the structure of two sub-groups to the Advisory Panel i.e. the Funding and Investment Advisory Group (FIAG) and Clwyd Pensions Operations Group (CPOG). However, given the potential impact of HMT's Pensions Review, it would be more efficient to delay this until later in 2025/2026 and include any further changes to the Fund's governance or staffing structures, ensuring that they are fit for purpose for the future.

Some of the timescales shown below may need to adapt depending on the Government's timetable for the Pensions Review.

Timescales and Stages

Ensure job evaluation is completed and officers recruited into key management roles: already commenced	2025/2026 Q1
Consider results of staff satisfaction survey and implement required changes	2025/2026 Q1
Hold discussion with the Committee to consider the resource requirements of the Fund	2025/2026 Q1
Complete pay benchmarking for roles as required	2025/2026 Q1 to Q2
Carry out succession planning exercise of full team structure	2025/2026 Q1 to Q4
Undertake a second staff satisfaction survey following the accommodation move	2025/2026 Q3
Consider impact of HMT's Pensions Review and other changes on the resource requirements of the Fund	2025/2026 Q2 to Q4 (estimated)
Review governance structure and decision-making responsibilities, including the need for sub-groups to the Advisory Panel, and having regard to HMT's Pension Review	2025/2026 Q3 to Q4 (estimated)

Resource and Budget Implications

To be led jointly by the Head of Clwyd Pension Fund and Pensions Operations Manager², with input from the Independent Adviser. All expected costs are included within the existing budgets.

² *for all references to the Pensions Operations Manager, the activities will be carried out by the Pensions Administration Manager until the Pensions Operations Manager role has been agreed and filled.

G2: 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 2025/2026 are the Governance Policy and Compliance Statement, and Anti-Fraud and Corruption Strategy.

When reviewing these policies, we will need ensure that they are aligned to TPR's General Code and any new legislative requirements and statutory guidance. Due to the unknown timescales for the issue of any new legislation it is likely that the Fund will perform lighter touch reviews of these policies with more substantial reviews being conducted once the legislative requirements are known.

We also expect requirements on a number of other policies to change, in particular the conflicts of interest 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
Governance Policy and Compliance Statement	November 2022	November 2025	2025/2026 Q2
Anti-Fraud and Corruption Strategy	March 2023	March 2026	2025/2026 Q4
Cyber Strategy	February 2025	June 2026 June 2027	2026/2027 2027/2028
Equality Diversity and Inclusion Policy	February 2024	February 2027	2026/2027
Risk Management Policy	March 2024	March 2027	2026/2027
Business Continuity Policy	May 2024	May 2027	2027/2028
Conflicts of Interest Policy	September 2024	September 2027	2027/2028
Procedure for Recording and Reporting Breaches of the Law	February 2025	February 2028	2027/2028
Knowledge and Skills Policy	February 2025	February 2028	2027/2028

Resource and Budget Implications

It is expected this will mainly be led by the Pensions Operations Manager taking advice from the Independent Adviser. Estimated costs are included in the budget.

G3: 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 reached its initial break point on 31st March 2025 but was extended by the Committee for 2 years until 31st March 2027.
- The suitability testing for the Fund's Administration Software is next due in February 2028. There is a separate contract with the same provider in relation to the Pension Dashboard Integrated Service Provider which is due for review in 31st December 2029. It can be extended for a further period of 3 years.
- The Fund's investment consultancy contract is due for initial review on 31st March 2030. It can be extended for a further period of 2 years.
- The Fund's independent adviser and Pension Board independent member contract is due for initial review on 31st March 2030, which is outside the period of this business plan. It can be extended for further periods of 3 years and 2 years.

There is a new Procurement Act with secondary legislation expected to be made and come into force during 2025. 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 Fund Actuary and Benefits consultant	2026/2027 Q3 to Q4
Conduct suitability testing for the Fund's Administration Software	2027/2028

Resource and Budget Implications

The tender for the Fund Actuary and Benefits consultant will be led jointly by various members of the Senior Management Team within the existing budget. The suitability testing for the Fund's Administration Software will be led by the Pensions Operations Manager.

G4: 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 employer representative: July 2025 (five-year point)
- Scheme employer representative: December 2026 (three-year point)
- Scheme member representative (trade union): October 2027 (three-year point)
- Scheme member representative (non-trade union): March 2028 (three-year point)

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 employer representatives	2025/2026 Q1 & Q2
Review Pension Board scheme employer representative	2026/2027
Review Pension Fund Committee representative members (both other scheme employers and scheme members)	2026/2027
Review Pension Board scheme member representatives (both trade union and non trade union)	2027/2028

Resource and Budget Implications

It is expected this will mainly involve the Head of Clwyd Pension Fund taking advice from the Independent Chair of the Pension Board. 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 2025/2026 to 2027/2028.

Aims and Objectives

- Maintain assets equal to at least 100% of liabilities, whilst remaining within reasonable risk parameters
- Determine employer contribution requirements, whilst recognising the constraints on affordability and strength of employer covenants, with the aim of being able 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 via an integrated approach between the investment and funding strategies
- Manage employers' liabilities effectively through the adoption of employer specific funding objectives
- Ensure net cash outgoings can be met as/when required
- Ensure the Fund has adequate liquidity for all cashflow needs (in particular payment of pensions, meeting private market commitments, risk management liquidity)
- 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 strategy is aligned with the transition to a low carbon economy through a commitment to achieving a net zero greenhouse gas emissions target by 2045, whilst being able to achieve our required investment returns for an acceptable level of risk
- Promote acceptance of sustainability principles and work together with others to enhance the Fund's effectiveness in implementing these
- Use the Wales Pensions Partnership 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 government regulations.

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 and Risk management

- 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
- Monthly monitoring and reporting on the Fund's funding position and implementation of the cash and risk management strategy (Flight-path) with annual 'health checks'
- Ongoing cashflow monitoring of the Fund, taking into account payroll and private market drawdown commitments
- Ongoing liquidity analysis to ensure potential future capital calls can be met
- Contribution and risk analysis as part of the actuarial and investment strategy review every three years, or more frequently if required

Investments

- Carrying out a fundamental review of the investment strategy every three years, or more frequently if considered appropriate (e.g. due to material changes in markets or new investment opportunities)
- Appointing, monitoring and dismissing of fund managers, aligned within LGPS pooling environment
- Quarterly monitoring and reporting on investment performance
- 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 31st March, with a submission to the FRC
- Annual climate and nature analysis (including private market manager analysis for climate) which feeds into reporting requirement
- Annual TCFD reporting, reporting to the year ending 31st March

Risks

Key:

Risk Exposure	Approach	Action
Red	Unacceptable	Risks outside of the Fund's risk appetite
Amber	Tolerable	Risks within the Fund's risk appetite but not at a level which is acceptable.
Yellow	Adequate	Risks within the Fund's risk appetite which need to be monitored by Senior Management, if risk deteriorates.
Green	Accept	Risks within the Fund's risk appetite.

Risk Event (this [event] could happen)	Risk Impact (...which may result in the following [impact] to our objectives)	Current Risk Status	Target Risk Status	Further Action and Owner
Investment and/or funding objectives and/or strategies are no longer fit for purpose	Increasing deficit / reducing surplus increasing contribution requirements in particular	Red	Yellow	1. Consider at the next Investment Strategy Review (PL) 2. Objectives will be also considered as part of 2025 actuarial valuation (PL) 3. Project Snowdon - Officers & advisers to participate in WPP transformation project relating to pensions review (PL)

Business Plan Key tasks

Ref	Key Action: Task	2025/2026 Period				Later Years	
		Q1	Q2	Q3	Q4	2026/ 2027	2027/ 2028
F1	Review and implementation of objectives (Funding, Risk and Investment)	x	x	x	x	x	x
F2	Project Snowdon	x	x	x	x		
F3	Triennial Actuarial Valuation and associated tasks	x	x	x	x		
F4	Review of Investment Strategy and implementation		x	x	x		
F5	Responsible Investment	x	x	x	x		
F6	Interim Funding Review						x
F7	Implementation of New Financial System	x	x	x	x	x	x

F1: Review and implementation of objectives (Funding, Risk and Investment)

What is it?

- Central Government, MHCLG and Treasury have consulted on significant changes to the way in which the Fund will operate and manage its investments. It is anticipated that there could be a number of significant changes which has a material impact on how the Committee is able to make investment decisions and invest the assets. Review and document all objectives (clearly communicate all requirement of the Fund) including but not limited to:
 - Review funding, risk and investment objectives
 - Review with the Actuary and Strategic Risk Advisor, testing contributions in the context of the objectives and surplus management
 - Review Investment Strategy Statement (ISS)
 - Review Funding Strategy Statement (FSS)
 - Review Responsible Investment Policy
- Training of Pensions Committee on consultation outcomes and setting objectives for the pool
- Consider framework for ongoing review of objectives once new regulations are known

- Planning for the transfer of legacy assets (liquid and illiquid) to the pool

Timescales and Stages

Exact timescales and work required is unknown at this stage, but we anticipate ongoing and continual work throughout year on pooling requirements. The review of objectives and contributions will be done in conjunction with the valuation and investment strategy review (F3 and F4 below).

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 2025/2026 budget.

F2: Project Snowdon

What is it?

The government launched its Pensions review in July 2024, releasing its interim report of Phase 1 of this review in November 2024. Following the feedback from Phase 1 the government launched the "LGPS Fit for the Future" Consultation. This consultation proposes a number of changes which include requirements for:

- LGPS Funds to pool all of their assets (including legacy illiquid assets) in to FCA regulated pools by 31st March 2026.
- Funds to receive their "principal investment advice" from their asset pool
- Pools to develop in house asset management capabilities
- Pools to perform due diligence and investment decisions on Local investments proposed by Funds
- A number of governance changes largely derived from the Good Governance project

The Fund will need to work closely with their asset pool, the Wales Pension Partnership to meet these requirements. The timeline for this change is extremely challenging and there is a large amount of work required to meet the 31st March 2026 requirement.

The Pension Fund Committee also does not have authority under the Council constitution to agree changes to the WPP Inter-Authority Agreement, and so any proposed changes to the agreement to allow for a new pooling model will need to be approved by the full Council.

Timescales and Stages

Monitor the expected requirements and respond to any further consultations around the regulations / statutory guidance	2025/2026 Q1 to Q2
Work with Wales Pension Partnership to develop a new pooling model which is capable of meeting the Funds objectives	2025/2026 Q1 to Q4

Ensure that any changes to the WPP Inter Authority Agreement are agreed by full Council	2025/26 Q2 (Estimated)
Transfer all remaining liquid assets to the pool	2025/26 Q4 (Estimated)
Transfer management of illiquid assets to the pool	2025/26 Q4 (Estimated)

Resource and Budget Implications

The work will be led by the Head of Clwyd Pension Fund, working with the Investment Officer and Fund's advisors. The Fund advisor's estimated costs in relation to this exercise are included in the 2025/2026 budget.

F3: Triennial Actuarial Valuation and associated tasks

What is it?

The next formal triennial actuarial valuation of the Fund is due to be undertaken as at 31st 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 and this will take into account the updated Funding Strategy Statement (FSS) guidance published in Q4 2024/2025. In particular a specific surplus management policy will be developed as part of the balance between contribution sustainability and employer affordability.

The valuation will also include consideration of the potential impact of climate change in terms of overall investment, funding and demographic risk aspects in line with the agreed principles along with the frequency of review.

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 st March 2025
Demographic Analysis including Climate Change impact	2025/2026 Q1

Initial whole Fund results	2025/2026 Q2
Individual Employer results and FSS consultation	2025/2026 Q2 & Q3
Final FSS approval	2025/2026 Q4
Deadline for agreement of all contributions and sign-off valuation report	31 st 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 1st 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. Thee Fund Actuary's estimated costs in relation to this exercise are included in the 2025/2026 budget.

F4: Investment Strategy Review and Implementation

What is it?

This relates to the triennial investment strategy review which will be carried out in conjunction with the triennial actuarial valuation.

An investment strategy review will be undertaken in order to establish a long term investment strategy that meets the objectives of the Fund. The investment strategy of the Fund is the most important and impactful decision the Pension Committee makes, with potential implications for the actuarial valuation and Funding Strategy Statement. Throughout the process the Fund's Responsible investment ambitions and objectives will be incorporated. Any changes, once agreed, are expected to be implemented over a period of time in order to manage transition costs and liquidity.

Timescales and Stages

Review of the Investment Strategy	2025/2026 Q2 & Q3
Agreement and Implementation of any changes	2025/2026 Q4 onwards

Resource and Budget Implications

The work will be led by the Investment Officer, working with the Fund's Investment Consultant. The Investment Consultant's estimated costs in relation to this exercise are included in the 2025/2026 budget.

F5: Responsible Investment

What is it?

Responsible Investment, in particular Climate Change, has been identified as a significant investment risk by the Committee as well as presenting a wide range of investment opportunities. The RI plan for the year ahead includes: review of the exclusions policy, using the exclusions framework developed by the Committee in previous years, specifically to cover the UN OHCHR list and to consider the cumulative impact of the Fund's exclusion policy. Reviewing and setting explicit RI objectives for WPP, active stewardship and engagement using the Fund's Climate Engagement Target List. Climate Scenario analysis which will be part of the Fund's actuarial valuation and investment strategy work, to ensure a holistic approach to RI is incorporated. Training on RI topics as required.

Timescales and Stages

Review of Fund's exclusion policy	2025/2026 Q1 & Q2
Active Stewardship	2025/2026 Q3 & Q4
Training	As required

Resource and Budget Implications

The work will be led by the Fund's Investment Officer, working with the Fund's Investment Consultant. The Investment Consultant's estimated costs in relation to this exercise are included in the 2025/2026 budget.

F6: Interim Funding Review

What is it?

In advance of the 2028 actuarial valuation, the Actuary will assess the funding position as at 31st March 2027 in order to prepare the Fund and employers for the potential contribution outcomes from the 2028 valuation.

The 2027 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 2028 valuation discussions.

Timescales and Stages

Initial engagement with employers to assess affordability and budgeting outlook	2027/2028
Carry out interim funding review (including data quality)	2027/2028
Results and discussion with employers	2027/2028

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 will be made in the 2027/2028 budget for the full interim review and associated tasks.

F7: Implementation of New Financial System

What is it?

Flintshire County Council are actively looking to replace their financial software package. Clwyd Pension Fund also uses this software for all its accounting processes, including processing payments and invoices.

The procurement for the new financial system will be going through a Framework known as CCS BOS2. The initial stage involves developing the Council and Fund's requirements which will be provided to suppliers as part of the procurement process. Potential suppliers will then be evaluated (expected August-September 2025) with a view to signing a contract with the new system provider by the end of this calendar year, with implementation in 2026 and possibly a soft go-live early in 2027.

The main focus of this procurement is on the core finance systems; Accounts Payable and Receivable, General Ledger and the P2P purchase ordering system. They will also be looking to replace the budget monitoring and cash management software, hopefully with the same system. The system being looked at will be hosted and not using on-premise servers, as is currently the case. It is expected that the annual cost will increase, but not by a material amount.

The Council has established a working group and the Finance Manager: Funding and Accounting is representing Clwyd Pension Fund. Some of the key requirements for the Fund include:

- the smooth interfacing with the Altair administration system (including for pension, benefit and other payments),
- access and ease of budget setting and monitoring, and

- the ability of the new system to link outgoing payments directly to Clwyd Pensions Fund's bank account, which the current system is unable to do.

Timescales and Stages

Document the Fund's system requirements and specifications to be included in procurement documentation	2025/2026 Q1
Participate in procurement to ensure Fund requirements are being met	2025/2026 Q2
Implementation including testing	2025/2026 Q3 to 2026/2027
Go live with new financial system	2026/2027 to 2027/2028

Resource and Budget Implications

The work will be led by the Finance Manager: Funding and Accounting, working with the remainder of the Management Team and other Fund officers. There may be some involvement by the Fund's advisors which is not currently included in the existing 2025/2026 budget, but this is not expected to be material and therefore it is expected that this can be absorbed within the existing budget. There are not expected to be any further costs in 2025/2026. However in 2026/2027 and future years, there are expected to be additional system costs recharged to the Fund by the Council which may include project implementation costs and a period of parallel running of both the old and new system.

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 2025/2026 to 2027/2028.

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 outlined in our Communications Strategy.

Employer Liaison Team Aims and Objectives

- Provide a high quality, professional, proactive, timely and customer focused service to the employer
- Provide the agreed service in a cost effective and efficient manner utilising technology appropriately to obtain value for money

³ Local Government Pension Scheme.

- 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

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
- 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
- Management of scheme members' generic email inbox
- 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

- Annual projects including:
 - providing Annual Pensions taxation information to all affected and at-risk members
 - calculating and paying supplementary pensions increase lump sum payments
- Bulk data cleansing exercises
- Managing ad-hoc projects such as implementing major scheme changes and national initiatives, including national pensions dashboards
- Recalculating benefits following backdated pay awards
- Updating pension records in relation to bulk transfers of staff

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 effective use of system functionality
- 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 in line with the employer escalation process
- 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

⁴ Government Actuary's Department

- 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
- Providing ongoing support and feedback to employers on data quality.

Administration and Communications Risks

Key:

Risk Exposure	Approach	Action
Red	Unacceptable	Risks outside of the Fund's risk appetite
Amber	Tolerable	Risks within the Fund's risk appetite but not at a level which is acceptable.
Yellow	Adequate	Risks within the Fund's risk appetite which need to be monitored by Senior Management, if risk deteriorates.
Green	Accept	Risks within the Fund's risk appetite.

Risk Event (this [event] could happen)	Risk Impact (...which may result in the following [impact] to our objectives)	Current Risk Status	Target risk status	Further Action
Significant changes required to existing administration and communication processes and procedures	- Processing delays due to increases in work and/or resource needing to be re-allocated - Errors in calculations of benefits/communications due to lack of understanding of changes by employers and/or CPF administration team - Processing delays due to delays in system enhancements - Complaints, IDRs, rectification costs & reputational damage	Red	Yellow	- Fully test and implement software releases for McCloud fixes to enable completion of McCloud data validation/upload and benefit rectification (AH/JT) - Project team to be fully implemented to take on all major admin projects (KWi/KW)

Business Plan key tasks

Ref	Key Action -Task	2025/2026 Period				Later Years	
		Q1	Q2	Q3	Q4	2026/ 2027	2027/ 2028
Essential Regulatory-Driven Areas							
A1	McCloud judgement	x	x	x	x		
A2	National Pensions Dashboard	x	x	x	x	x	
A3	Implement Survivor Benefits Changes (dates unknown)	x	x	x	x		
A4	Other Expected National Changes (dates unknown)						
A5	Preparation of Member Data for Triennial Valuation	x	x				
Priority Fund-Driven Projects							
A6	Review Administration & Communications Related Policies and Strategies	x				x	x
A7a	Administration Team – implementing the updated Communications Strategy	x	x	x	x		
A7b	Finance Team – implementing the updated Communications Strategy			x	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 1st 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 1st October 2023, providing all qualifying members with protection for the remedy period (1st April 2014 to 31st March 2022). Whilst regulations are in place for the main element of the remedy, as at March 2025, further regulations are still awaited to implement requirements for excess service for teachers. Whilst all guidance relating to member events (including historic calculations) has now been received, this was significantly delayed and therefore, we continue to work through the cases that were previously on hold. The administration software still has to be upgraded to incorporate some of the new requirements.

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.

We are nearing completion of the data collection and validation exercise. A large proportion of member records have been updated. However, finalising the data input for remaining in-scope records is progressing and this is crucial for dealing with all business as usual cases on an automated basis.

For the records where the McCloud data has been uploaded, we have commenced reviewing those scheme member records to update them with any relevant underpin information. For active and deferred members this will need to be completed prior to issuing the annual benefit statements (by 31st August 2025). For historic pensioner and dependant members in scope, we will need to carry out recalculations to determine if there are any additional payments due. Statutory guidance setting out the priority for this work was issued in June 2024 and we will be following this approach.

Timescales and Stages

Data collection, validation and upload to Altair (near completion)	2025/2026 Q1
Identify and update service for members where multiple records are not combined (including concurrent records)	2025/2026 Q1
Gather, verify and upload data relating to members' previous public service pension scheme membership	2025/2026 Q1
Finalise and issue annual benefit statements (active and deferreds) to include McCloud information	2025/2026 Q2
Recalculate historic benefits (benefit rectification) – process recalculations, prepare letters to members and pay balance of benefits	2025/2026 Q2
Ongoing communications to scheme members as required	2025/2026 Q1 to Q2
Assess the impact of the Teachers' excess service outcome	To be confirmed but assumed 2025/2026 Q3 to Q4

Resource and Budget Implications

To be led by the Pensions Operations Manager. The additional internal resource allocated to the dedicated McCloud programme team will continue throughout 2025/2026. Although the work is being 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) and incidentals such as postage and printing. There are not expected to be any additional system costs. The budget for 2025/2026 is £347k 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. There are also various standards outlined by the Pensions Dashboards programme (PDP) which must be adhered to (these include data, technical and reporting standards. 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 at a future date

(expected to be late 2026/early 2027). The staging date for all public sector pension schemes including the LGPS is 31st October 2025.

A formal Fund Pensions Dashboard project was established in 2024/2025 and all project documentation including actions, decisions and risk logs have been initiated.

The dashboard requirements also extend to Additional Voluntary Contributions (AVCs). The Fund has therefore engaged with Prudential and Utmost, its AVC providers, to ensure they will meet the dashboard requirements.

Although the Fund will be relying on its Integrated Service Provider (ISP - Heywood), 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 both before and after the staging date, but before the dashboards are available to the public.
- managing the dashboard including data transmission and member enquiries once it is available to the public.

The Pensions Operations 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

Bulk data cleansing exercise in preparation for submitting view and value data to the dashboard (to be completed by 31 October 2025 at the latest)	2025/2026 Q1 to Q2
System functionality testing, including reporting	2025/2026 Q1
Consider and agree data matching criteria	2025/2026 Q1
Develop communications plan, and develop and issue various member and other stakeholder communications (already commenced)	To beyond go live date (estimated to 2026/2027)
Review and update administration processes, and consider impact on future resources/budget (already commenced)	To 2025/2026 Q3
Agree, establish and implement dashboard processes with Additional Voluntary Contribution providers (already commenced)	To 2025/2026 Q2

Resource and Budget Implications

To be led by the Pensions Operations Manager and managed by the Projects Team. The proposed 2025/2026 budget is £56,000 and includes additional system costs for the ISP (including set up costs) and consultancy costs for technical support, the budget for support from the Projects Team is included within the staffing budget. The ISP costs are expected to reduce by £20,000 in future years once the implementation is complete. The biggest uncertainty will be the impact on the workload of the Pensions Administration Team once dashboards go live. Ongoing resources will be considered as part of the 2026/2027 budget, or earlier if needed when the go-live date is confirmed.

A3: Implement Survivor Benefit Changes

What is it?

Due to some recent court cases, entitlement to survivor benefits for some historical cases need to be revisited. Work is already ongoing on the following 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 1st April 2008 and 31st 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 (already commenced)	2025/2026 Q1 to Q4
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Resource and Budget Implications

To be led by the Pensions Operations Manager. 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 March 2025.

Goodwin

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 20th 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.

Cost Management

The Government Actuary's Department has now also completed the 2020 cost management process, and neither the SAB or Treasury process has recommended any benefit or contribution changes. The Government Actuary's Department is currently in the process of collecting the data in order to carry out the 2024 cost management calculations. Any changes to benefits or member contributions arising from the 2024 process are expected to apply from 1st April 2027.

From an administrative perspective, should there be changes to member benefits and/or contributions as a result of the 2024 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 MHCLG) 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 10th 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 4th April 2019 but there has not yet been a response from Government. The Scheme Advisory Board has sought to ensure this remains on MHCLG's agenda, most recently writing to the Department on 17th October 2023. MHCLG confirmed at a conference in January 2025 that it is still on their agenda to consider this as one of their reform projects.

Increase in normal minimum pension 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 normal minimum pension 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 MHCLG 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.

Inheritance Tax Consultation

On 30th October 2024 the Government launched a consultation on changes to the rules around inheritance tax (IHT); in particular that death grants would be included in the deceased's estate and may therefore be subject to IHT, which the pension scheme administrator would be responsible for paying. Currently, as LGPS administering authorities have the discretion to decide who should receive any death grant payable from the scheme, it does not form part of the deceased member's estate and therefore is not subject to any IHT.

If the changes go ahead as per the Government's proposals, from April 2027 the Fund would have to put additional administrative procedures in place to ensure that the appropriate information is collected from the deceased's personal representatives to allow the Fund to assess whether IHT is payable, and to make the appropriate payment to HMRC. The proposals include tight timescales for information to be collected and reported.

The consultation closed on 22nd January 2025 and at the time of writing we await the Government's response on whether LGPS death benefits will be included in any legislative changes and what the exact impact on the Fund's procedures might be.

Gender Pensions Gap

Work undertaken by the Scheme Advisory Board in 2024 has identified that women generally have lower pension outcomes from the LGPS compared to men, and a working group was set up to look into this and consider what could be done to improve outcomes for women. On 13th August 2024 the SAB wrote to MHCLG asking for a review of the rules and factors for Shared Cost Additional Pension Contributions (SCAPCs), requesting that the rules should be made easier to understand and more flexibility given for employers to implement, allowing those who miss work due to caring responsibilities (predominantly women) to more easily make arrangements to cover any lost pension rights. MHCLG has not yet responded other than at a conference in January 2025 where they stated it is on their agenda to consider this as one of their reform projects. The working group continues to meet and further suggestions for Scheme amendments may be made.

Opt outs

MHCLG have recently stated they are focused on improving fairness in the LGPS and are looking at a reform project on opt outs. The Gender Pensions Gap, and other “gaps” in pension benefits between groups with other characteristics may partly be explained by those who are more likely to “opt-out” of LGPS membership when they are automatically enrolled. In May 2024 SAB issued a short survey to local government employers regarding opting out of the LGPS. The data collected from this survey will help to improve understanding of LGPS membership and why members may choose to opt out. It is not known at the time of drafting whether this reform project will impact on workloads for the administration team. While looking at encouraging more employees to join the scheme seems more likely to impact on employers, there may be some implications on communications provided by the administering authority.

Timescales and Stages

Implement required changes relating to Goodwin ruling once regulations are amended	Unclear
Implement changes to member benefits and/or contributions if required as a result of the 2024 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
Implement changes to administration processes as required from the outcome of the Inheritance tax consultation	Unclear
Implement any changes and communicate with members/employers as required once further information is known regarding the gender pensions gap	Unclear
Implement any changes and communicate with members/employers as required once further information is known regarding the opt out review	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 Triennial Valuation

What is it?

The triennial valuation as at 31st March 2025 requires the pension administration team to provide data to the Fund Actuary.

This involves an additional year-end data cleansing exercise post 31st 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.

An interim valuation was completed during 2024/2025 where some initial data validation has been completed already.

Timescales and Stages

Preparation of data for 31 March 2025 valuation and investigating and responding to data queries from Fund Actuary	2025/2026 Q1 to Q2
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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 valuation will be included in proposed budget for 2025/2026.

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. It is possible that some of these policies may require reviews prior to their review date as a result of new or changing legislation or guidance. For example legislation and guidance is expected during 2025/2026 in relation to the production of Administration Strategies as result of the good governance elements of HMT's Fit for the Future Consultation. It is hoped it won't impact the Fund's existing Strategy but it is uncertain at this point in time.

Timescales and Stages

Policy	Last reviewed	Next review due	Timescales for review work
Review of Communications Strategy	June 2022	June 2025	2025/2026 Q1
Review of Voluntary Scheme Pays Policy	October 2023	October 2026	2026/2027
Policy for Administration and Communications of Tax Allowances to Scheme Members	November 2023	November 2026	2026/2027
Administering Authority Discretionary Policy	November 2023	November 2026	2026/2027
Review of Under / Overpayment Policy	November 2024	November 2027	2027/2028
Review of Pensions Administration Strategy	March 2025	March 2028	2027/2028
Review of Data Quality Policy, incorporating the Personal Data Retention Policy	March 2025	March 2028	2027/2028

Resource and Budget Implications

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

A7: Implement the updated Communications Strategy

What is it?

Our Communications strategy is due for review this year. It had a fundamental update 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). We have implemented most of these initiatives. However, there are some actions outstanding to ensure that all communication materials across all areas of fund business are updated to make them clearer and more concise.

The ongoing work involved in completing the implementation the updated strategy is outlined in the table below. It is split between work relating to the Administration Team and the Finance Team.

Timescales and Stages

A7a: Administration Team implementing the updated Communications Strategy

Develop and issue communications for members who have Opted out of the Scheme where these are known to the Fund	2025/2026 Q1
Review and update suite of member letters from a Plain English and readability perspective (e.g. lower reading age); (website, forms and booklets already completed)	2025/2026 Q1 to Q2
Videos and webcasts - agree plan and create suite of administration and communication videos and webcasts	2025/2026 Q1 to Q2
Develop a suite of communications for additional voluntary contributions/additional pension contributions	2025/2026 Q1 to Q2
Implement new website platform provider	2025/2026 Q1 to Q3
Implement "Engage" functionality; the replacement to MSS	2025/2026 Q1 to Q3
Develop and issue communications for members who have Opted out of the Scheme where these are not known to the Fund	2025/2026 Q3
Liaise with Flintshire County Council to improve telephony user experience	2025/2026 Q2 to Q4

A7b: Finance Team implementing the updated Communications Strategy

Review and update the structure and content of the non-administration areas of the website	2025/2026 Q3 to Q4
Videos and webcasts – agree plan and create suite of investment and other non-administration videos and webcasts	2025/2026 Q3 to Q4

Resource and Budget Implications

This work is led by the Pensions Operations Manager and is mainly being delivered from internal resource, particularly the Communications, Technical, Operations and Finance Team. 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 expected to be a significant amount of work involved in implementing the new website and Engage but it is hoped this can be completed using internal resource. There may be additional costs relating to new or updated telephony systems, the website and Engage, but the costs are unknown at this point in time.

Employer Liaison Team

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.

During 2025/2026 ELT work will be mainly business as usual, with a focus on supporting the employers with improvements in their internal procedures for pension scheme data.



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