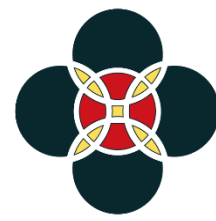




Local Government  
Pension Scheme



Cronfa Bensiynau  
**CLWYD**  
Pension Fund



# Clwyd Pension Fund Annual Report 2023/2024



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For best practice documents, please go to:

<https://mss.clwydpensionfund.org.uk/home/investments-and-governance/strategies-and-policies>

- Business Plan
- Administration Strategy
- Breaches Policy
- Risk Policy
- Conflicts of Interest Policy
- Knowledge and Skills Policy
- Anti-Fraud and Corruption Policy
- Equality, Diversity and Inclusion Policy

# Introduction to the Clwyd Pension Fund Annual Report 2023/2024

Welcome to the Clwyd Pension Fund (the Fund) Annual Report for 2023/2024.

The report covers in detail the activities of the Fund during 2023/2024. The Fund has continued to operate in a secure and efficient way, and we have continued to meet the needs and expectations of our members and employers.

After the challenges that emerged from ongoing market instability in 2022/2023, whilst external market factors still remain, there has been a lower level of volatility during the year and I am pleased to confirm that the risk management and governance frameworks established by the Fund have ensured the Fund has remained resilient to these external factors and therefore the fully funded position has been maintained.

We will continue to seek to consolidate and build on this position and preparatory work will take place towards the end of this year in advance of the Actuary's triennial valuation assessment as at 31 March 2025. It remains to be seen what changes in the sector will emerge following the General Election in July 2024 but I'm confident the Fund is in a strong position to navigate the challenges that lie ahead.

I would like to thank all those involved in the governance and management of the Fund for their continuing hard work and dedication including my predecessor Cllr Ted Palmer, former Chair of the Pension Fund Committee, and Debbie Fielder the former Deputy Head of the Fund, who have left their roles since the year-end but who have both served the Fund for many years.

I do hope that you find the report interesting and informative.

Cllr Dan Rose

Chair of the Clwyd Pension Fund Committee

## Summary by the Head of Clwyd Pension Fund

This section of the report highlights some of the main elements of this year's Annual Report and explains how to use the report to find more information about the activities and performance of the Fund during the year, along with some of the challenges and risks which the Fund faces moving forward.

### Governance, Training and Risk Management

Flintshire County Council is the Administering Authority for the Fund and delegates responsibility for running the Fund to the Pension Fund Committee. The work of the Committee is supported by a Pensions Advisory Panel. In addition, a Pension Board, chaired by the Fund's Independent Advisor, assists the Committee in ensuring compliance with legislation and the Pension Regulator's requirements, in addition to ensuring efficient governance and administration of the Fund. The Committee, Advisory Panel and Pension Board have again continued to function effectively during 2023/2024 through virtual and hybrid meetings.

The Fund is required to produce an Annual Governance Statement and this is found in Section 7 of this report.

The Fund's Knowledge and Skills Policy ensures that those charged with governance including senior officers of the Fund have the appropriate knowledge and skills to ensure the Fund is appropriately managed. Attendance at training is recorded and monitored to ensure that the training is fully effective.

The risk landscape within which the Fund operates is complex and the risks that the Fund face are often a result of events outside the Fund's control. The Fund has a well-established and effective approach to risk management, including maintaining a risk register, which is regularly monitored and reported to those charged with governance.

Details of the overall fund management, governance and training including the Independent Advisor Report and the Pension Board Annual Report are found in Sections 1 and 2 of this report.

### Funding

Against the backdrop of a higher interest rate environment as well as other global economic and political challenges, the Fund has maintained its financial health over the year due to the Risk Management Framework which is designed to provide stability, and the underlying governance framework which enables quick, effective decisions to be made.

In anticipation of the improving funding level, the Fund developed a formal protocol to de-risk on reaching its 110% funding level trigger. As at 29 February 2024, this trigger was breached and the agreed protocol was followed in late March. This reduced the level of investment risk with the intention to provide future certainty and stability around future employer contributions. As at 31 March 2024, the estimated funding level was 109%.

Future challenges and considerations with respect to funding include:



- Maintaining the strong funding level position and managing the sustainability/affordability of contributions for employers,
- Continuing to consider the impact of climate change on the long-term funding, building on the initial analyses undertaken as part of the 2022 valuation and the changes implemented under the Fund's Responsible Investment policy.

The funding level will continue to be monitored as part of the governance and oversight functions in place, these challenges will continue to be considered later in 2024 when the interim valuation is carried out ahead of the 2025 triennial valuation.

More details can be found in the Funding and Flightpath Review from the Actuary, which is in Section 5 (Appendix 4) to this report.

## Investment

Investment activity operates within the objectives defined by the Investment Strategy Statement (ISS) which was reviewed and updated during the 2023/2024 year to reflect changing market conditions and liquidity requirements. The Fund's investment objectives reflect the Fund's desire to incorporate sustainability and act as a Responsible Investor, and the Responsible Investment Policy of the ISS was also reviewed during the year and updated including the addition of an investment exclusions policy.

Market conditions during 2023/2024 were more positive than in recent years, heavily influenced by inflation and central bank policies. In the year to 31 March 2024, the Fund saw investment returns of +9.8%. Investment performance was positive in most asset classes, although some performed below the benchmark, including Equities (+11.5%) and Private Markets (+1.9%). The latter was impacted by underperformance in most subclasses including negative return from Property investments through WPP (-13.9%). However, underperformance was offset by overperformance in other classes including the WPP Multi-Asset Credit (+10.2%) and the Tactical Asset Allocation (+8.6%).

Following challenging volatility affecting performance in recent years, the positive performance in 2023/2024 has brought the average longer-term performance broadly in line with the benchmark. Overall investment performance in the three years to 31 March 2024 was +5.2% per annum, compared to a benchmark of +5.3% per annum.

The Fund continues to support the pooling of LGPS assets and has committed to using the WPP private markets sub-funds from April 2023. Following submission of its second Stewardship Report, the Fund was successful in retaining signatory status to the Financial Reporting Council's UK Stewardship Code.

The Fund has continued to progress significantly on work relating to Responsible Investment, with progress made across all of the Strategic Responsible Investment Priorities in the Investment Strategy Statement. Work continues towards the aim to achieve net-zero carbon emissions from its portfolio by 2045, with an interim target of carbon reduction of 50% by 2030. The Fund continues to deploy capital into sustainable and local investments.

During the period, the Fund fully disinvested from the WPP Global Equity and Emerging Market Equity mandates, and proceeds from both trades were invested within the new WPP Sustainable Active Equity Fund. Additionally, the Fund continues to deploy capital into sustainable private market investments with a focus on impact and the local area, including engagement with The Good Economy to assess the social impact of the Fund's UK Private Markets investments.

Further details of the investment activity may be found in the Investment Policy and Performance Report which is in Section 5 (Appendix 3) to this report. The current Investment Strategy Statement can be found in Section 7.

## Administration

The Administration and Communication Strategies frame the work of the Fund's Administration Team. The Administration Strategy was last updated in March 2021, consolidating information previously held in employer Service Level Agreements. A further review was carried out in early 2024/2025 and employers are being consulted on the changes. The Communications Strategy, approved in June 2022, reflects advances in technology to aid communications with stakeholders.

On a day-to-day basis, the Administration Team provides a service covering the calculation and payment of benefits, transfers in and out of the Fund, the maintenance of individual members' records and communications and advice to members and employers. During the year, around 29,000 cases involving all activities across the team were completed.

In addition to this work, the team has been working on several projects designed to improve the quality of the service provided to members and employers:

- Preparation for the National Pensions Dashboard, including developing a Project Team to take on this work along with other projects to allow the Operations Team to focus on member driven events. The Project Team launched in June 2024.
- Continued progress on collating, validating, and uploading data from employers as part of the McCloud Programme.
- Implementation of changes to CARE revaluation and taxation changes.
- Review of content and formatting of the Clwyd Pension Fund website, and continued implementation of the Communications Strategy including the development of videos to improve communications with both scheme members and employers.
- Implementation of the revised Administration Team structure

The Fund continues to monitor performance using KPIs including the six new KPIs introduced during 2022/2023. New requirements for KPI reporting have either been included within this 2023/2024 annual report or are now being monitored for inclusion in 2024/2025 (see further comment below regarding updated Annual Report Guidance).

In addition to those mentioned above, the Administration Team faces a number of challenges going forward. Key amongst these are:

- Moving from data collation/verification to implementing the McCloud remedy as further guidance / software changes emerge in line with the new Regulations.
- Preparation of member data for the interim valuation during 2024/2025, and the next formal triennial actuarial valuation in 2025/2026.
- Responding to national developments including Survivor Benefit changes, the Cost Management Process, Exit Payment reform and the proposal to increase minimum retirement age from April 2028.

Further details of the administration of the Fund can be found in the Administration Report which is Section 6 of this report.

## Finance

The total net assets of the Fund (excluding cash) at 31 March 2024 were £2,350m. Total contributions for the year from members and employees together with transfers into the Fund were £87m, with benefits and other payments to members £98m. Total management expenses paid by the Fund were £33m. Investment income was £35m and the market value of the investments increased by £193m. Overall, the total net assets of the Fund increased over 2023/2024. The Fund is committed to continuing to support the Wales Pension Partnership with the intention of saving costs and improving returns on investments, and this will continue in 2024/2025.

Over 2023/2024, excluding fund manager fees, the Fund operated under its budget over the year. Given that fund manager fees are based on asset values and can include performance fees, the expected budget for 2023/2024 was lower than actual costs. Key variances against the budget during the year were underspends on actuarial fees, IT, and employee costs due to vacant positions.

Further details of the Fund's finances can be found in the Financial Report in Section 3 of this report and the Fund's Statement of Accounts in Section 4.

## Other information

Four key strategy statements also form part of this report. The Governance and Compliance Statement, the Funding Strategy Statement, the Investment Strategy Statement and the Communication Strategy Statement. Information on accessing these statements is set out in Section 7 of this report.

These and the following documents may also be found on the Fund's website at:

<https://mss.clwydpensionfund.org.uk/home/investments-and-governance/strategies-and-policies>

- Business Plan
- Administration Strategy
- Breaches Policy
- Conflicts of Interest Policy
- Knowledge and Skills Policy

Overall, despite another challenging year, the funding position and the service provided to our members and employers have been maintained. Whilst there is a potential change to the LGPS following the election of the new Government, the Fund remains in a strong position on all fronts and we will seek to continue to both consolidate and improve in 2024/2025 in line with the Fund's Mission Statement.

In April 2024, the Department for Levelling Up, Housing and Communities (DLUHC, now the Ministry for Housing, Communities and Local Government or MHCLG) published its Guidance for Local Government Pension Scheme Funds on Preparing the Pension Fund Annual Report, which was produced jointly with the Scheme Advisory Board (SAB) and Chartered Institute for Finance and Accountancy (CIPFA). The Guidance stipulates that for 2023/2024 annual reports, funds should use their best endeavours to comply fully, but exercise judgment where doing so would require disproportionate effort or cost.

For this 2023/2024 report, the Fund has used its best endeavours to comply with the new guidance wherever possible. This report has been prepared under a limited timescale, and this has meant that there are a few areas where the Fund has not been able to fully comply with the new guidance. The Fund will continue to work toward full compliance in future years.

Philip Latham

Head of Clwyd Pension Fund



## Clwyd Pension Fund Mission Statement

We will be known as forward thinking, responsive, pro-active and professional providing excellent customer focused, reputable and credible service to all our customers.

We will have instilled a corporate culture of risk awareness, financial governance, and will be providing the highest quality, distinctive services within our resources.

We will work effectively with partners, being solution focused with a can-do approach.

## Section 1: Overall Fund Management

### Introduction

This report covers the way in which Clwyd Pension Fund (the Fund) is governed, which includes how the knowledge and skills requirements of those charged with the governance and operations of the Fund have been met. It also details the key partners of the Fund and how the Fund approaches risk management.

The Fund has a number of governance related policies and strategies which outline the strategic governance objectives in these areas and how they will be managed and delivered. These are:

- Governance Policy and Compliance Statement
- Risk Policy
- Conflicts of Interest Policy
- Knowledge and Skills Policy
- Procedure for Recording and Reporting Breaches of the Law
- Anti-Fraud and Corruption Policy
- Cyber Strategy
- Communication Strategy Statement
- Equality, Diversity and Inclusion Policy

Another key document is the Fund's three-year Business Plan. The version relating to 2023/2024 to 2025/2026 was approved at the Pension Fund Committee in March 2023.

The latest versions of these documents can be found in the Strategies and Policies section of the Fund's website:

<https://mss.clwydpensionfund.org.uk/home/investments-and-governance/strategies-and-policies>

### Scheme Management and Advisors

#### Clwyd Pension Fund Senior Officers and Contact Details

Name	Post	Contact details
Philip Latham	Head of Clwyd Pension Fund (Responsible Officer)	<a href="mailto:philip.latham@flintshire.gov.uk">philip.latham@flintshire.gov.uk</a>
Debbie Fielder	Deputy Head of Clwyd Pension Fund (to July 2024)	N/A
Karen Williams	Pensions Administration Manager	<a href="mailto:karen.williams@flintshire.gov.uk">karen.williams@flintshire.gov.uk</a>
David Bateman	Pension Fund Accountant	<a href="mailto:david.bateman@flintshire.gov.uk">david.bateman@flintshire.gov.uk</a>
Gary Ferguson	Corporate Finance Manager (Section 151 Officer)	<a href="mailto:gary.ferguson@flintshire.gov.uk">gary.ferguson@flintshire.gov.uk</a>

Name	Post	Contact details
Pensions Administration	<a href="mailto:pensions@flintshire.gov.uk">pensions@flintshire.gov.uk</a> <a href="mailto:peniynau@siryfflint.gov.uk">peniynau@siryfflint.gov.uk</a>	English: (01352) 702940 / 702950 Welsh: (01352) 702875
Pensions Finance	<a href="mailto:pensionsinvestments@flintshire.gov.uk">pensionsinvestments@flintshire.gov.uk</a> <a href="mailto:buddsoddiadaupensiwn@siryfflint.gov.uk">buddsoddiadaupensiwn@siryfflint.gov.uk</a>	English: (01352) 702812 Welsh: (01352) 702259

## Investment Managers

The Fund has mandates with two investment managers as well the WPP Investment Solutions Provider, Russell Investments, as shown in the table below.

Investment Managers	Address
Insight Investment	160 Queen Victoria Street, London
Man Group	Riverbank House, 2 Swan Lane, London
Russell Investments (WPP)	Rex House, 10 Regent Street, London

The Fund has a number of investments with managers investing in Property, Private Equity, Private Debt, Infrastructure, Timber & Agriculture which are listed in the Investment Policy & Performance section of this report (Appendix 3).

## Other Key Partners

Service	Address
Custodian: Bank of New York Mellon	160 Queen Victoria Street, London
Actuary and Benefit Consultants: Mercer Ltd	4 St Paul's Square, Old Hall Street, Liverpool
Investment Consultant: Mercer Ltd	1 Tower Place West, Tower Place, London
Independent Advisor: Aon Solutions UK Ltd	122 Leadenhall Street, London
Wales Pension Partnership (WPP)	Wales Pension Partnership, Treasury & Pension Investments Section, County Hall, Carmarthen
Waystone Management UK Ltd (WPP Operator)	6th Floor, 65 Gresham Street, London
External Auditors: Audit Wales	1 Capital Quarter, Tyndall Street, Cardiff
Bank: National Westminster Bank plc	48 High Street, Mold
AVC Provider: Prudential	121 King's Road, Reading
AVC Provider: Utmost Life & Pensions	Utmost Life and Pensions Services Ltd, Wallton Steet, Aylesbury
Legal Advisors: This varies depending on the issue and can include the Flintshire County Council in-house legal team as well as organisations listed on the <a href="#">LGPS National Legal Services Framework</a> .	

# Risk Management

## Background

Risk management is embedded in the governance of the Fund. The Committee has approved a Risk Management Policy and a risk register is maintained. Changes to the level of risk are reported at each Committee.

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

Further details of the risks associated with the use of financial instruments are included within note 17 of the Accounts (Section 4).

## Significant Risks

The next few years will continue to be challenging for those involved in the governance, management and operation of the Fund. The risks discussed below are documented in the risk register. In late 2023/2024, the Fund carried out a review of the Risk Management Policy, the outcomes of which have been implemented in 2024/2025. This has affected the format of the risk register and therefore prompted a complete reassessment of all risks. As part of the new policy, the risk register will be reviewed on a monthly basis and continue to be reported on at each Committee as circumstances change.

The risks shown are those risks which, as at March 2024, were identified as amber i.e. with moderate consequences that are considered a possible occurrence, or higher, and where we were not meeting the target risk exposure. These are shown as they were presented in the risk register in March 2024, according to the previous Risk Management Policy which was in place at the time. Future reporting will be presented in the new format per the updated Risk Management Policy.

## Key

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

## Governance

Risk Description (if this happens)	Risk Overview (this will happen)	Risk Status at March 2024	Target Risk Status	Further Action
<p>Governance (particularly at PFC) is poor including due to:</p> <ul style="list-style-type: none"> <li>• short appointments</li> <li>• poor knowledge and advice</li> <li>• poor engagement /preparation / commitment</li> <li>• poor oversight</li> </ul>	Inappropriate or no decisions are made	Amber	Green	<p>1: Agree training plan for 2024/2025</p> <p>2: Review approach to PFC meetings and papers issued to members</p>
Decisions, particularly at PFC level, are influenced by conflicts of interest and therefore may not be in the best interest of fund members and employers	Our legal fiduciary responsibilities are not met	Amber	Yellow	<p>1: Ensure WPP due diligence process is being following in all cases for investments with potential conflict (e.g. local/Welsh)</p> <p>2: Ongoing monitoring of FCC Climate Committee</p> <p>3: Terms of Reference being developed for all AP subgroups</p>
Insufficient staff numbers (e.g. sickness, resignation, retirement, unable to recruit): current issues include age profile / FCC pay grades versus other LAs, asset pools, private sector / cost of living.	Services are not being delivered to meet legal and policy objectives	Amber	Green	<p>1: Ongoing consideration of business continuity including succession planning</p> <p>2: Agree and implement plan for retirement of current Deputy, including a review of the senior management team structure.</p>



## Funding & Investment

Risk Description (if this happens)	Risk Overview (this will happen)	Risk Status at March 2024	Target Risk Status	Further Action
<ul style="list-style-type: none"> <li>Markets perform below actuarial assumptions</li> <li>Fund managers and/or in-house investments don't meet their targets</li> <li>Market opportunities are not identified and/or implemented</li> <li>Black swan event, for example, global pandemic such as Covid-19</li> <li>Wales Pension Partnership (WPP) does not provide CPF with portfolios to deliver the Investment Strategy</li> <li>Internal team do not have sufficient knowledge in order to challenge the investment managers on the advice given or understand the implications of all investment choices issues on the fund</li> </ul>	Investment targets are not achieved therefore materially reducing solvency / increasing contributions	Red	Amber	<p>1: Continue to monitor market conditions, underlying asset classes and investment managers either directly or via WPP</p> <p>2: Ongoing consideration of officer succession planning, including maintaining local investment knowledge</p> <p>3: Interim Investment Strategy Review</p>

Risk Description (if this happens)	Risk Overview (this will happen)	Risk Status at March 2024	Target Risk Status	Further Action
Market factors impact on inflation and interest rates	Value of liabilities increase due to market yields/inflation moving out of line from actuarial assumptions	Amber	Yellow	<p>1: Continue to monitor market conditions and respond through the strategy review</p> <p>2: In conjunction with Risks 3 and 5. Overall market conditions are monitored continuously</p>
<ul style="list-style-type: none"> <li>Responsible Investment (including Climate Change) is not properly considered within the Fund's long-term Investment Strategy meaning it is not sustainable and does not address all areas of being a Responsible Investor</li> <li>WPP does not provide CPF with the tools to enable implementation of RI policies</li> </ul>	The Fund's Long term Investment Strategy fails to deliver on its ambition and objectives as a Responsible Investor.	Red	Amber	<p>1: Implement the responsible investment plan as outlined in the business plan including a review of the current carbon reduction targets, and initial training on nature related financial disclosures.</p> <p>2: Work with WPP to ensure the Fund is able to implement the Fund's RI Policy and ambitions effectively via WPP</p> <p>3: Interim Investment Strategy Review</p>

## Administration & Communication

Risk Description (if this happens)	Risk Overview (this will happen)	Risk Status at March 2024	Target Risk Status	Further Action
That there are poorly trained staff and/or we can't recruit/retain sufficient quality of staff, including potentially due to pay grades.	Unable to meet legal and performance expectations (including inaccuracies and delays) due to staff issues	Amber	Yellow	1: Action plan being developed for recruitment, retention, succession planning 2: Ongoing training of recent recruits
Employers: <ul style="list-style-type: none"> <li>• don't understand or meet their responsibilities</li> <li>• don't have access to efficient data transmission</li> <li>• don't allocate sufficient resources to pension matters</li> </ul>	Unable to meet legal and performance expectations (including inaccuracies and delays) due to employer issues	Amber	Green	1: Implement new process for employers relating to service standards
Communications are inaccurate, poorly drafted, insufficient or not received (including McCloud and potential exit cap)	Scheme members do not understand or appreciate their benefits	Yellow	Green	1: Implement new communications strategy in line with business plan 2: Recruit to vacant Comms Officer position and assess any gap in skills post recruitment

Risk Description (if this happens)	Risk Overview (this will happen)	Risk Status at March 2024	Target Risk Status	Further Action
Systems are not kept up to date or not utilised appropriately, or other processes inefficient (including McCloud, Pension Dashboard and potential exit cap)	High administration costs and/or errors	Yellow	Green	1: Appoint pension dashboard ISP in line with new national dashboard timetable 2: Develop and test all processes for national pension dashboard readiness
System failure or unavailability, including as a result of cybercrime or resourcing constraints	Service provision is interrupted	Amber	Yellow	1: Develop updated business continuity plan for CPF 2: Implement remaining elements of cyber strategy

## Section 2: Governance and Training

### Background

To carry out the responsibilities relating to the management of Clwyd Pension Fund, Flintshire County Council, as Administering Authority to the Fund, has established a formal Pension Fund Committee (the Committee), supported by a Pensions Advisory Panel (the Panel). The Committee includes both scheme member and employer representatives who have full voting rights. In performing its role the Committee takes advice from the Advisory Panel (a group of officers and professional advisors). The Committee has a scheme of delegation to officers to ensure efficient management and timely decision making on urgent matters between meetings.

It receives monitoring reports at each quarterly Committee against the Governance, Funding, Investment, Administration and Communication Strategies and progress against the Fund's three-year Business Plan. The agenda, reports and minutes for each Committee meeting are available on the Flintshire County Council website:

<https://www.flintshire.gov.uk>

The membership of both the Committee and the Advisory Panel are shown below.

Flintshire County Council has also established the Clwyd Pension Board (the Board). The role of the Board as defined in regulation is to assist in:

- securing compliance with legislation and the Pensions Regulator's requirements and
- ensuring effective and efficient governance and administration of the Fund.

The minutes of the Board's meetings are included in the Committee agenda papers and Board members often attend Committee, making an important contribution to debates and discussion. The Board annual report is included within this Annual Report.

Further information about the Board can be found on the Fund's website:

<https://mss.clwydpensionfund.org.uk/home/investments-and-governance/local-pension-board>

A chart showing the Fund's Governance Structure in full is included as part of the Annual Governance Statement in Section 7.

### Clwyd Pension Fund Committee

Committee Members		
Flintshire County Council	Cllr Ted Palmer (Chair)	Chair to May 2024
Flintshire County Council	Cllr Dan Rose (Chair)	Appointed Chair May 2024
Flintshire County Council	Cllr Dave Hughes (Vice Chair)	Vice Chair to June 2024
Flintshire County Council	Cllr Jason Shallcross (Vice Chair)	Appointed Vice Chair June 2024



Committee Members		
Flintshire County Council	Cllr Antony Wren	
Flintshire County Council	Cllr Sam Swash	To May 2024
Denbighshire County Council	Cllr Gwyneth Ellis	
Wrexham County Borough Council	Cllr Anthony Wedlake	
Scheduled Body Representative	Cllr Andrew Rutherford	
Member Representative	Mr Steve Hibbert	

## Advisory Panel

Panel Members	
Corporate Finance Manager/ S151 Officer (FCC)	Gary Ferguson
Corporate Manager, People and Organisational Development (FCC)	Sharon Carney
Head of Clwyd Pension Fund (FCC)	Philip Latham
Investment Consultant (Mercer)	Steve Turner
Fund Actuary (Mercer)	Paul Middleman
Independent Advisor (Aon) (to March 2024)	Karen McWilliam
Independent Advisor (Aon) (from March 2024 to September 2024)	Alison Murray

## Clwyd Pension Fund Board

Local Board Members		Voting Rights
Independent Chair	Karen McWilliam	X
Employer Representative	Steve Gadd (to July 2023)	✓
Employer Representative	Richard Weigh (from November 2023)	✓
Employer Representative	Steve Jackson	✓
Scheme Member Representative	Phil Pumford (to March 2024)	✓
Scheme Member Representative	Vacant (from March 2024)	✓
Scheme Member Representative	Elaine Williams	✓

## Knowledge and Skills

### Clwyd Pension Fund Knowledge and Skills Policy

There is a growing need for LGPS Pension Committee members, Pension Board members and officers to have the knowledge and skills to ensure LGPS funds are appropriately managed, and decisions around their management are robust and well based. This need is being emphasised in codes of practice and guidance including by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Pensions Regulator (TPR) (namely the

General Code of Practice which became effective in March 2024) as well as various elements of legislation.

The Fund has a well-developed Knowledge and Skills Policy which was updated in September 2021 to reflect the latest CIPFA Code of Practice and guidance. It details the knowledge, skills and training strategy for members of the Committee, the Board and senior officers responsible for the management of the Fund. It has been created to provide a formal framework and greater transparency on how the relevant knowledge and skills are acquired and retained in accordance with the Fund's aspirations and national requirements. It aids existing and future Committee members, Board members and senior officers in their personal development and performance in their individual roles, providing a structure which will ensure that the Fund is managed by individuals who have the appropriate levels of knowledge and skills. The Fund expects Pension Fund Committee and Local Pension Board members to undertake the relevant training made available by the Fund during the year in order to carry out their roles effectively. Details of how to access the Knowledge and Skills Policy are included in the contents page of this Annual Report.

## Training Performance 2023/2024

The Fund has a Training Plan which is provided to both Committee and Board Members and details all the training to be covered during the year. Following several years of virtual-only internal training, in 2023/2024 the Fund has resumed offering face-to-face training and began exploring methods for providing hybrid training where virtual attendance is also possible. Some external conferences were held face-to-face or in hybrid format, and many providers continued to offer webinar training events which some of the Committee, Board and Officers chose to attend.

In order to monitor the knowledge and skills and identify whether we are meeting the objectives of the Fund's Knowledge and Skills Policy, we monitor and report on attendance at training events based on the following:

- Individual Training Needs: ensuring a training needs analysis is carried out at least once every two years which drives the content of the Fund's Training Plan.
- Hot Topic Training: targeting attendance by at least 75% of the required Pension Fund Committee members, Pension Board members and senior officers at planned hot topic training sessions. This target may be focused at a particular group of Pension Fund Committee members, Pension Board members or senior officers depending on the subject matter.
- General Awareness: each Pension Fund Committee member, Pension Board member or senior officer attending at least one day each year of general awareness training or events.
- Induction training: ensuring areas of identified individual training are completed within six months of appointment.

Actual performance in 2023/2024 was as follows:

- a) Individual Training Needs: A training needs analysis exercise was carried out for the Committee during the autumn of 2023. This is a biennial exercise, however was delayed due to the Welsh local authority elections in May 2022 which impacted Committee membership. The training needs questionnaire was not completed by all Committee members, leading Officers to seek verbal feedback as part of an internal training session. A further analysis for the Pension Board took place in the early months of 2024. These exercises have informed the training plan for 2024/2025 and 2025/2026.
- b) Hot Topic Training: Of the designated hot topic training sessions, attendance has been as follows:

Course	Committee		Board		Senior Officers	
	No	% attendance	No	% attendance	No	% attendance
Governance of Investments	7	78%	3	60%	4	80%
Tactical Asset Allocation and Responsible Investment	9	100%	3	60%	3	60%
Divestment Framework	8	89%	1	50%*†	3	60%
Investment Matters and Training Plan	8	89%	3	60%	3	60%
TPR General Code	7	78%	3	75%*	3	60%

\*Reflects only 4 members in post at the time of the training session.

†Excluding the Alternate Pension Board Chair who attended in the Chair's absence.

The Committee consistently achieved the target attendance. The Fund took measures to record sessions for those unable to attend in order that they could complete the training at a later date and continues to work on developing this facility. By late 2023/2024, the Fund had established a precedent for hybrid format training in order to improve accessibility for those unable to attend in person, as well as better supporting the recording of training. There were 5 Hot Topic sessions in 2023/2024, the same as in 2022/2023, however the duration of training was typically longer in 2023/2024.

- c) General Awareness: Out of the 13 combined Committee members and Board members (excluding those two Board members who were in post for less than six months of 2023/2024) 8 (62%) attended at least one day of general awareness training in accordance with the policy. This is compared to 2022/2023 when 8 (57%) completed at least one day. The figures do not include one session attended by the Pension Board Chair's alternate in the absence of the Chair.

Of the five senior officers, 3 (60%) completed at least one day of general awareness training, a decline from 4 (80%) in 2022/2023.

- d) Induction Training: There were no new Committee members incoming during 2023/2024, and one new Pension Board member. Pre-recorded induction sessions were provided for the new Board member, with the aim for induction training to be completed in early 2024/2025.

The following table details all the training provided to members of the Committee during 2023/2024 to satisfy the requirements of the Knowledge and Skills Policy. This includes Committee meetings attended and relevant training sessions, conferences and seminars. Board Members also received and completed relevant training in line with the Policy, details of which are included in the Pension Board Annual Report.

Date	Event	Committee Members									Senior Officers				
		Cllr T Palmer	Cllr A Wren	Cllr A Wedlake	Cllr G Ellis	Cllr J Shallcross	Cllr S Swash	Cllr D Hughes	Cllr A Rutherford	S Hibbert	Gary Ferguson	Sharon Carney	Phil Latham	Deb Fielder	Karen Williams
	Meeting														
21 Jun 2023	Committee Meeting June 2023	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓
18 Aug 2023	Pension Board Mini Meeting August 2023												✓	✓	✓
30 Aug 2023	Committee Meeting Aug 2023	✓	✓	✓	✓	✓	✓		✓	✓	✓		✓	✓	✓
18 Oct 2023	Pension Board Meeting October 2023												✓	✓	✓
29 Nov 2023	Committee Meeting Nov 2023	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5 Dec 2023	Pension Board Meeting December 2023												✓		✓
6 Dec 2023	CPF Annual Employer Update					✓		✓				✓	✓		✓
28 Feb 2024	Committee Meeting Feb 2024	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
20 Mar 2024	Committee Meeting March 2024	✓	✓	✓		✓		✓	✓	✓			✓	✓	✓
	Hot Topic														
26 Apr 2023	CPF Training on Governance of Investments	✓	✓	✓	✓			✓	✓	✓	✓		✓	✓	✓
3 May 2023	CPF Tactical Asset Allocation and Responsible Investment	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓
2 Aug 2023	CPF Divestment Framework	✓	✓	✓	✓	✓	✓		✓	✓			✓	✓	✓
28 Feb 2024	Investment Matters and Training Plan	✓	✓		✓	✓	✓	✓	✓	✓			✓	✓	✓
20 Mar 2024	TPR General Code	✓	✓	✓		✓		✓	✓	✓			✓	✓	✓
	General Awareness														
26 Jun 2023	PLSA Local Authority Conference												✓	✓	
11 Jul 2023	Scheme Advisory Board: the Board’s Code of Transparency (CoT)									✓				✓	
7 Sep 2023	LGC Investments and Pensions Summit	✓						✓		✓			✓	✓	
21 Nov 2023	LGPS Pension Managers Conference 2023														✓



Date	Event	Committee Members								Senior Officers					
		Cllr T Palmer	Cllr A Wren	Cllr A Wedlake	Cllr G Ellis	Cllr J Shallcross	Cllr S Swash	Cllr D Hughes	Cllr A Rutherford	S Hibbert	Gary Ferguson	Sharon Carney	Phil Latham	Deb Fielder	Karen Williams
6 Dec 2023	LAPFF Annual Conference 2023									✓					
18 Jan 2024	LGPS Governance conference					✓				✓			✓		
14 Mar 2024	LGC Investment Seminar 2024	✓	✓			✓		✓		✓			✓	✓	
	Other Wales Pension Partnership Training														
8 Jun 2023	WPP: Private markets and levelling up/development opportunities	✓	✓			✓		✓		✓				✓	
21 Sep 2023	WPP Q2: Responsible Investment		✓		✓	✓		✓	✓	✓		✓	✓		
13 Dec 2023	WPP Q3: Reporting				✓	✓			✓	✓		✓	✓	✓	
5 Mar 2024	WPP Q4: Market Understanding & Regulatory Requirements	✓				✓				✓			✓	✓	

Not all of the above events have been made available to all Members and senior officers, cells filled in grey indicate where courses were not made available or where attendance at events was not possible.

## Appendix 1: Independent Adviser's Report

### At a glance...

The high level of activity for the Fund continued unabated in 2023/2024, with key areas of focus (in addition to Business as Usual) including:

- Developing our decision-making process for taking appropriate action when the funding level exceeds the 110% funding trigger, which was then put into practice during the year when the trigger level was reached,
- Ensuring conflicts of interest are appropriately considered and managed in relation to local/impact investments made by the Fund (i.e. outside of WPP),
- Ongoing review of the Fund's approach to RI and climate change in particular,
- Progressing various national initiatives and adapting workplans as required in response to legislative delays,
- Developing and implementing a revised structure for the Administration/Operations team,
- Succession planning for the expected retirement of the Deputy Head of the Fund.

The governance and risk management structure of the Fund has proved very effective and I am particularly pleased to report the positive progress made over the year in the following areas:

- Agreeing an updated Responsible Investment Strategy and a plan to fully fund the WPP Sustainable Equity Fund allocation,
- Smooth and event-free implementation of the revised Administration Team structure,
- Assessing compliance with the Pension Regulator's (TPR's) new General Code of Practice,
- The transition of Cyber Security and Business Continuity to business as usual,
- Continuing to enhance the member and employer experience through implementation of the updated Communication Strategy and extension of the Employer Liaison Team and maintaining administration performance, despite increases in case numbers and work involved in key projects relating to regulatory changes.

Going forward I see no immediate let up in workloads for those involved in governance of the Fund, from ongoing projects which affect the Administration team (including McCloud and Dashboards) to the potential effect of new Regulations or guidance on investments and pooling, which will require careful governance; ongoing ESG issues, including a focus on nature-related investing; and implementing the Good Governance recommendations, assuming these are confirmed in guidance or Regulations in 2024/2025 as expected. An interim valuation is planned for Autumn 2024 and there is of course also a triennial valuation due as at 31 March 2025 which will require the Fund to strike the right balance between prudence and protecting the financial position of the Fund, and affordability of contributions for employers.

## My role

I provide independent advice to the Clwyd Pension Fund (the Fund), predominantly on governance and administration matters. This includes reporting annually to stakeholders on whether the Administering Authority (Flintshire County Council) is managing all risks.

These risks relate to governance, investments, funding, administration and communication but I am not, nor am I required to be, an expert in all of these areas. In particular, the Fund has an appointed Actuary to advise on funding matters and an appointed Investment Consultant to advise on investment matters. I use my working knowledge in these areas (and close working relationship with the appointed advisers) to specifically advise on governance and risk management of funding and investments rather than on these areas themselves.

## Effective Governance

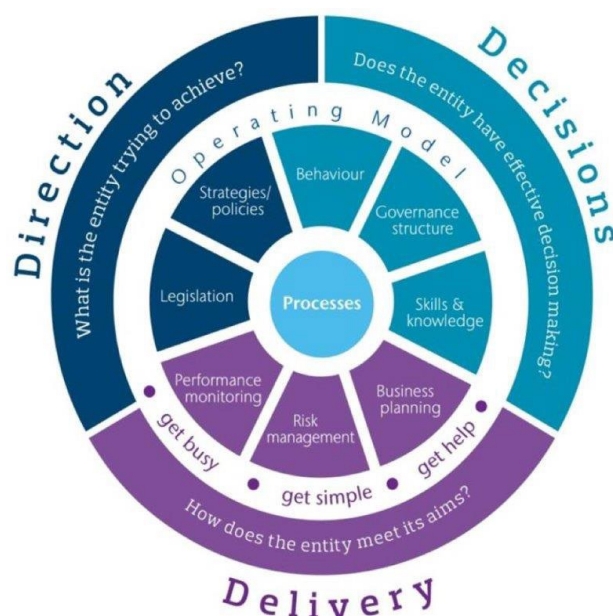
### Key Benefits

Key benefits from having effective governance in place include:

- Robust risk management that can assist in avoiding issues arising or at least reducing their impact,
- Ensuring resources and time are appropriately focused,
- Timely decision making and implementation of change,
- Clarity for the Pension Fund Committee on how the Fund is being managed.

The approach I take in advising the Fund is to consider its approach to governance against the Aon governance framework:

- **Direction:** having clear strategies and policies that also meet legislative requirements is fundamental.
- **Delivery:** having a clear plan for implementing the Fund's strategies and policies, together with appropriate monitoring as to whether they are being achieved, and good risk management, to ensure effective and efficient delivery.
- **Decisions:** having an appropriate governance structure, involving the right people, with the right attitude and the appropriate skills and knowledge is critical.



I consider the key responsibilities for the management of the Fund in relation to each of these areas. In particular:

- the overall **governance** (i.e. management and decision making) of the Fund,
- ensuring an appropriate approach to **funding** the liabilities,
- the safeguarding and **investment** of assets,

- the **administration** of the scheme members' benefits. and
- **communications** with the Fund's stakeholders.

This report sets out my views on the management and administration of the Fund and, in particular, how it has evolved during 2023/2024. It also touches on some developments after March 2024 and highlights some of the ongoing challenges the Fund faces.

## Overall views

- The current **governance structure is well established and generally working as intended**. It allows decisions to be made urgently where required and reduces the risk of inadequate governance during challenging times. However, with greater emphasis on LGPS funds investing for impact and supporting local initiatives (and expected guidance on investments and pooling), I am very supportive of the review of the governance structure which forms part of the 2024/2025 Business Plan.
- **Attendance at Committee, Board and Advisory Panel** meetings during the year has continued to be very good. However, in recognition of the competing demands on Committee members' time, in particular, consideration is being given as to how best to manage the agenda and length of meeting packs for Committee meetings. I agree with views expressed by senior officers that reducing the size of the agenda and meeting packs could enhance the governance of the Fund if it facilitates more debate and discussion around key decisions.
- The **Pension Board** continues to play an important role in the governance of the Fund. The Board report (which can be found elsewhere in the Fund's annual report and accounts) summarises the work undertaken over the year, and demonstrates both the excellent partnership between the Board, Committee and Fund officers, and the benefits the Board brings to the overall management of the Fund.
- Those involved in the management of the Fund continue to demonstrate a strong understanding of potential **conflicts of interest**, and adherence to the Fund's Conflict of Interest Policy. I am not aware of any potential conflict situations that were not notified in accordance with the Fund's Policy.
- The **risk management framework** is embedded in the day-to-day management of the Fund. Risk management across all areas is considered regularly and forms a standard part of all Committee reports. The Fund's Risk Management Policy was updated in March 2024 to align with changes to the Council's risk management framework and the consistent focus on risk means those involved with the governance of the Fund have a good appreciation of the key risks. I also believe there is appropriate focus on developing and enhancing robust internal controls where practical.
- A wide range of **performance measures** are monitored, covering governance, administration, communications, investments and funding. I am very supportive of the 6 new administration KPI measures developed by the Fund over the year, taking the total to 13. I agree with Fund officers that these should increase transparency of the administration team's performance.
- The 2023/2024 to 2025/2026 **business plan** was approved in March 2023 and monitored throughout the year. Fund officers have done a tremendous job to deliver many of the projects and tasks in the plan, despite the uncertainties due to delays in many national

initiatives and additional items needing to be addressed, particularly relating to funding and investment, and the need for succession planning for the Deputy Head of the Fund.

In the sections which follow I set out below observations on specific developments during 2023/2024 under each of the key areas.

## Governance

### Key Achievements

- Ensuring conflicts of interest are appropriately identified and managed in relation to local/impact investments
- Review of the Fund's compliance against the Pension Regulator's new General Code of Practice
- Completion of the initial activities underpinning the Fund's Cyber Strategy and Business Continuity plan allowing this work to become day to day activity
- Development and approval of a new Fund-specific Equality, Diversity and Inclusion policy
- Succession planning for the retirement of the Deputy Head of the Fund

## Progress against key areas in the Business Plan

### Knowledge and skills

I am pleased to report that Committee members collectively met the Knowledge and Skills Policy objectives for attendance at essential training sessions. Other Knowledge and Skills objectives were not quite met, but over 38 days of training was completed by members of the Pension Fund Committee, Pension Board and senior officers, representing a material time commitment.

Following a Training Needs Analysis and discussion with Committee and Board members, essential training over the last few months of 2023/2024 was scheduled directly after Committee meetings, with recordings made available for those unable to attend. This approach also underpins the training plan for 2024/2025 and I believe this is a very positive step and should help support the Fund in meeting its Knowledge and Skills objectives going forward (noting Government's intention to require funds to develop and report against training plans for committee members).

### Review of appointment of Board members

The two scheme employer representatives were due for review during the year:

- Steve Jackson has been reappointed to the Pension Board for two further years;
- Steve Gadd stepped down and has been replaced by Richard Weigh of Wrexham County Borough Council

More recently, Phil Pumford stepped down as the trade union appointed Scheme member representative. The Fund is currently working to fill this vacancy, in consultation with the joint trade unions.



Both Steve Gadd and Phil Pumford have been very valuable members of the Board and I would like to thank them for their contribution and wish them well for the future. I am pleased that Steve Jackson, (and of course Elaine Williams and Karen McWilliam as Independent Chair) have remained on the Board, ensuring the Fund retains their knowledge and experience.

## Review against TPR's General Code of Practice

The Pensions Regulator's new General Code of Practice came into force on 28 March 2024, setting out TPR's expectations of how occupational pension schemes, including the LGPS, should be managed and the policies, practices and procedures that should be in place.

The Fund has undertaken a detailed review of the modules of the TPR General Code of Practice that apply to the LGPS as a legal requirement or good practice and produced an action plan to ensure compliance with the Code. This has taken a significant investment of Officers' time and I have been impressed with their commitment to achieving best practice in all areas of Fund management.

## Business continuity and managing cyber risk

The Fund has continued to implement its **Cyber Strategy**, working collaboratively with Flintshire County Council to ensure an effective approach to managing cyber risk is in place. The Fund has implemented its incident response plan and finalised the provider testing schedule which has enabled cyber security activities to move to business as usual. Work has also been ongoing to implement the key elements of the Fund's **Business Continuity** Policy and its business continuity plan has now been finalised and fully integrated as business as usual.

## Equality, Diversity and Inclusion Policy

The Fund developed its own Equality, Diversity and Inclusion (EDI) policy, taking into account the Council's requirements. The policy was approved by the Pension Fund Committee in February 2024 when the Committee also received training on the Pensions Regulator's requirements in relation to EDI and the wider regulatory context. The policy sets out what EDI means for the Fund and the steps the Fund will take to ensure EDI is embedded into the Fund's governance approach to enhance its decision-making and help ensure those who run the Fund are truly representative of its stakeholders. An EDI action plan is being developed and in future my annual report will comment on the progress the Fund has made against its EDI objectives.

## Review of governance related policies

The Risk Management Policy was reviewed in March 2024.

The recommendations from the Good Governance review have not yet been implemented so this (alongside ongoing activity related to McCloud and Dashboards) has been carried forward into the 2024/2025 business plan. I believe the Fund is well placed in all these areas.

## Looking to the future

Key governance-related tasks the Fund expects to address during 2024/2025 include:

- Continuing work on **succession planning** in light of the planned retirement of the Deputy Head of the Fund, including a review of the structure of the senior management team.
- Reviewing the Fund's **governance structure**, including sub-groups of the Advisory Panel, to ensure the remit, roles and responsibilities are appropriate in light of the evolving landscape in which the Fund operates.
- Completion of the action plan developed to ensure compliance with **the Pension Regulator's new General Code of Practice**. The Fund has already started to prioritise the most urgent areas and I believe it is in a strong position.
- Implementing any **changes in regulations or guidance** such as those flowing from the Good Governance review, changes relating to investments and pooling (which will have governance implications), fully implementing new annual reporting requirements and maintaining awareness of national policy initiatives, noting there appears to be a degree of political consensus that it is worth considering reducing the number of funds in England and Wales via fund merger.
- **Reviewing** policies due for review in 2024/2025: Business Continuity, Conflicts of Interest, Knowledge and Skills, Recording and Reporting Breaches and Cyber strategy, ensuring these take into account the requirements of the General Code of Practice and other developments since they were last reviewed.
- Reviewing/tendering key supplier contracts and ensuring the Fund adheres to recent Procurement Act changes.
- Appointment of the two **scheme member appointments to the Pensions Board**, given the resignation of Phil Pumford as trade union member representative and the end of the five year term of Elaine Williams as non-trade union member representative in February 2025.

## Funding and Investments (including accounting and financial management)

### Key Achievements

- Updating the strategic asset allocation to de-risk the Fund's investments when the 110% funding level trigger was reached and to support the Fund's liquidity requirements
- Finalising investments in the sustainable equity fund in WPP (through divesting from the Global Equity Opportunities Fund and Emerging Market Equity Fund)
- Successfully retaining signatory status to the UK Stewardship Code
- Agreeing an updated RI strategy and associated exclusionary policy
- Receiving a report from the Good Economy on the social impact of the Fund's private market investments

The Actuary and the Investment Consultant to the Fund will each produce their own report, so this area of my report focuses on *how* things are done, rather than *what* is done.

Key areas in relation to investment and funding this year have included:

## Investment strategy changes

As part of the operation of the Fund's Risk Management Framework, changes to the strategic asset allocation prompted by the funding level reaching 110% were approved in March 2024. Managing the funding position and associated risk is very important for the Fund and employers, and the de-risking process appears to have worked very well. Asset allocation changes were also agreed to ensure sufficient short-term liquidity in the Fund, ensuring members' benefits can be paid efficiently and on time.

## Responsible investment

Responsible investment has continued to be a key area of focus.

The Fund fully funded its strategic allocation to the WPP Sustainable Equity fund through disinvestment from the Global Equity Opportunities Fund and Emerging Market Equity Fund during the year. From a governance perspective it is very positive that strategy agreed by the Committee has now been fully implemented.

I was also pleased to note that the Fund retained its position as a signatory of the UK Stewardship Code.

The Fund continued to develop its responsible investment strategy, agreeing a framework setting out the exclusion criteria and thresholds for its listed equity investments on both a minimum objective and an ambition basis. Climate change can be a very emotive topic with a diverse range of views, and credit is due to all those involved (officers, Committee members, advisers and investment managers).

## Social Impact

The Fund engaged "The Good Economy" to assess the Fund's UK private market investments to understand their social impact. This seems to me to be a very positive step, allowing the Fund to monitor the effect of its strategy and demonstrate the impact its investments are delivering.

## Looking to the future

- Continue to implement the investment strategy changes agreed in March. From a governance perspective I am pleased to see this has been considered ahead of the triennial actuarial valuation, given funding and investment are heavily interrelated.
- The Interim Funding Update ahead of the valuation as at 31 March 2025 is another key project. I am mindful that many employers may still be balancing tight budgets so early discussions on potential changes to their contribution rates seems appropriate from a governance perspective.
- With the increased focus on responsible investment and following the Taskforce for Climate Related Financial Disclosures (TCFD), the Taskforce for Nature Related Financial Disclosures (TNFD) has released nature-related financial disclosure recommendations to

help organisations provide better information to support informed capital allocation. I am pleased to see the Fund is already considering these recommendations and has planned training to assist the Committee in understanding their application to the Fund.

## Administration and Communications

### Key Achievements

- Successful implementation of the new Administration Team structure
- Continued focus on implementing the McCloud judgment
- High level of achievement against the Fund's key performance indicators
- Further work to implement the Communications Strategy

The Fund completed a work planning exercise which identified that the level of work for the Administration Team is expected to increase over the next few years which will require additional resource. The Fund also identified a number of administration officers who might be expected to retire or leave the Fund over the next few years. The Pensions Administration Manager therefore reviewed the structure of the Administration Team, identifying a need to make a number of new permanent posts, primarily to replace existing temporary posts. Following the approval of the new structure the Fund ran a successful recruitment campaign appointing permanent members of staff to all key positions. This will make the Administration Team more resilient and help the Fund continue to meet the current high level of performance.

The McCloud remedy regulations came into force on 1 October 2023, and the Fund has achieved the key milestone of processing new cases in line with the Regulations (other than where external factors prevent this, e.g. where guidance and calculators are awaited). In common with other LGPS funds, the Fund's **McCloud remedy programme** team still has a considerable amount of work to do to, such as completion of the data collection exercise, recalculating benefits for leavers, and preparing for the 2024/2025 annual benefit statements to reflect the McCloud remedy. The team has continued its work collecting and validating data to enable the calculation of any final salary underpin of benefits for the remedy period for qualifying members. Fund members have been kept informed and I have been pleased to see ongoing regular reporting of the progress on this programme to the Committee, Board and Advisory Panel.

In relation to **day-to-day workloads**, there was no let up for the Pensions Administration Team with nearly 33,400 administration cases in 2023/2024 compared to 35,900 in 2022/2023. Despite the continuing resourcing challenges, the team managed to broadly maintain performance over the year, with only a small increase in the number of outstanding cases. This is a remarkable achievement and testament to the commitment and hard work of the team.

**Key performance indicators** are monitored for the vast majority of day-to-day administration processes. Three different periods are measured and the results for 2023/2024 are as follows:

- internal timescales for the administration team: 87% (decrease of 4% compared to 2022/2023),
- legal timescales: 90% (no change compared to 2022/2023),
- overall process time: 75% (increase of 1% on 2022/2023).

It is really pleasing to see both the legal and overall timescales either improving or staying the same, as these have the most direct impact on members. Whilst the fall in performance against the internal timescales will be disappointing for the team, I recognise performance remains high and training a high number of new members of staff will have a short-term impact on the Fund's day to day operations.

## Progress against other areas in the Business Plan

- **National Pensions Dashboard**

The pensions dashboard team continued its work on preparing the Fund for the implementation of pensions dashboard. Continued delays in the national pensions dashboard has limited the scope of the work completed.

- **Implementation of the new Communications Strategy**

I have been pleased with the progress in the implementation of the Communications Strategy. In particular the work done to review the contents of the website to ensure that clear and concise language is used and planning for a suite of member and employer videos should bring great benefits to the Fund members and employers. I am looking forward to further work on this over the next year.

## Looking to the future

- Implementing the **McCloud remedy** remains a major programme of work, the majority of which will fall to the Pensions Administration Team. It will need to be well managed and resourced, with robust quality checks and efficiencies through bulk processing where possible. It is currently expected that the benefit rectification work will need to be completed by the deadline for the 2025 benefit statements, although this may be subject to change. I am also conscious that guidance is not yet available for all complex areas, including providing LGPS benefits for some elements of Teachers' pay.
- The final connection deadline of the **National Pensions Dashboard** for public sector schemes (the "staging date") has been confirmed as 30 September 2025. Implementing the Dashboard will be another major project requiring significant work in the coming years, and I have been pleased to see the Administration team preparing project plans for this work in anticipation of the final legislation.
- Implementation of the new employer escalation framework will allow the Fund to productively engage with employers where they are not meeting their obligations whilst an expansion of the Employer Liaison Team will help employers who are struggling with meeting their Fund related duties if this is appropriate.
- The administration and communications related policies due to be reviewed in 2024/2025 include the Administration Strategy, Under / Overpayment Policy and Personal Data Retention Policy. I am also pleased to note that there are plans to produce the first Data Improvement policy.

## Final Thoughts

I want to say a huge thank you to the Pension Fund Committee, Pension Board, officers and other stakeholders of the Fund for making me feel welcome as I have stepped into the Independent Adviser role. I am impressed and inspired by the hard work and dedication of the Fund's officers, and the commitment and engagement from the Pension Fund Committee and Pension Board members who collectively dedicate many hours to Committee / Board business.

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# Appendix 2: Pension Board Annual Report

## Introduction

This is the annual report of the Clwyd Pension Fund Board covering the financial year from 1 April 2023 to 31 March 2024.

## Role and Membership of the Clwyd Pension Fund Board

The Public Service Pensions Act (PSPA) 2013 requires each LGPS Administering Authority to have a local Pension Board consisting of employer and scheme member representatives in equal numbers. Some Pension Boards also have an Independent Chair, which is the case with the Clwyd Pension Fund Board. The Chair is a non-voting role.

Legislation states that the role of the Pension Board is to assist the Administering Authority in:

- securing compliance with the LGPS regulations and other regulations relevant to the governance and administration of the LGPS, and requirements imposed by the Pensions Regulator,
- ensuring effective and efficient governance and administration of the LGPS.

This has generally been interpreted as the Pension Board having an oversight rather than decision-making role. We (the Clwyd Pension Fund Board) consider our role to be about partnership. We work closely with the Pension Fund Committee (the decision-making committee for the Fund) and Fund officers in the hope that the questions we ask, and the challenge and advice we sometimes provide, will assist in ensuring that the Fund is managed in the best interests of its scheme members and employers.

Board members undertake their roles for a period of between three and five years and may be reappointed for future terms if selected again through the recruitment process.

## Membership

Our Board membership during 2023/2024 is shown in the table below. The membership of one of our employer representatives, Steve Gadd, ended in July 2023. We want to thank Steve for his extremely valuable contribution as a Board member during his appointment. Steve was replaced by Richard Weigh, Chief Officer Finance and ICT at Wrexham County Borough Council in November 2023.

We were also sad to see Phil Pumford, member representative (appointed by the trade unions), resign from his post due to capacity issues in March 2024 after many years of excellent involvement with the Board. At the time of writing, plans are in place to replace Phil.

## Meetings and attendance

During the year we held three Pension Board meetings (in August 2023, October 2023 and December 2023). The December 2023 meeting was in person and the other two were virtual. Attendance was as follows:

		August 2023 (special)	October 2023	December 2023
Mr Phil Pumford	Member Representative		✓	✓
Mrs Elaine Williams	Member Representative	✓	✓	✓
Mr Steve Jackson	Employer Representative	✓	✓	✓
Mr Richard Weigh	Employer Representative	N/A	N/A	✓
Mrs Karen McWilliam	Independent Chair			✓
Ms Alison Murray	Alternate Independent Chair	✓	✓	

In the summer of 2022, we carried out an effectiveness survey where it was agreed three longer meetings continues to be our preference, rather than moving to four shorter meetings a year. One of the outcomes from the survey was to review the meeting dates following the March 2023 meeting, so that meetings were better spaced out. We therefore agreed that our normal Board meetings should be in April, September and December, subject to availability. The planned September 2023 meeting had to be delayed until October 2023 due to the Chair's unavailability following surgery.

The meetings were also attended by the Board Secretary (the Head of Clwyd Pension Fund) and Pension Fund Officers who support the Pension Board.

## Training

As members of the Pension Board, we have all committed to meeting the requirements of the Fund's Knowledge and Skills Policy, which also ensures we meet the legal requirement to have the right level of knowledge and skills to carry out our Pension Board roles. We attended a range of events and training in 2023/2024 to complement induction training undertaken on appointment. We are also invited to attend the Pension Fund Committee meetings and their training events along with training events arranged by Wales Pension Partnership.

The Fund specifies (in its Knowledge and Skills Policy) an objective relating to the minimum number of Board members who are required to attend essential training sessions. The policy currently states that 75% of Board members must attend each Hot Topic training session, as these are classed as essential training. We are pleased to report that we have exceeded that number at all but two essential training sessions since the policy was formally agreed by the Pension Fund Committee in September 2021.

Our full record of attendance at committee meetings, hot topic training and other events is shown below:



Event	Steve Jackson	Phil Pumford	Elaine Williams	Richard Weigh	Karen McWilliam
<b>Committee Meetings</b>					
June 2023		✓	✓	N/A	✓
August 2023		✓	✓	N/A	
November 2023			✓		✓
February 2024	✓		✓		✓
March 2024		N/A	✓		✓
<b>Other Meetings</b>					
Annual Joint Consultative Meeting					✓
<b>Hot Topic (essential training)</b>					
Governance of Investments (April 2023)	✓		✓	N/A	✓
Tactical Asset Allocation and Responsible Investment (May 2023)	✓		✓	N/A	✓
Divestment Framework (August 2023)	✓		✓	N/A	
Investment Matters and Training Plan (February 2024)	✓		✓		✓
TPR General Code (March 2024)	✓		✓		✓
<b>General Awareness</b>					
CIPFA Local Pension Board Autumn Training (November 2023)			✓		✓
LGC Investment Seminar 2024 (March 2024)	✓				
<b>Other Wales Pension Partnership Training</b>					
Private Markets and levelling up / Development			✓	N/A	

Event	Steve Jackson	Phil Pumford	Elaine Williams	Richard Weigh	Karen McWilliam
opportunities (June 2023)					
Responsible Investment (September 2023)	✓		✓	N/A	
Reporting (December 2023)			✓	✓	✓
Market Understanding & Regulatory Requirements (March 2024)			✓		✓

The Board also completed a training needs analysis at the end of 2023/2024 to help identify any gaps in knowledge, and the results of this are being considered as part of ongoing training plan.

## What has the Pension Board done during 2023/2024?

Full minutes of Pension Board meetings are provided to the Pension Fund Committee each meeting and are published as part of the publicly available meeting papers.

Our meetings include several **standing items**, including:

- latest Pension Fund Committee papers
- reviewing the administration of the Fund including performance against Fund and employer Key Performance Indicators (KPIs), and data improvement activity
- developments in asset pooling
- management of cyber security, business continuity and pension scams
- reviewing the Fund's risk register, breaches log and audit reports
- receiving updates on all compliments and complaints and
- monitoring of our allocated budget.

**Key governance matters** that we discussed during the year included:

- Regular updates on **recruitment and retention** within the internal Clwyd Pension Fund teams, including progress on succession planning relating to the retirement of the Deputy Head of Clwyd Pension Fund in June 2024. In relation to the Administration Team, we were very pleased with the workforce planning that was undertaken, including analysis of increases in certain case types. This led to the development of the new structure including a new Project Team to help better management of day-to-day processes within the Operations Team and reduce the risk of increasing backlogs. The approval of the proposed new administration structure has been very positive and helped relieve some of the resourcing strain. All temporary positions within the Administration Team were made permanent and the additional and existing vacant positions were filled relatively quickly, albeit the Pensions Administration Manager highlighted that training of new recruits and

promoted staff members would take a number of months. The success of this training is an area where we will retain a watching brief given it is critical to the scheme member and employer services.

- The governance of investment decisions: given there were a number of new Committee members appointed in May 2022 and some **key decisions around responsible investments and climate change**, we held a special Pension Board meeting in August 2023 to consider this important topic. We were pleased that three essential training sessions were arranged leading up to the August Committee meeting where a framework for exclusion of fossil fuels, and an updated Investment Strategy Statement, were agreed. We welcomed the robust discussions around these areas, as well as the efforts being made by the Fund's officers and advisers to address the Committee's concerns and provide the information requested by the Committee. Responsible investment tends to be a regular item at Board meetings now.
- At the same special Pension Board meeting, we shared our views on a questionnaire from WPP on **Stewardship** themes and were pleased our input was sought. A key area we fed back on was in relation to how stakeholder views are taken into account by Robeco noting their engagement is on behalf of all clients rather than specifically relating to the Wales Pension Partnership (WPP) and the Clwyd Pension Fund.
- The progress of **asset pooling** through the Wales Pension Partnership. Our focus remains on the governance of WPP. During the year we received updates on the procurement of the WPP Operator, the transition of the Operator's services from Link Fund Solutions to Waystone (following the sale of Link Fund Solutions) and progress on various private market investment arrangements, which is a key area for the Clwyd Pension Fund, due to the high proportion of the Fund invested in private markets compared to most LGPS funds. We also asked the Head of Clwyd Pension Fund to seek assurances from the Host Authority around how cyber risk was being managed in relation to WPP. The Chair of the Board continues to attend regular asset pooling engagement meetings with the other Welsh Pension Board Chairs and officers and suppliers responsible for WPP, which allows for the views of the Fund and any concerns to be expressed directly to WPP.
- We also considered the initial progress being made in developing **Equality, Diversity and Inclusion** (EDI) principles, prior to the Fund approving its EDI policy at the Committee meeting in March 2024. As part of this discussion, we received an overview of The Pension Regulator's EDI guidance and its application to the LGPS. We welcomed the Fund agreeing EDI principles and developing a policy. We recognise the practical difficulties in achieving diversity across the Board, Committee and officers but did share some concern around those with disabilities being under-represented, an area where it is hoped focus groups can assist.
- We received a useful update on the approach that was taken to reviewing the Fund's **Business Continuity Plan**, as well as sight of the draft Plan. This was reassuring to us given how ways of working have developed since the pandemic, and we felt the draft Plan was well thought through.

**Key administration, including communications matters** that we discussed during the year included:

- The Fund's new **Communications Strategy** was approved by the Committee in June 2022 and there has been a range of communication developments to implement the new strategy. We received demonstrations of videos the Fund had developed to assist scheme members in understanding their annual benefit statements and also using the on-line member self-service facility. We found these videos to be excellent and extremely informative, particularly given they had been developed fully by the in-house teams. We supported further videos being developed in line with the team's plans. We did also provide some feedback on how best to engage with employers as part of the annual employer/scheme member representatives' session. We were sad to learn that the Fund's Communications and Marketing Officer had left given the excellent work that was being done in this area.
- We received updates on the Fund's programme of work to implement the **McCloud** judgment at each meeting. All Board members are part of the McCloud Steering Group which has oversight of all areas relating to McCloud. The year was frustrating for the Operations section given ongoing delays with regulations and central guidance, which has added to the difficulties in ensuring all the data is validated and uploaded to the administration system. Despite the external factors contributing to delays we had useful discussions with the Pensions Administration Manager which assured us good progress was being made.
- As part of the administration updates, the Pensions Administration Manager updated us on a wide range of areas including:
  - progress with preparing for the implementation of the **National Pensions Dashboard** where the onboarding date for the LGPS is 31 October 2025.
  - increases in workloads created by **backdated pay awards**, which leads to large numbers of recalculations for deferred members and pensioners, and how the new Projects Team will help in managing peaks in workloads such as these.
  - **Member cases received, completed and outstanding**, including cases completed in line with **key performance indicators**, which overall, show solid performance by the team despite there being a number of areas where workloads are increasing. This reflects the hard work and commitment of the administration teams.

The Pension Board's budget and final spend for 2023/2024 are summarised below:

Item	Budget 2023/2024 £	Actual 2023/2024 £	Variance £
Allowances and Expenses	2,130	1,470	- 660
Training	28,575	24,879	- 3,696
Advisor Fees	75,375	127,517	52,142
Other Costs	4,700	4,360	- 340
<b>Total</b>	<b>110,780</b>	<b>158,226</b>	<b>47,446</b>

## What will the Pension Board do in the future (in particular in 2024/2025)?

We have a number of items on our forward plan for 2024/2025, although the exact agenda and timescales will need to remain flexible to consider any further matters that may arise. The following are on our work plan for the forthcoming year:

- Considering the Fund's compliance with The Pension Regulator's General Code of Practice which came into force in March 2024, including their action plan for ongoing improvement
- Understanding the expected Good Governance related regulations and guidance and how the Fund will need to respond to that.
- Further consideration of ongoing areas, including:
  - The impact of the retirement of the Deputy Head of Clwyd Pension Fund, and how any risks relating to that are managed
  - Monitoring ongoing administration performance given the new Administration Team structure and the training that has been taking place
  - Ongoing work to implement the Fund's Equality, Diversity and Inclusion Policy including the development of an action plan
  - Continuing the McCloud remedy programme work
  - Increased engagement with employers failing to meet service standards
  - The National Pensions Dashboard implementation
  - Ongoing management of cyber security risk
  - The governance of asset pooling and transition to a new WPP Operator contract.

A budget for 2024/2025 has been agreed as follows:

Item	Budget 2024/2025 £
Allowances and Expenses	2,130
Training	40,614
Advisor Fees	80,965
Other Costs	4,700
<b>Total</b>	<b>128,409</b>

## Conclusion and final comments

In our view 2023/2024 has been another successful and productive year for the Board, and we are pleased with the work we have completed, which has covered a wide range of Fund management areas. We continue to have an excellent working relationship with the Pension Fund Committee and the Fund's officers and are grateful for the way they have all embraced our involvement and for their openness in their interaction with us. We would like to thank the Committee for welcoming us to their meetings, which helps us put the challenges and successes of the Fund much more easily into context. We look forward to continuing that relationship.

Elaine Williams, Member Representative

Steve Jackson, Employer Representative

Richard Weigh, Employer Representative

Karen McWilliam, Independent Chair

**Clwyd Pension Fund Board**

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## Section 3: Financial Performance

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### Introduction

This report includes financial monitoring reports for the year 2023/2024 showing both cash flow and income and expenditure compared to budget. It also details the contributions from employers and employees, and shows further information on contributions, assets, investment income and management fees.

The Fund's financial processes and activities are scrutinised by both Internal and External Audit which helps reduce the risk of errors and fraud. The Fund receives reports from Flintshire County Council Internal Audit Team and Audit Wales and acts appropriately in respect of any recommendations.

### Cash Flow 2023/2024

The Fund operates a rolling three year cash flow which is estimated and monitored on a quarterly basis. There are several unknowns within the cash flow such as transfers in and out of the fund and also drawdowns and distributions across the Fund's Private Market portfolio for which the current strategic allocation was 29% of the Fund. Cash flow predictions for the drawdowns and distributions are reassessed annually to incorporate the actuals for the year and any further commitments agreed during the period. The following table shows a summarised final cash flow for 2023/2024. This is purely on a cash basis and does not take into account any movements in asset values or management investment fees which are included in the pooled vehicles and accounted for at the year end, nor any year end accruals.

2023/2024	Budget £000	Actual £000	Variance £000
<b>Opening Cash</b>	<b>(96,470)</b>	<b>(98,282)</b>	
<b>Payments</b>			
Pensions	76,800	78,522	1,722
Lump Sums & Death Grants	16,000	18,457	2,457
Transfers Out	6,000	5,667	(333)
Expenses (excluding investments)	5,900	6,112	212
Tax Paid	100	78	(22)
Support Services	135	151	16
<b>Total Payments</b>	<b>104,935</b>	<b>108,987</b>	<b>4,052</b>
<b>Income</b>			
Employer Contributions	(60,000)	(67,043)	(7,043)
Employee Contributions	(20,200)	(21,641)	(1,441)
Employer Deficit Payments	9,200	8,723	(477)
Transfers In	(6,000)	(5,513)	487
Pension Strain	(1,200)	(340)	860
Income	(200)	(957)	(757)
<b>Total Income</b>	<b>(78,400)</b>	<b>(86,771)</b>	<b>(8,371)</b>
<b>Cash-flow Net of Investment Income</b>	<b>26,535</b>	<b>22,216</b>	<b>(4,319)</b>
Investment Income	(12,000)	(18,329)	(6,329)
Investment expenses	6,000	8,733	2,733
<b>Total Net of In House Investments</b>	<b>20,535</b>	<b>12,620</b>	<b>(7,915)</b>
<b>In House Investments</b>			
Draw downs	131,210	136,781	5,571
Distributions	(82,502)	(63,534)	18,968
<b>Net Expenditure /(Income)</b>	<b>48,708</b>	<b>73,247</b>	<b>24,539</b>
<b>Total Net Cash-Flow</b>	<b>69,243</b>	<b>85,867</b>	<b>16,624</b>
<b>Movement to/from Managers</b>	<b>0</b>	<b>(24,677)</b>	<b>(24,677)</b>
<b>Closing Cash</b>	<b>(27,227)</b>	<b>(37,092)</b>	



### 3 Year Cash Flow Forecast

The following table shows the cash flow forecasts for the next three years to March 2027.

	2024/2025 £000	2025/2026 £000	2026/2027 £000
<b>Opening Cash</b>	<b>(37,092)</b>	<b>(36,625)</b>	<b>(38,518)</b>
<b>Payments</b>			
Pensions	85,280	89,880	94,480
Lump Sums & Death Grants	16,000	16,000	16,000
Transfers Out	4,000	4,000	4,000
Expenses (excluding investments)	6,864	6,864	6,864
Tax Paid	100	100	100
Support Services	113	113	113
<b>Total Payments</b>	<b>112,357</b>	<b>116,957</b>	<b>121,557</b>
<b>Income</b>			
Employer Contributions	(68,000)	(71,600)	(75,200)
Employee Contributions	(22,000)	(23,200)	(24,000)
Employer (Deficit Payments)/Surplus Offset	9,200	9,200	9,200
Transfers In	(6,000)	(6,000)	(6,000)
Pension Strain	(600)	(600)	(600)
Income	(200)	(200)	(200)
<b>Total Income</b>	<b>(87,600)</b>	<b>(92,400)</b>	<b>(96,800)</b>
<b>Cash-flow Net of Investment Income</b>	<b>24,757</b>	<b>24,557</b>	<b>24,757</b>
Investment Income	(25,000)	(25,000)	(25,000)
Investment expenses	8,000	8,000	8,000
<b>Total Net of In House Investments</b>	<b>7,757</b>	<b>7,557</b>	<b>7,757</b>
<b>In House Investments</b>			
Draw downs	177,110	179,350	172,318
Distributions	(79,400)	(68,800)	(94,400)
<b>Net Expenditure /(Income)</b>	<b>97,710</b>	<b>110,550</b>	<b>77,918</b>
<b>Total Net Cash-Flow</b>	<b>105,467</b>	<b>118,107</b>	<b>85,675</b>
<b>Rebalancing Portfolio</b>	<b>(105,000)</b>	<b>(120,000)</b>	<b>(90,000)</b>
<b>Closing Cash</b>	<b>(36,625)</b>	<b>(38,518)</b>	<b>(42,843)</b>

## Analysis of Operating Expenses

The following table shows the actual operating expenses for the Fund for 2023/2024 compared to 2022/2023. Management fees overall have increased primarily due to the increase in underlying asset values over the year and commitments to new investments. Other significant changes were due to costs associated with the actuarial and investment advisory fees which were lower than 2022/2023 given that it wasn't an actuarial valuation year and there weren't any significant market events, and also employee costs were higher due to the recruitment processes implemented.

	Actual 2022/2023 £000	Actual 2023/2024 £000	Variance 2022/2023 to 2023/2024 £000
<b>Governance Expenses</b>			
Employee Costs	281	366	85
Support & Services Costs (Internal Recharges) including IT	18	22	4
Other (Transport, Supplies & Services)	64	96	32
Training (2024/2025 onwards)			
Audit Fees	47	46	(1)
Actuarial Fees	926	567	(359)
Consultant Fees	1,548	1,222	(326)
Advisor Fees	586	684	98
Legal Fees	74	57	(17)
Pension Board	96	141	45
Pension Board Training (2024/2025 onwards)			
Pooling (Host and Consultants)	163	228	65
<b>Total Governance Expenses</b>	<b>3,803</b>	<b>3,429</b>	<b>(374)</b>
<b>Investment Management Expenses</b>			
Fund Manager Fees	21,298	25,506	4,208
Custody Fees	158	146	(12)
Performance Monitoring Fees	46	46	(0)
Pooling (Operator and FM costs)	930	1,077	147
<b>Total Investment Management Expenses</b>	<b>22,432</b>	<b>26,775</b>	<b>4,343</b>
<b>Administration Expenses</b>			
Employee Costs	1,391	1,549	158
Support Services Costs (FCC Recharges)	114	131	17
IT (Direct or External charged Services)	515	478	(37)
Other (Supplies & Services etc)	125	102	(24)
<b>Total Administration Expenses</b>	<b>2,146</b>	<b>2,261</b>	<b>114</b>
<b>Employer Liaison Team</b>			
Direct Costs	320	348	28
<b>Total Employer Liaison Team</b>	<b>320</b>	<b>348</b>	<b>28</b>
<b>Total Costs</b>	<b>28,701</b>	<b>32,813</b>	<b>4,111</b>

The following table shows actual costs for 2023/2024 compared to the budgeted costs along with the budget for 2024/2025. Over 2023/2024, excluding fund manager fees, the Fund operated under its budget over the year. Given that fund manager fees are based on asset values and can include performance fees, the expected budget for 2023/2024 was lower than actual costs. Key variances against the budget during the year were underspends on actuarial fees, IT (allocated budgets were not required for some expected projects in the year), and employee costs (due to some vacant positions remaining unfilled). These underspends were offset by higher than expected investment consultant/governance advisory fees.

	Actual 2023/2024 £000	Budget 2023/2024 £000	Variance 2023/2024 £000	Budget 2024/2025 £000
<b>Governance Expenses</b>				
Employee Costs	366	413	(47)	442
Support & Services Costs (Internal Recharges) including IT	22	17	5	15
Other (Transport, Supplies & Services)	96	95	1	78
Training (2024/2025 onwards)				86
Audit Fees	46	45	1	45
Actuarial Fees	567	722	(155)	835
Consultant Fees	1,222	1,087	135	1,230
Advisor Fees	684	598	86	629
Legal Fees	57	30	27	25
Pension Board	141	111	30	105
Pension Board Training (2024/2025 onwards)				24
Pooling (Host and Consultants)	228	215	13	218
<b>Total Governance Expenses</b>	<b>3,429</b>	<b>3,333</b>	<b>96</b>	<b>3,732</b>
<b>Investment Management Expenses</b>				
Fund Manager Fees	25,506	19,755	5,751	23,068
Custody Fees	146	192	(46)	134
Performance Monitoring Fees	46	46	(0)	49
Pooling (Operator and FM costs)	1,077	885	192	1,187
<b>Total Investment Management Expenses</b>	<b>26,775</b>	<b>20,878</b>	<b>5,897</b>	<b>24,438</b>
<b>Administration Expenses</b>				
Employee Costs	1,549	1,636	(87)	1,820
Support Services Costs (FCC Recharges)	131	114	17	98
IT (Direct or External charged Services)	478	718	(240)	718
Other (Supplies & Services etc)	101	146	(45)	146
<b>Total Administration Expenses</b>	<b>2,260</b>	<b>2,614</b>	<b>(355)</b>	<b>2,782</b>
<b>Employer Liaison Team</b>				
Direct Costs	348	396	(48)	282
<b>Total Employer Liaison Team</b>	<b>348</b>	<b>396</b>	<b>(48)</b>	<b>282</b>
<b>Total Costs</b>	<b>32,812</b>	<b>27,221</b>	<b>5,591</b>	<b>31,234</b>

## Employers participating in the Fund at 31<sup>st</sup> March 2024

### Contributions

50 bodies contributed to the Fund during 2023/2024, 33 scheduled and 17 admitted.

Contributions are paid to the Fund by the 19th of the month following the month they relate to.

Employer and employee contributions, (including deficit payments) received during 2023/2024 are shown in the following table, as is the rate of contribution as a percentage of pensionable pay.

There have been no changes to the participating employers over the year i.e. no new bodies have joined and no bodies have ceased participation.

Scheduled bodies	Employer Contributions £*	%	Employee contributions £	Avg %**
Flintshire County Council	22,872,801	20.7	6,794,698	6.2
Wrexham County Borough Council	13,926,497	13.3	6,380,751	6.1
Denbighshire County Council	13,800,799	16.7	5,123,299	6.2
Coleg Cambria	3,479,988	18.5	1,210,274	6.4
Glyndwr University	1,642,353	15.8	744,042	7.1
North Wales Fire Service	609,898	10	417,567	6.9
Rhyl Town Council	48,724	36.6	9,853	7.4
Prestatyn Town Council	34,073	17.1	13,633	6.9
North Wales Valuation Tribunal	27,012	22.3	9,559	7.9
Hawarden Community Council	26,671	11.7	16,043	7
Holywell Town Council	13,312	14.8	5,647	6.3
Cefn Mawr Community Council	12,031	14.9	4,058	5
Flint Town Council	11,871	19.1	3,906	6.3
Denbigh Town Council	11,725	21.9	3,498	6.5
Rhos Community Council	11,179	9.2	7,441	6.1
Ruthin	10,477	20.4	3,212	6.2
Acton Community Council	9,877	27.4	2,062	5.7
Mold Town Council	8,676	9.6	5,889	6.5
Penyffordd Community Council	7,860	18.9	2,357	5.7
Gresford Community Council	6,487	23.8	1,555	5.7
Coedpoeth Community Council	5,393	6.3	4,941	5.8
Broughton & Bretton	4,825	24.3	1,151	5.8
Offa Community Council	4,796	9.4	3,027	6
Hope Community Council	3,480	21.9	873	5.5
Bagillt Community Council	3,127	22.3	770	5.5
Buckley Town Council	2,455	4.3	3,378	5.9
Gwernymynydd Community Council	2,195	33.1	365	5.5
Marchweil Community Council	2,007	26.1	406	5.8
Northop Town Council	1,716	18.6	502	5.4
Argoed Community Council	1,248	9	763	5.5
Connah's Quay Town Council	0	0.0	7,536	6.1
Caia Park Community Council	0	0.0	6,842	5.9
Shotton Town Council	0	0.0	852	3.3
<b>Total Scheduled Bodies</b>	<b>56,603,553</b>		<b>20,790,750</b>	

Admitted bodies	Employer Contributions £*	%	Employee contributions £	Avg %**
Denbighshire Leisure	717,002	12.3	358,683	6.2
Aura Leisure & Libraries Ltd	410,961	14.5	178,190	6.3
Newydd Catering & Cleaning Ltd	382,950	15.6	140,769	5.7
Theatre Clwyd Trust	244,366	22.3	84,511	6.6
Theatre Clwyd Music Trust	88,630	21.2	25,177	6
Holywell Leisure Ltd	39,999	15.4	15,423	5.9
Home Farm trust Ltd	28,713	8.2	20,425	5.8
Aramark Ltd B	27,667	23.4	7,287	6.2
Glyndwr Student's Union	27,003	14.1	11,997	6.3
Freedom Leisure	23,966	3.8	38,564	6.1
Careers Wales	22,584	1.3	109,456	6.2
Cartref NI	13,187	16.3	4,930	6.1
Aramark Ltd	9,691	10.1	5,443	5.7
Dolce	8,690	22	2,173	5.5
Churchills	6,268	18.1	1,903	5.5
Denbigh Youth Project	5,001	17.7	7,837	27.7
Cartref Y Dyffryn Ceiriog	0	0.0	4,627	6
<b>Total Admitted Bodies</b>	<b>2,056,678</b>		<b>1,017,395</b>	
<b>Total Contributions</b>	<b>58,660,231</b>		<b>21,808,145</b>	

\* For some employers, given the employer's funding position emerging from the 2022 actuarial valuation, surplus offset contributions certified by the actuary can exceed the % primary rate contribution certified. In such cases the overall employer contributions emerges as zero.

\*\* For some employers, the employee contribution figures include contributions towards Additional Pension Contracts (APCs) in addition to the regular % contributions payable. In some instances, the payment of APCs can distort the average implied employee rate given the relative size of the contributions paid.

We are able to charge interest on overdue contributions during the financial year. The analysis below shows the number of late contributions made to the Fund, along with the amounts and occasions concerned.

The Fund did not exercise its option to charge interest to any of the employers during the year but the occurrences were registered in the Fund's breaches register and reported to the Pension Fund Committee. The total of all late payments was £850 (0.001% of the total employer contributions).

Employer	Late Occasions	Contributions (£)
A	1	675
B	1	175

## Fund Assets

The table below provides an analysis of the Fund's assets as at 31 March 2024.

	UK £000	Non-UK £000	Global £000	Total £000
Equities	0	0	344,501	344,501
Alternatives	308,187	388,690	404,395	1,101,272
Bonds & LDI	652,916		251,529	904,445
Property (Direct)	0	0	0	0
Cash	125,060			125,060
<b>Total</b>	<b>1,086,163</b>	<b>388,690</b>	<b>1,000,425</b>	<b>2,475,278</b>

The alternatives portfolio comprises pooled investments in the following asset classes: Hedge Fund Managed Account, Diversified Growth Funds and Private Markets which includes, Property, Private Debt, Private Equity & Impact/Local, Infrastructure, Timber and Agriculture.

The following table further splits the Fund's assets between pooled funds, funds under pool management (for example, funds which the pool is responsible for the oversight or discretionary management of) and funds not yet pooled. The "Under Pool Management" entry relates to the share of the Fund's Separate Management Account that is attributed to a WPP project.

Asset values as at 31 March 2024	Pooled £000	Under pool management £000	Not pooled £000	Total £000
Equities (including convertible shares)	344,501	-	-	344,501
Bonds	251,529	-	-	251,529
Property	-	-	112,829	112,829
Hedge funds	-	-	121,128	121,128
Liability Driven Investments	-	-	652,916	652,916
Diversified Growth Funds (including multi-asset funds)	-	-	283,267	283,267
Private equity	18,554	-	204,294	222,848
Private debt	4,648	-	56,657	61,305
Infrastructure	15,642	-	133,891	149,533
Local / Impact	-	3,105	137,755	140,860
Timber / Agriculture	-	-	9,502	9,502
Derivatives	-	-	-	-
Cash and net current assets	-	-	125,060	125,060
Other	-	-	-	-
<b>Total</b>	<b>634,875</b>	<b>3,105</b>	<b>1,837,300</b>	<b>2,475,279</b>

Additional information on investment in the UK is shown in the supplementary table below:

Asset values as at 31 March 2024	Pooled £000	Under pool management £000	Not pooled £000	Total £000
UK Listed Equities	-	-	-	-
UK Government Bonds	-	-	-	-
UK Infrastructure	-	3,105	19,673	22,778
UK Private Equity	-	-	76,697	76,697

## Investment Income

The table below provides an analysis of the Fund's investment income received as at 31 March 2024.

	UK £000	Non –UK £000	Global £000	Total £000
Equities	-	3,160	2,596	5,756
Alternatives	6,363	10,198	-	16,561
Bonds & LDI	-	-	9,948	9,948
Property (Direct)	-	-	-	-
Cash	2,892	-	-	2,892
<b>Total</b>	<b>9,255</b>	<b>13,358</b>	<b>12,544</b>	<b>35,158</b>

## Fund Manager Expenses (including underlying fees)

### Background

The relationship between fees, risk, and investment return is crucial for pension funds. Fees, which are the costs associated with managing investments, directly impact returns. Higher fees can erode investment returns over time. Pension funds must carefully consider the fees charged by investment managers and service providers.

Risk and investment return are closely linked. Investments with higher potential returns often come with higher levels of risk. Pension funds need to strike a balance between seeking higher returns to meet long-term obligations and managing risk to protect assets. Evaluating fees in relation to the risk and return characteristics of investments is essential.

### 2023/2024 Fees

The fees which are disclosed in the statement of accounts within the Annual Report have been disclosed in accordance with the CIPFA guidance which states that fees and expenses should only be included where the Fund has a direct relationship with the investment manager. These fees include the annual management charge as well as additional costs such as operational, administrative and legal expenses. In addition any costs for performance and transaction fees are also disclosed. These are disclosed in Note 11 in the Fund's accounts.

Fees relating to underlying managers are not required to be disclosed in the accounting regulations, however the Fund believes we should provide our stakeholders with information on all fees relating to our investments.

The Fund has exposures to underlying managers through investments in alternative mandates including Hedge Funds, the Tactical Asset Portfolio and Private Markets.

The table below shows the fees and expenses which would have been disclosed if underlying fees and their performance fees were included.

The table also shows an average of the basis points charged for each category of fee for the valuation of core assets, non-core assets and total fund.

<b>Fund Management Fees</b>	<b>Avg bps</b>	<b>2023/2024 £000</b>	<b>Avg bps</b>	<b>2022/2023 £000</b>
<b>CORE (72% of Fund)</b>	<b>49</b>	<b>8,158</b>	<b>63</b>	<b>9,765</b>
Total expenses including AMC	19	3,185	20	3,177
Underlying Fees (includes performance and transaction fees)	23	3,841	36	5,585
Performance Fees	0	0	0	0
Transaction Fees	7	1,132	7	1,003
 <b>NON CORE (28% of Fund)</b>	 <b>360</b>	 <b>25,075</b>	 <b>311</b>	 <b>19,848</b>
Total expenses including AMC	244	17,036	200	12,762
Underlying Fees (includes performance and transaction fees)	40	2,810	28	1,800
Performance Fees	66	4,572	69	4,425
Transaction Fees	9	657	14	861
 Total underlying fees	 28	 6,651	 34	 7,385
Total direct fees	113	26,582	101	22,228
<b>Total fees</b>	<b>141</b>	<b>33,233</b>	<b>135</b>	<b>29,613</b>
Net Assets (Core)		1,653,341		1,562,141
Net Assets (Non-Core)		696,878		637,450
<b>Total Net Assets (excluding cash)</b>		<b>2,350,219</b>		<b>2,199,591</b>

Assets within the “Core” disclosure include: Active Equities, Unconstrained Fixed Income, Liability Driven Investment, Hedge Fund Managed Account Platform, Diversified Growth Funds and the Tactical Asset Portfolio. These account for **72%** (71% in 2022/2023) of the Fund assets but only **25%** (33% in 2022/2023) of the total fees.

Assets within the “Non-Core” disclosure include: Private Debt, Private Equity (Direct and Fund of Funds), Property (Open and Closed ended), Infrastructure, Timber and Agriculture. Whilst these account for **28%** (29% in 2022/2023) of the Fund assets the proportion of fees amounts to **75%** (67% in 2022/2023). These figures include the underlying fees. In comparison, excluding underlying fees, the proportion of fees for core assets is **16%** (19% in 2022/2023) and non-core,



**84%** (81% in 2022/2023). Many of the Fund's managers are now signed up to the Cost Transparency Initiative (CTI) and are providing fees through the CTI template.

## Movement in Current Assets and Current Liabilities

There was an increase in current assets of £2,368k in 2023/2024, driven by contributions due from employers. Current liabilities increased by £1,344k, driven by contributions received in advance and benefits payable.

## Wales Pension Partnership (WPP)

The WPP was established in 2017 with the objective to deliver:

- economies of scale
- strong governance and decision making
- reduced costs and excellent value for money, and
- an improved capacity and capability to invest in infrastructure

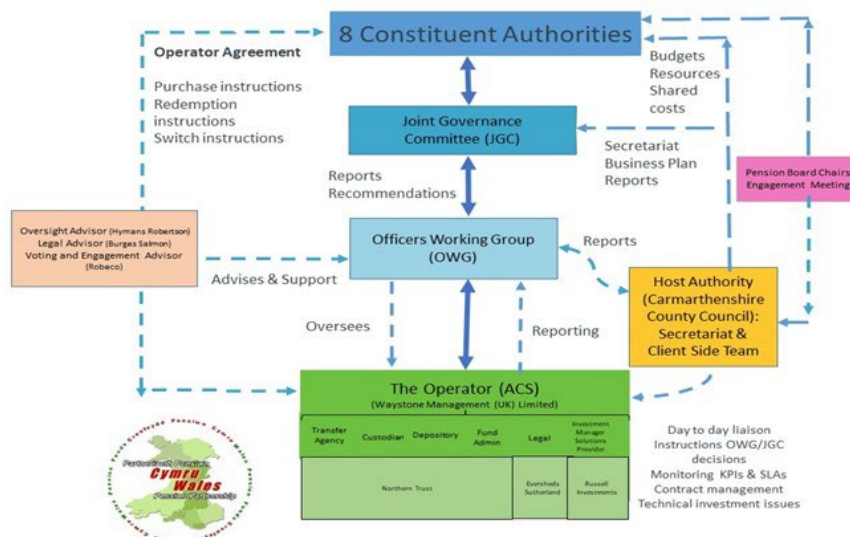
The WPP is one of the eight Local Government Pension pools nationally and is a collaboration of the eight LGPS funds in Wales including Cardiff and the Vale of Glamorgan, Clwyd, Dyfed, Greater Gwent (Torfaen), Gwynedd, Powys, Rhondda Cynon Taff and Swansea. The eight funds have a long, successful history of collaboration including a collaborative tender for a single passive equity provider for the Welsh funds pre-dating the Government's pooling initiative.

Collective investment management offers the potential for investment fee savings, opportunities to broaden investment portfolios, enhanced voting and engagement activity as well as access to shared knowledge and best practice. Whilst the WPP is responsible for providing collaborative investment solutions, each constituent authority remains responsible for setting their own investment strategy.

WPP's operating model is designed to be flexible and deliver value for money. WPP appointed an external fund Operator and makes use of external advisers to bring best of breed expertise to support the running of the Pool. The Operator is Waystone Management (UK) Limited (Waystone) and they have partnered with Russell Investments to deliver effective investment management solutions and provide strong net of fee performance for all the Constituent Authorities.

## Governance

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA) which was approved by all eight Constituent Authorities in March 2017. The IAA defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers and includes a Scheme of Delegation outlining the decision-making process. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure:



The eight Constituent Authorities of the WPP are:

- Carmarthenshire County Council (Host)
- City and County of Swansea Council
- City of Cardiff Council
- Flintshire County Council
- Gwynedd County Council
- Powys County Council
- Rhondda Cynon Taff County Borough Council
- Torfaen County Borough Council

The Constituent Authorities sit at the top of the WPP's governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving the WPP's Business Plan, which outlines the WPP's budget and workplan, as well as its Beliefs and Objectives.

The Joint Governance Committee (JGC) oversees and reports on the WPP and is comprised of one elected member from each of the eight Constituent Authorities and a co-opted (non-voting) scheme member representative.

The OWG provides support and advice to the Joint Governance Committee and is comprised of practitioners and Section 151 officers from all eight Constituent Authorities.

Carmarthenshire County Council is the Host Authority for the WPP and is responsible for providing administrative and secretarial support to the JGC and the OWG, and liaising day to day with the Operator on behalf of all of the Welsh LGPS funds.

Waystone (Operator) carries out a broad range of services for the WPP, which includes facilitating investment vehicles & sub-funds, performance reporting, transition implementation and manager monitoring and fee negotiations. There is an Operator Agreement in place which sets out the contractual duties of the Operator and governs the relationship between the Operator and the WPP. The JGC and OWG, with the support of Hymans Robertson, oversee the work that Waystone carries out on behalf of the WPP. Waystone engages with the Constituent Authorities by:

- Direct engagement: attendance at annual pension committee meetings
- Indirect engagement: with CAs collectively, through the JGC and OWG

In collaboration with Waystone, Russell Investments provide investment management solution services to the WPP and they work in consultation with WPP's eight Constituent Authorities to establish investment vehicles.

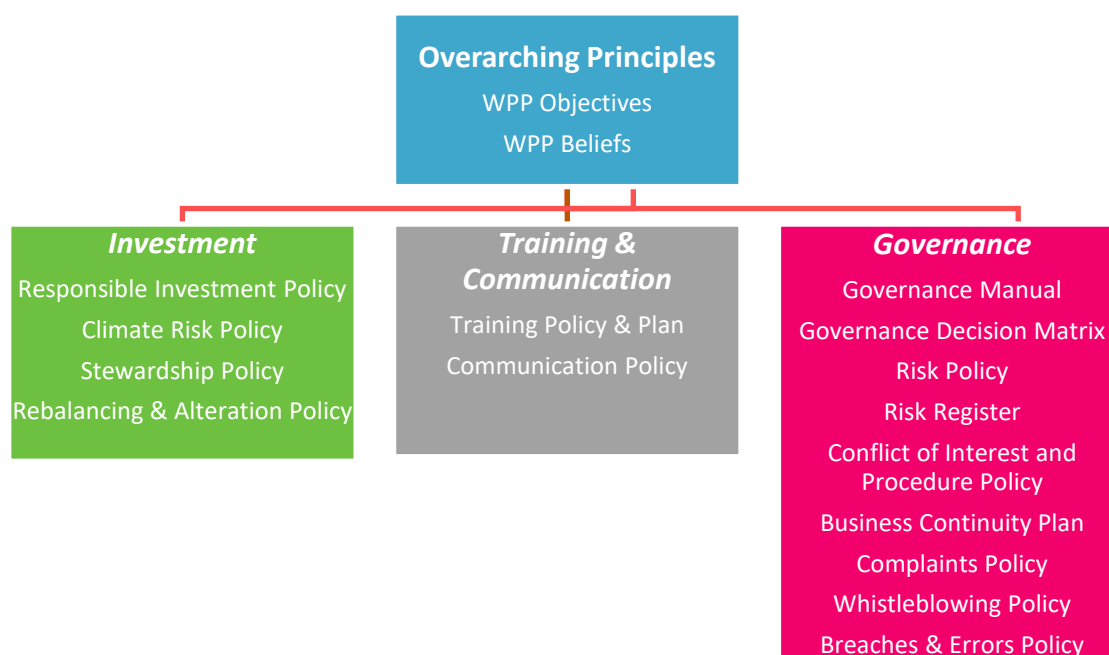
Northern Trust is the Depository for the WPP ACS vehicle and provides numerous services including securities lending, fund administration, compliance monitoring and reporting.

Hymans Robertson are WPP's Oversight Advisor and their role spans oversight and advice on governance arrangements, operator services, strategic investment aspects and project management support.

Burges Salmon are WPP's legal advisors, and they provide legal advice in relation to FCA regulated funds, tax and governance arrangements, including assisting with complex procurement processes.

Robeco UK has been appointed as WPP's Voting and Engagement provider and are responsible for implementing the Voting Policy across WPP's portfolio and undertaking engagement activity on behalf of the WPP.

The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies. The WPP, in consultation with the Constituent Authorities, has developed a set of governing policies. In all instances the WPP's policies and procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities. The WPP's key policies, registers and plans are listed below and can be found on the WPP website.



Responsible Investment has been a key priority for the WPP since it was established in 2017. Various activities have been undertaken to work towards WPP's ambition of becoming a leader in Responsible Investment. Initially the focus was on formulating a Responsible Investment Policy and since then the WPP has formulated its own Climate Risk Policy and has worked with its Voting and Engagement Provider, Robeco, to agree a Voting Policy. A WPP RI Sub-Group has been established to take ownership of RI related workstreams and actions that are required to achieve the commitments made in the WPP's RI and Climate Risk Policies.

The WPP's Business Plan, Governance Manual and all other policies detailed in the chart above can be found on the WPP website: <https://www.walespensionpartnership.org>

## Risk

Risk management is a critical element of WPP's commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy which seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP's Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders.

WPP maintains a Risk Register which is reviewed regularly by a dedicated Risk Sub-Group which reports back to the OWG and JGC on a quarterly basis. Further information on the risk register can be found on the WPP website: <https://walespensionpartnership.org/publications/risk-policy-and-risk-register>

## Training

The WPP has its own training policy and develops an annual training plan which is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities. Induction training is also provided to all new JGC members.

It is best practice for WPP personnel to have appropriate knowledge and understanding of:

- The regulations and market relating to pensions;
- The pooling of Local Authority Pension Schemes;
- Relevant investment opportunities.

In accordance with the approved training plan, the following training was available to both Committee and Board members during 2023/2024:

Topic		Date
Product Knowledge	<ul style="list-style-type: none"><li>• Private Market Asset Classes: Private Equity / Property</li><li>• Levelling up / development opportunities</li></ul>	8 Jun 2023
Reporting	<ul style="list-style-type: none"><li>• TCFD reporting</li><li>• Performance reporting</li></ul>	21 Sep 2023
Responsible Investment (RI)	<ul style="list-style-type: none"><li>• Voting &amp; Engagement</li><li>• RI within the WPP sub funds</li></ul>	13 Dec 2023
Market Understanding and Regulatory Requirements	<ul style="list-style-type: none"><li>• Progress of other LGPS pools &amp; Collaboration Opportunities</li><li>• Pooling Guidance</li></ul>	5 Mar 2024

## Pooling progress to date

The WPP aims to deliver investment solutions that allow the Constituent Authorities to implement their own investment strategies with material cost savings while continuing to deliver investment performance to their stakeholders. The WPP has made significant progress towards delivering on this objective, from the launch of the first three active equity sub-funds in 2019 through to launching the initial Private Markets Investment programmes in 2023. Alongside the Constituent Authorities existing passive investments, this means that the WPP has now pooled 74% of assets.

As at 31 March 2024, WPP's Constituent Authorities has total assets worth £25bn, £18.5bn of which sits within the pool, see breakdown below:

Asset Class	Managed by	Launch Date	31 March 2024 £000	%
Global Growth Equity Fund	Waystone Management (UK) Ltd	February 2019	3,585,735	14.4
Global Opportunities Equity Fund	Russell Investments	February 2019	3,286,471	13.1
UK Opportunities Equity Fund	Russell Investments	September 2019	743,530	3
Emerging Markets Equity Fund	Russell Investments	October 2021	259,410	1
Sustainable Active Equity Fund	Russell Investments	June 2023	1,570,357	6.3
Global Credit Fund	Russell Investments	July 2020	1,033,734	4.1
Global Government Bond Fund	Russell Investments	July 2020	488,815	2
UK Credit Fund	Waystone Management (UK) Ltd	July 2020	707,817	2.8
Multi-Asset Credit Fund	Russell Investments	July 2020	732,391	2.9
Absolute Return Bond Fund	Russell Investments	September 2020	572,982	2.3
Private Markets * Infrastructure closed ended: GCM Grosvenor Infrastructure open ended: IFM, CBRE and Octopus Infrastructure direct: Capital Dynamics Private Credit: Russell Investments Private Equity: Schroders Capital			314,241	1.3
Passive Investments	BlackRock	March 2016	5,200,324	20.8
Investments not yet pooled			6,508,700	26
Total Investments across all 8 Pension Funds			25,004,507	100

\* This is the drawn down value as at 31 March 2024 and does not include commitments

The following table summarises the Clwyd Pension Fund's assets currently managed by WPP as at 31 March 2024, together with the assets that remain under the direct oversight of the Fund, excluding cash. During the year, £101m of the Fund's assets transitioned to the WPP portfolios.

	31 March 2024 £000	%
Sustainable Active Equity Fund	345	13.9
Multi-Asset Credit Fund	252	10.2
Private Markets *	42	1.7
Investments not yet pooled	1,837	74.2
<b>Total Investment Assets</b>	<b>2,475</b>	<b>100</b>

\* This is the drawn down value as at 31 March 2024 and does not include commitments

All of the Fund's physical listed equity and bond investments are invested through the pool. Assets that currently remain outside of the pool include the TAA (tactical asset allocation) portfolio, the Risk management portfolio and the majority of the illiquid private market mandates. At present there are no suitable options available through the pool for the TAA and risk management investments, the Fund will continue to work with the pool to establish appropriate vehicles for the Fund to implement its investment strategy. Given the Fund has a significant proportion of its assets in private markets, less liquid investments, it is expected to be some time before these assets are able to be pooled. For the Fund's private market allocations, future allocations to Private Equity, Infrastructure and Private Debt are being made through the pool and so the Fund expects that, over time, these investments will be pooled as existing exposures distribute cashflows and these proceeds are reinvested into pooled funds.

### Pooling costs

Carmarthenshire County Council, as the Host Authority for the Wales Pension Partnership is responsible for providing administrative and secretarial support and liaising day to day with the Operator on behalf of all of the LGPS funds in Wales. The WPP budget is included in the WPP Business Plan and approved annually by all eight Constituent Authorities.

The Host Authority and External Advisor costs (the running costs) are funded equally (unless specific projects have been agreed for individual Funds) by all eight of the Constituent Authorities and recharged on an annual basis. The amount recharged to the Clwyd Pension Fund for the financial year ending 31 March 2024 was £226k, see table below.

In addition to the running costs, there are also transition costs associated with the transition of assets into the pool, these costs can be categorised in terms of direct and indirect costs. Direct costs include the costs of appointing a transition manager to undertake the transition, together with any additional oversight of this process undertaken from a research and reflection perspective. Indirect costs include both explicit and implicit costs, such as commissions, spread and impact and opportunity costs known as Implementation Shortfall. Transition costs are directly attributable to the assets undergoing the transition and are therefore deducted from their net asset value as opposed to a direct charge to the Fund.

Details of the costs incurred by the Clwyd Pension Fund in respect of the WPP are detailed below.

2022/2023 £000	WPP pooling costs	2023/2024 £000
21	Host Authority Costs *	22
137	External Advisor Costs *	204
524	Transaction Costs (Direct) **	650
<b>682</b>	<b>Total</b>	<b>876</b>

\* Host Authority and External Advisor costs are recharged directly to the fund

\*\* Transaction Costs (Direct) costs are shared as a proportion of total AUM.

## Ongoing Investment Management Costs

The table below discloses the investment management costs split between those held by the WPP (including the passive equities) and those held outside of the WPP. These are split by direct costs which are disclosed in the Fund accounts as directed by CIPFA and those indirect costs for underlying managers which we disclose on page 52 of this Annual Report.

	Fees charged £000				
	Total Expenses including AMC	Performance Fees	Transaction Costs	Custody	Total
<b>Asset Pool</b>					
Direct	411	0	650	106	1,167
Indirect (Underlying)	1,348	0	0	0	1,348
<b>Total</b>	<b>1,759</b>	<b>0</b>	<b>650</b>	<b>106</b>	<b>2,515</b>
bps	0.28	0.00	0.10	0.02	0.39
<b>Non-Asset Pool</b>					
Direct	19,810	4,572	1,139	41	25,562
Indirect (Underlying)	3,693	986	624	0	5,303
<b>Total</b>	<b>23,503</b>	<b>5,558</b>	<b>1,763</b>	<b>41</b>	<b>30,865</b>
bps	1.37	0.32	0.10	0.00	1.80
<b>Fund Total</b>	<b>25,262</b>	<b>5,558</b>	<b>2,413</b>	<b>147</b>	<b>33,380</b>
bps	1.07	0.24	0.10	0.01	1.42

## Asset Allocation and performance

The following table shows how each of the investment mandates has performed during the year, with opening and closing values and one year performance included net of fees where available. In addition, the table splits out investments under pooled arrangements with the WPP and those that remain under non-pooled investment arrangements with the Fund's legacy managers as at 31 March 2024.



	Opening Value £000	%	Closing Value £000	%	Net Performance %	Local Target %
<b>Pool Assets</b>						
Emerging Market Equities	115,712	5.0	0	0.0	N/A	N/A
Global Equities	130,027	5.7	344,501	13.9	8.1	9.7
Multi Asset Credit	230,688	10.0	251,529	10.2	10.2	9.2
WPP Private Markets	0	0.0	41,949	1.7	1.4	2.4
<b>Total Pool Assets</b>	<b>476,427</b>	<b>20.7</b>	<b>637,979</b>	<b>25.8</b>		
<b>Non-Pool Assets</b>						
Diversified Growth	262,537	11.4	283,267	11.4	8.6	5.9
Liability Driven Investment	663,896	28.9	652,916	26.4	18.8	18.8
Hedge Funds	159,281	6.9	121,128	4.9	8.5	8.7
Property	133,422	5.8	112,829	4.6	-13.9	0.3
Private Equity	205,945	9.0	204,294	8.3	5.4	10.3
Local/ Impact	93,352	4.1	137,755	5.6	6.4	10.3
Infrastructure	130,888	5.7	133,891	5.4	5.9	10.3
Private Debt	61,769	2.7	56,657	2.3	9.0	7.5
Timber & Agriculture	12,074	0.5	9,502	0.4	0.8	10.3
Cash*	98,590	4.3	125,060	5.1		
<b>Total assets not yet pooled</b>	<b>1,821,754</b>	<b>79.3</b>	<b>1,837,300</b>	<b>74.2</b>		
<b>Total assets</b>	<b>2,298,181</b>	<b>100</b>	<b>2,475,279</b>	<b>100.0</b>	<b>9.8</b>	<b>13.1</b>

Note: Performance shown for the 12 months to 31 March 2024.

\*Cash represents cash in the bank account.

## Securities Lending

Securities lending commenced in March 2020. Revenue is split on an 85:15 basis between WPP and Northern Trust with all costs for running the securities lending programme taken from Northern Trust's share of the fee split. A minimum of 5% of the nominal quantity of each individual equity holding is held back and a maximum of 25% of total AUM is on loan at any one time. A proxy recall service was implemented in December 2023.

Total revenue of LF Wales during 2023/2024 was £1,077,100 (gross) / £915,594 (net) of which the Clwyd Pension Fund received £30,960 with £473,209,901 out on loan as at 31 March 2024.

More detailed information can be found in WPP's Annual Return which is published on the WPP website: <https://www.walespensionpartnership.org>

## Objectives 2024/2025

In establishing the WPP pool, the prime focus has been on pooling the listed assets, namely equities and fixed income. Progress continues to be made with the rationalisation of the existing range of mandates. In July 2021, the Joint Governance Committee appointed bfinance as WPP's Allocator Advisor and they have assisted the WPP with the identification of Private Markets Allocators. WPP's Infrastructure, Private Credit and Private Equity investment programmes were launched in 2023.



Work has been progressing in formulating WPP's Real Estate requirements and the optimal means of implementation. With the assistance of bfinance, the procurement process for appointing investment managers is underway with the announcement due to take place in August 2024 and the investment programmes due to launch in 2024/2025.

The Sustainable Active Equity Sub-Fund was also launched in 2023/2024 and this sub fund, along with the Private Market investment programmes have incorporated Responsible investment in their allocation and appointment. With further programmes in development, WPP is now working closely with its service providers to develop a common reporting framework to allow the consistent disclosure of information to its stakeholders.

During 2023/2024, the WPP published its third annual Stewardship Report, remaining a signatory to the UK Stewardship Code and published its first All-Wales Climate Report (AWCR). The AWCR assessed climate exposures across all the Welsh funds and the recommendations that came out of the report are now being progressed, including the evolution of WPP's investment offerings (in particular within the passive allocations and within fixed income) and the implementation of a climate framework.

WPP's existing Oversight Advisor and Voting & Engagement provider contracts come to an end on 31 December 2024 and 31 March 2025 respectively. Work is underway with the contract re-tenders with both appointments due to be made by the end of this calendar year.

There will be focus on reviewing existing WPP policies, in particular the RI focused policies, evolving the Stewardship Policy and incorporating an escalation strategy. Training also continues to be a key area of focus and the WPP will continue to provide timely and relevant training facilitated by the pool for the benefit of its wider stakeholder groups.

## Section 4: Clwyd Pension Fund Accounts for the year ended 31 March 2024

### Fund Accounts

2022/2023 £000		Note	2023/2024 £000
	<b>Dealings with members, employers and others directly involved in the Fund</b>		
(92,123)	Contributions	7	(81,470)
(6,244)	Transfers in	8	(5,493)
<b>(98,367)</b>			<b>(86,963)</b>
	Benefits payable:		
70,631	Pensions	9	78,691
14,354	Lump sums (retirement)		15,349
2,913	Lump sums (death grants)		3,573
<b>87,898</b>			<b>97,613</b>
5,972	Payments to and on account of leavers	10	5,669
<b>93,870</b>			<b>103,282</b>
<b>(4,497)</b>	<b>Net (additions)/withdrawals from dealings with members</b>		<b>16,319</b>
28,701	Management expenses	11	32,813
<b>24,204</b>	<b>Net (additions)/withdrawals including fund management expenses</b>		<b>49,132</b>
	<b>Returns on Investments</b>		
(34,269)	Investment income	12	(35,158)
198,262	Change in market value of investments	13A	(192,096)
<b>163,993</b>	<b>Net return on investments</b>		<b>(227,254)</b>
<b>188,197</b>	<b>Net (increase)/decrease in the net assets available for benefits during the year</b>		<b>(178,122)</b>
(2,490,795)	<b>Opening net assets of the scheme</b>		(2,302,598)
<b>(2,302,598)</b>	<b>Closing net assets of the scheme</b>		<b>(2,480,720)</b>

## Net Assets Statement

2022/2023 £000		Note	2023/2024 £000
2,199,900	Investment Assets	13	2,438,187
<b>2,199,900</b>	<b>Net Investment Assets</b>		<b>2,438,187</b>
378	Long-term debtors	19	448
6,624	Debtors due within 12 months	19	8,922
(2,585)	Creditors	20	(3,929)
98,281	Cash at Bank	19	37,092
<b>2,302,598</b>	<b>Net assets of the fund available to fund benefits at the end of the reporting period</b>		<b>2,480,720</b>

**Note:** The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in the actuary's report (Note 25).

# Notes To the Clwyd Pension Fund Accounts for the Year Ended 31 March 2024

## Note 1: Description of The Fund

### General

Clwyd Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Flintshire County Council. The County Council is the reporting entity for the Fund.

The LGPS is governed by the Public Service Pensions Act 2013 and the following secondary legislation:

- The LGPS Regulations 2013, as amended.
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, as amended; and
- The LGPS (Management and Investment of Funds) Regulations 2016

The LGPS is a contributory defined scheme, which provides pensions and other benefits to employees and former employees of Flintshire County Council and scheduled and admitted bodies in North East Wales. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The Fund is overseen by the Clwyd Pension Fund Committee which is a committee of Flintshire County Council.

The accounts have been prepared in accordance with the 2023/2024 Code of Practice (the Code) on Local Authority Accounting which is based on International Financial Reporting Standards (IFRS).

### Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangement outside the scheme. Organisations participating in the Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

Membership details are set out below in more detail:

2022/2023		2023/2024
No.		No.
<b>52</b>	<b>Number of employers with active members</b>	<b>52</b>
	<b>Number of employees in scheme</b>	
5,440	Flintshire County Council	5,376
12,231	Other employers	12,437
<b>17,671</b>	<b>Total</b>	<b>17,813</b>
	<b>Number of pensioners</b>	
4,473	Flintshire County Council	4,745
10,678	Other employers	11,051
<b>15,151</b>	<b>Total</b>	<b>15,796</b>
	<b>Deferred pensioners</b>	
5,703	Flintshire County Council	5,694
12,721	Other employers	12,689
<b>18,424</b>	<b>Total</b>	<b>18,383</b>
<b>51,246</b>	<b>Total employees</b>	<b>51,992</b>

## Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members in accordance with the LGPS Regulations 2013, as amended, and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31st March 2024. Employers also pay contributions to the Fund based on triennial funding valuations. The last valuation was at 31st March 2022, the findings of which became effective on 1st April 2023. Employer contribution rates towards the future accrual of benefits for the year to March 2024 ranged from 10.5% to 33.1% of pensionable pay. From April 2024 the rates will continue to range from 10.5% to 33.1% of pensionable pay.

## Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of service. From 1 April 2014, the LGPS became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is increased annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits as explained on the LGPS website, see [www.lgpsmember.org](http://www.lgpsmember.org)

In addition, the Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from the Fund. The Fund uses Prudential and Utmost (previously Equitable Life) as its AVC providers. AVCs are paid to the AVC providers by employers and provide additional benefits for individual contributors.

## Note 2: Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2023/2024 financial year and its financial position at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/2024 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Fund has opted to disclose this information in Note 25.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2023/2024.

## Note 3: Summary of Significant Accounting Policies

In summary, accounting policies adopted are detailed as follows:

### Fund Account: Revenue recognition

#### Contribution income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the Fund's actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the Fund's actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employer's contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

#### Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the Fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (Note 8).

Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

#### Investment income

- Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

- Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Changes in the value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

## Fund Account: expense items

### Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Lump sums are accounted for in the period in which the member becomes a pensioner. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

### Management expenses

The Fund discloses its management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016). All items of expenditure are charged to the Fund on an accruals basis.

All staff costs in relation to administration expenses are charged direct to the Fund and management, accommodation and other support service costs are apportioned to the Fund in accordance with Council policy.

All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the Fund.

Investment management expenses include the fees paid and due to the fund managers and custodian, actuarial, performance measurement and investment consultant fees. Where fees are netted off quarterly valuations by investment managers, these expenses are included in note 11A and grossed up to increase the change in the value of investments.

Where the Fund has invested in Fund of Funds arrangements and underlying fees are incurred these are not recognised in the Funds accounts, in accordance with guidance from CIPFA. Details of underlying fees may be found in the Fund's Annual Report.

### Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

As Flintshire County Council is the administering authority for the Fund, VAT input tax is recoverable from all Fund activities including expenditure on investment expenses.

## Net Assets Statement

### Financial assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the Fund Account. Any amounts due or payable in respect of trades entered into but not yet complete at 31st March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 13A. Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 15). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

### Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

### Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in value.

### Financial liabilities

Financial liabilities are recognised at fair value on the date the Fund becomes legally responsible for the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund as part of the change in value of investments.

### Actuarial present value of promised future retirement benefits

The actuarial value of promised future retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of the Code and IAS 26. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a report from the actuary (Note 25).



## Additional Voluntary Contributions (AVCs)

The Fund provides an AVC scheme for its members, the assets of which are invested separately from those of the Fund. AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds Regulations 2016) but are disclosed as a note only (see Note 21).

## Note 4: Critical Judgements in Applying Accounting Policies

### Pension fund liability

The net pension fund liability is re-calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines. This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and set out in the actuary's report shown at the end of these accounts. These actuarial re-valuations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

## Note 5: Assumptions Made About the Future and Other Major Sources of Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take into account historical experience, current trends and future expectations. However, actual outcomes could differ from the assumptions and estimates. The items in the Net Assets Statement at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Actuarial present value of promised retirement benefits</b>	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.	The effects on the net pension liability of changes individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of approximately £176 million. A 0.25% increase in assumed earnings inflation would increase the value of the liabilities by approximately £17 million, and a one-year increase in assumed life expectancy would increase the liability by approximately £61 million.

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Value of investments at level 3</b>	The Fund contains investments in private equity, hedge funds and pooled funds including property, infrastructure, timber and agriculture, that are classified within the financial statements as level 3 investments in note 15 to these accounts. The fair value of these investments is estimated using a variety of techniques which involve some degree of tolerance around the values reported in the Net Assets Statement.	Note 15 summarises the techniques used, the key sensitivities underpinning the valuations and the sensitivity or tolerance around the values reported.

## Note 6: Post Balance Sheet Events

The accounts outlined within the statement represent the financial position of the Clwyd Pension Fund as at 31 March 2024. Performance of global financial markets since this date may have affected the financial value of pension fund investments as reported in the Net Asset Statement, but do not affect the ability of the Fund to pay its pensioners.

## Note 7: Analysis of Contributions Receivable

### By employer

2022/2023 £000		2023/2024 £000
(30,101)	Administering Authority: Flintshire County Council	(30,020)
(57,964)	Scheduled bodies	(48,371)
(4,058)	Admitted bodies	(3,079)
<b>(92,123)</b>	<b>Total</b>	<b>(81,470)</b>

### By type

2022/2023 £000		2023/2024 £000
(20,006)	<b>Employees contributions</b>	(21,808)
	<b>Employers' contributions:</b>	
(56,795)	Normal contributions	(68,049)
(14,770)	Deficit recovery contributions	9,389
(552)	Augmentation contributions	(1,002)
<b>(72,117)</b>	<b>Total employers' contributions</b>	<b>(59,662)</b>
<b>(92,123)</b>	<b>Total contributions</b>	<b>(81,470)</b>

## Note 8: Transfers in From Other Pension Funds

2022/2023 £000		2023/2024 £000
(6,244)	Individual transfers	(5,493)
<b>(6,244)</b>	<b>Total</b>	<b>(5,493)</b>

## Note 9: Benefits Payable

### By Authority

2022/2023 £000		2023/2024 £000
29,631	Administering Authority: Flintshire County Council	33,693
56,439	Scheduled bodies	61,744
1,828	Admitted bodies	2,176
<b>87,898</b>		<b>97,613</b>

### By Type

2022/2023 £000		2023/2024 £000
70,631	Pensions	78,691
14,354	Commutation and lump sum retirement benefits	15,349
2,913	Lump sum death benefits	3,573
<b>87,898</b>		<b>97,613</b>

## Note 10: Payments To And On Account Of Leavers

2022/2023 £000		2023/2024 £000
	Bulk transfer values payable	
5,543	Individual transfers	5,235
328	Refunds to members leaving service	231
101	Other	203
<b>5,972</b>	<b>Total</b>	<b>5,669</b>

## Note 11: Management Expenses

2022/2023 £000		2023/2024 £000
2,467	Administration costs	2,608
22,386	Investment management expenses	26,729
3,848	Oversight and governance costs	3,476
<b>28,701</b>	<b>Total</b>	<b>32,813</b>

The Oversight and Governance costs include the fees payable to Audit Wales for the external audit of the Fund of £50k for 2023/2024 (£47k in 2022/2023).

## Note 11A: Investment Management Expenses

2023/2024	Management Fees £000	Performance related fees £000	Transaction Costs £000	Total £000
<b>Investment Assets</b>				
<b>Pooled Funds</b>	3,185	0	1,132	4,317
<b>Other investments</b>				
Pooled property investments	1,870	207	163	2,240
Private equity and joint venture funds	7,002	1,749	68	8,820
Infrastructure funds	3,594	327	162	4,083
Timber and Agriculture	131	319	0	450
Private Debt	1,273	43	171	1,486
Impact / Local	3,166	1,927	93	5,186
	<b>20,221</b>	<b>4,572</b>	<b>1,789</b>	<b>26,582</b>
Custody Fees				147
Total				<b>26,729</b>

2022/2023	Management Fees £000	Performance related fees £000	Transaction Costs £000	Total £000
<b>Investment Assets</b>				
<b>Pooled Funds</b>	3,177	0	1,003	4,180
<b>Other investments</b>				
Pooled property investments	2,015	792	196	3,003
Private equity and joint venture funds	4,489	1,854	106	6,449
Infrastructure funds	3,055	631	81	3,767
Timber and Agriculture	148	0	0	148
Private Debt	1,111	160	100	1,371
Impact / Local	1,944	988	378	3,310
	<b>15,939</b>	<b>4,425</b>	<b>1,864</b>	<b>22,228</b>
Custody Fees				158
Total				<b>22,386</b>

## Note 11B: Wales Pension Partnership Management Expenses

2022/2023 £000		2023/2024 £000
158	Oversight and Governance	226
524	Transaction Costs	650
406	Fund Management Fees	427
123	Custody Fees	106
<b>1,211</b>	<b>Total</b>	<b>1,409</b>

Included in Management Expenses in the first table of this note is the cost of the Fund's involvement in the Wales Pension Partnership (WPP) collective investment pooling arrangement. These are further analysed in the table above. The Oversight and Governance costs are the annual running costs of the pool which includes the host authority costs and other external advisor costs. These costs are funded equally by all eight of the local authority pension funds in Wales. Fund Management Fees are payable to Waystone (formerly known as Link Fund Solutions), (the WPP operator) and include the operator fee and other associated costs. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from Investment Income. Underlying manager fees are not included in this table but are disclosed in the Finance Report elsewhere in the Annual Report. Further details on the WPP can also be found in the Finance Report.

## Note 12: Investment Income

2022/2023 £000		2023/2024 £000
	<b>Pooled Funds</b>	
8,392	Income from multi asset credit	9,948
3,045	Income from global equity	2,200
7,086	Income from emerging market equity	3,160
0	Income from sustainable equity	396
	<b>Other investments</b>	
4,083	Income from pooled property investments	2,972
363	Income from private equity and joint venture funds	1,093
4,292	Income from infrastructure funds	4,477
0	Income from timber & agriculture funds	18
3,091	Income from private debt	6,536
3,230	Income from impact / local funds	1,465
556	Interest on cash deposits	2,848
131	Other income	45
<b>34,269</b>		<b>35,158</b>

## Note 13: Investments

2022/2023		2023/2024
£000		£000
<b>Investment Assets</b>		
<b>Pooled Funds</b>		
230,688	Multi asset credit	251,529
262,537	Diversified growth funds	283,267
663,896	Liability Driven Investment	652,916
159,281	Hedge Fund of Funds	121,128
130,027	Global equity	0
115,712	Emerging Market Equity	0
0	Sustainable Equity	344,501
<b>Other Investments</b>		
133,422	Pooled property investments	112,830
205,945	Private equity and joint venture funds	222,848
130,888	Infrastructure funds	149,533
12,074	Timber and Agriculture	9,502
61,769	Private Debt	61,305
93,352	Impact/ Local	140,860
2,199,591		2,350,219
309	Cash	87,968
2,199,900	Total investment assets	2,438,187

During the year the Fund transitioned assets as per the table below.

Manager / Mandate	Redemptions £000s	Subscriptions £000s
Russell (WPP) Global Opportunity Equity	(132,796)	
Russell (WPP) Global Sustainable Equity		317,110
Man Hedge Fund of Funds	(48,000)	
Insight LDI	(40,000)	
Russell (WPP) Emerging Market Equity	(119,314)	
Cash	(65,000)	88,000
	(405,110)	405,110

## Note 13A: Reconciliation of Movements in Investments and Derivatives

	Market value 1st April 2023	Purchases during the year	Sales during the year	Change in market value	Market value 31st March 2024
	£000	£000	£000	£000	£000
<b>Investment Assets</b>					
<b>Pooled Funds</b>					
Multi asset credit	230,688	7,152	0	13,689	251,529
Diversified growth funds	262,537	15,001	(16,829)	22,558	283,267
Liability Driven Investment	663,896	0	(128,831)	117,851	652,916
Hedge Fund of Funds	159,281	0	(48,152)	9,999	121,128
Global equity	130,027	588	(132,811)	2,196	0
Emerging Market equity	115,712	2,280	(119,314)	1,322	0
Sustainable equity	0	318,059	0	26,442	344,501
<b>Other investments</b>					
Pooled property investments	133,422	8,639	(9,899)	(19,332)	112,830
Private equity and joint venture funds	205,945	32,871	(29,193)	13,225	222,848
Infrastructure funds	130,888	30,946	(15,350)	3,049	149,533
Timber and Agriculture	12,074	0	(2,902)	330	9,502
Private Debt	61,769	8,873	(6,580)	(2,757)	61,305
Impact / Local	93,352	55,449	(11,448)	3,507	140,860
<b>Total investment assets</b>	<b>2,199,591</b>	<b>479,858</b>	<b>(521,309)</b>	<b>192,079</b>	<b>2,350,219</b>
Cash deposits	309				87,968
Currency Profit	0			17	
<b>Total assets</b>	<b>2,199,900</b>			<b>192,096</b>	<b>2,438,187</b>

	Market value 1st April 2022 Restated	Purchases during the year	Sales during the year	Change in market value	Market value 31st March 2023
	£000	£000	£000	£000	£000
<b>Investment Assets</b>					
<b>Pooled Funds</b>					
Multi asset credit	246,032	8,181	0	(23,525)	230,688
Diversified growth funds	273,120	0	(153)	(10,430)	262,537
Liability Driven Investment	596,076	390,000	(152,725)	(169,455)	663,896
Hedge Fund of Funds	157,982	0	(130)	1,429	159,281
Global equity	263,295	2,833	(125,497)	(10,604)	130,027
Emerging Market Equity	220,789	6,456	(90,000)	(21,533)	115,712
<b>Other investments</b>					
Pooled property investments	146,325	10,225	(5,805)	(17,323)	133,422
Private equity and joint venture funds	201,521	29,123	(50,454)	25,755	205,945
Infrastructure funds	124,721	13,591	(23,320)	15,896	130,888
Timber and Agriculture	14,125	0	(3,939)	1,888	12,074
Private Debt	52,592	12,572	(6,854)	3,459	61,769
Impact / Local	79,332	17,354	(9,515)	6,181	93,352
<b>Total investment assets</b>	<b>2,375,910</b>	<b>490,335</b>	<b>(468,392)</b>	<b>(198,262)</b>	<b>2,199,591</b>
Cash deposits	30,215				309
<b>Total assets</b>	<b>2,406,125</b>			<b>(198,262)</b>	<b>2,199,900</b>



## Note 13B: Analysis by Fund Manager

2022/2023			2023/2024	
£000	%		£000	%
Wales Pension Partnership Investments				
476,427	21.7%	Russell Investments	600,678	25.5%
0	0.0%	GCM Grosvenor	15,642	0.7%
0	0.0%	Schroders	18,554	0.8%
476,427	21.7%		634,874	27.0%
664,205	30.2%	Insight	652,961	27.8%
262,537	11.9%	Mobius	283,267	12.1%
159,281	7.2%	MAN Group	121,128	5.1%
637,450	29.0%	Other Fund Managers	657,989	28.0%
1,723,473	78.3%		1,715,345	73.0%
2,199,900	100%		2,350,219	100.0%

The following investments represent more than 5% of the net assets of the scheme. All of these companies are registered in the UK. Where the table above shows a holding of greater than 5% but the manager does not appear in the list below this is because investments are held in more than one fund.

2022/2023		Manager	Holding	2023/2024	
£000	%			£000	%
664,205	30.2%	Insight	LDI Active 22 Fund	652,916	27.8%

## Note 13C: Stock Lending

The Fund's Investment Strategy sets the parameters for its stock lending programme. The Fund participates in stock lending through its investments with WPP. At 31 March 2024 the total value of all WPP stock on loan was £473,209,901. Total net revenue during 2023/2024 was £915,594 of which the Clwyd Pension Fund received £30,960.

## Note 14: Derivatives

No derivative instruments were held by Clwyd Pension Fund at 31 March 2024 or 31 March 2023.

## Note 15: Fair Value of Investments

### Fair Value: Basis of valuation

All investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

Investments and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

**Level 1:** where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities.

**Level 2:** where quoted market prices are not available, valuation techniques are used to determine fair value based on observable data.

**Level 3:** where at least one input that could have a significant effect on the investment's valuation is not based on observable market data.

The valuation basis for each category of investment asset is set out below.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Quoted Pooled Investment Vehicles	Level 1	Quoted market bid price on the relevant exchange	Not required	Not required
Infrastructure	Level 1	Published bid price ruling on the final day of the accounting period	Not required	Not required
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Amounts receivable from investment sales	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Investment debtors and creditors	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Unquoted equity investments	Level 2	Average of broker prices	Evaluated price feeds	Not required
Unquoted fixed income bonds and unit trusts	Level 2	Average of broker prices	Evaluated price fees	Not required
Unquoted pooled fund investments	Level 2	Average of broker prices	Valued net of unrealised gains/losses on hedging	Internal rate of return
Pooled property funds and hedge funds where regular trading takes place	Level 2	Closing bid price where bid and offer prices are published; closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Hedge Fund	Level 2	Valued monthly using closing bid price where bid and offer prices are published or closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled Property Funds and hedge funds where regular trading does not take place	Level 3	Valued by investment managers on a fair value basis each year using PRAG guidance	NAV-based pricing set on a forward pricing basis	Valuations are affected by any changes to the value of the financial instrument being hedged against
Other unquoted and private equities	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts

## Sensitivity of assets valued at level 3

The fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024 and 31 March 2023.

2023/2024	Potential variation in fair value	Value at 31st March	Potential value on increase	Potential value on decrease
	%	£000	£000	£000
<b>Other investments</b>				
Pooled property investments	14.8	100,507	115,382	85,632
Private equity and joint venture funds	24.6	222,848	277,669	168,028
Infrastructure funds	14.4	141,502	161,879	121,126
Timber and Agriculture	14.4	9,502	10,870	8,133
Private Debt	10.6	61,305	67,804	54,807
Impact/ Local	24.6	140,860	175,511	106,208
		676,524	809,115	543,934

2022/2023	Potential variation in fair value	Value at 31st March	Potential value on increase	Potential value on decrease
	%	£000	£000	£000
<b>Other investments</b>				
Pooled property investments	15.3	121,233	139,781	102,684
Private equity and joint venture funds	24.4	205,945	256,195	155,694
Infrastructure funds	15.8	121,603	140,816	102,390
Timber and Agriculture	5.5	12,074	12,738	11,410
Private Debt	11.1	61,769	68,625	54,913
Impact/ Local	24.5	93,352	116,223	70,481
		615,976	734,378	497,572

## Note 15A: Fair Value of Hierarchy

The following table shows the position of the Fund's assets at 31 March 2024 based on the Fair Value hierarchy:

Values at 31st March 2024	Quoted market price £000	Using observable inputs £000	Significant unobservable inputs £000	Total £000
<b>Investment Assets</b>				
Multi Asset Credit		251,529		251,529
Diversified growth funds		283,267		283,267
Liability Driven Investment		652,916		652,916
Hedge Fund of Funds		121,128		121,128
Sustainable equity		344,501		344,501
Emerging Market Equity		0		0
<b>Other investments</b>				
Pooled property investments		12,323	100,507	112,830
Private equity and joint venture funds			222,848	222,848
Infrastructure funds	8,031		141,502	149,533
Timber and Agriculture			9,502	9,502
Private Debt			61,305	61,305
Impact/Local			140,860	140,860
Cash deposits	87,968			87,968
<b>Total investment assets</b>	95,999	1,665,664	676,524	2,438,187
Cash deposits	37,092			37,092
<b>Total assets</b>	133,091	1,665,664	676,524	2,475,279

Values at 31st March 2023	Quoted market price £000	Using observable inputs £000	Significant unobservable inputs £000	Total £000
<b>Investment Assets</b>				
Multi Asset Credit		230,688		230,688
Diversified growth funds		262,537		262,537
Liability Driven Investment		663,896		663,896
Hedge Fund of Funds		159,281		159,281
Global equity		130,027		130,027
Emerging Market Equity		115,712		115,712
<b>Other investments</b>				
Pooled property investments		12,189	121,233	133,422
Private equity and joint venture funds			205,945	205,945
Infrastructure funds	9,285		121,603	130,888
Timber and Agriculture			12,074	12,074
Private Debt			61,769	61,769
Impact/Local			93,352	93,352
Cash deposits	309			309
<b>Total investment assets</b>	9,594	1,574,330	615,976	2,199,900
Cash deposits	98,281			98,281
<b>Total assets</b>	107,875	1,574,330	615,976	2,298,181

## Note 15B: Reconciliation of Fair Value Measurements Within Level 3

	Value at 31st March 2022	Purchases	Sales	Unrealised gains and losses	Realised gains and losses	Value at 31st March 2023
	£000	£000	£000	£000	£000	£000
<b>Other Investments</b>						
Pooled property investments	132,233	10,225	(5,798)	(18,009)	2,582	121,233
Private equity and joint venture funds	201,521	29,123	(50,454)	6,262	19,493	205,945
Infrastructure funds	114,553	13,112	(23,320)	14,939	2,319	121,603
Timber and Agriculture	14,125	0	(3,939)	261	1,627	12,074
Private Debt	52,592	12,572	(6,854)	3,459	0	61,769
Impact/Local	79,332	17,354	(9,515)	2,205	3,976	93,352
	594,356	82,386	(99,880)	9,117	29,997	615,976

	Value at 31st March 2023	Purchases	Sales	Unrealised gains and losses	Realised gains and losses	Value at 31st March 2024
	£000	£000	£000	£000	£000	£000
<b>Other Investments</b>						
Pooled property investments	121,233	8,639	(9,884)	(20,412)	931	100,507
Private equity and joint venture funds	205,945	32,871	(29,193)	471	12,754	222,848
Infrastructure funds	121,603	30,441	(15,350)	2,874	1,934	141,502
Timber and Agriculture	12,074	0	(2,902)	(482)	812	9,502
Private Debt	61,769	8,873	(6,580)	(2,757)	0	61,305
Impact/Local	93,352	55,449	(11,448)	(1,441)	4,948	140,860
	615,976	136,273	(75,357)	(21,747)	21,379	676,524

## Note 16: Classification Of Financial Instruments

2022/2023				2023/2024		
Fair Value through profit and loss	Financial Asset at Amortised Cost	Financial liabilities at amortised cost		Fair Value through profit and loss	Financial Asset at Amortised Cost	Financial liabilities at amortised cost
£000	£000	£000		£000	£000	£000
			<b>Financial Assets</b>			
			<b>Pooled Funds</b>			
230,688			Multi asset credit	251,529		
262,537			Diversified growth funds	283,267		
663,896			Liability Driven Investment	652,916		
159,281			Hedge Fund of Funds	121,128		
130,027			Global equity	0		
0			Sustainable equity	344,501		
115,712			Emerging Market Equity	0		
			<b>Other investments</b>			
133,422			Pooled property investments	112,830		
205,945			Private equity and joint venture funds	222,848		
130,888			Infrastructure funds	149,533		
12,074			Timber and Agriculture	9,502		
61,769			Private Debt	61,305		
93,352			Impact/ Local	140,860		
309	98,281		Cash	87,968	37,092	
	0		Other investment balances		0	
	431		Debtors	1,378		
2,199,900	98,712	0		2,439,565	37,092	0
			<b>Financial liabilities</b>			
		(744)	Creditors			(1,237)
2,199,900	98,712	(744)		2,439,565	37,092	(1,237)



The table above analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

## Note 17: Nature and Extent of Risks Arising from Financial Instruments

### Procedures for Managing Risk

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cashflows. The fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the fund's risk management strategy rests with the Clwyd Pension Fund Committee. Risk management policies are established to identify and analyse the risks faced by the pension fund's operations, then reviewed regularly to reflect changes in activity and market conditions.

### Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis, and manage any identified risk in two ways:

- The exposure of the fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels.
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

## Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The fund is exposed to share and derivative price risk. The fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the fund investment strategy.

### Other Price Risk: Sensitivity Analysis

In consultation with its investment advisors, the fund has determined that the following movements in market price risk are reasonably possible for 2023/2024, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same.

Assets exposed to price risk	Value	3 year volatility range	Value on increase	Value on decrease
	£000s	%	£000s	£000s
As at 31 March 2023	2,199,900	8.26%	2,381,564	2,018,235
As at 31 March 2024	2,438,187	8.71%	2,650,464	2,225,911

## Interest Rate Risk

The fund recognises that interest rates can vary and can affect both income to the fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy. The Fund's investment advisor has advised that long-term average rates are expected to move less than 100 basis points (1%) from one year to the next and experience suggests that such movements are likely.

Over the 12 months to 31 March 2024, long dated fixed interest gilt yields rose 0.5%.

### Interest Rate Risk: Sensitivity analysis

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates. The analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Interest rate risk is the risk that the fair value of the Fund's assets will be affected by changes in interest rates. The amount by which the fair value of the Fund's assets is affected by interest rates is not only determined by the size of the movement in interest rates but also by the duration of the assets. Duration is the measure of the how sensitive an asset is to changes in interest rates, therefore the higher the duration the greater the change in the fair value of assets when interest rates move. An example of the relationship between interest rates and duration is as follows: if

interest rates increase by 1% and asset who has a duration of 2, would experience a 2% decrease (1%\*2) in the fair value of its asset.

Assets exposed to interest rate risk	Value £000s	Value on 1% increase £000s	Value on 1% decrease £000s
As at 31 March 2023	993,175	902,484	1,105,862
As at 31 March 2024	1,029,505	928,474	1,154,537

## Currency Risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. Following analysis of historical data in consultation with the fund investment advisors, the fund considers the likely volatility associated with foreign exchange rate movements to be not more than 15%. A 15% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows.

### Currency risk: Sensitivity analysis

Assets exposed to currency risk	Value £000s	% change %	Value on increase £000s	Value on decrease £000s
As at 31 March 2023	891,012	15.0%	1,024,663	757,360
As at 31 March 2024	886,977	15.0%	1,020,023	753,930

The table above shows the unhedged FX exposures within the portfolio, note the Fund has FX exposures elsewhere within the portfolio but these are hedged back to sterling to remove the FX risk.

## Credit Risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the fund to incur a financial loss. Assets potentially affected by this risk are investment assets, cash deposits and third-party loans. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The pension fund has not experienced any actual defaults in recent years. All contributions due at 31 March 2024 were received in the first months of the financial year.

## Liquidity Risk

Liquidity risk is the risk that the fund will not be able to meet its financial obligations as they fall due. The Committee monitors cashflows regularly during the year, and as part of the triennial funding review, and takes steps to ensure that there are adequate cash resources to meet its commitments.

The Fund has immediate access to its cash holdings. The Fund defines liquid assets as assets that can be converted to cash within three months, subject to normal market conditions. As at 31 March 2024, liquid assets were £1,798m representing 73% of total fund assets (£1,584m at 31 March 2023 representing 72% of the Fund at that date). The majority of these investments can in fact be liquidated within a matter of days.

## Refinancing risk

The key risk is that the pension fund will need to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The pension fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

## Note 18: Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the fund's actuary undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year but taking account of changes in membership numbers and updating assumptions to the current year. The valuation is not carried out on the same basis as that used for setting fund contributions and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future. In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes.

2022/2023		2023/2024
£m		£m
2,398	Present value of promised retirement benefits	2,441
(2,298)	Fair value of scheme assets	(2,475)
<b>100</b>	<b>Total</b>	<b>(34)</b>

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2019 triennial funding valuation) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates. Other key assumptions used are:

2022/2023		2023/2024
%		%
	Inflation/pension increase rate	
2.70	assumption	2.70
3.95	Salary increase rate	3.95
4.80	Discount rate	4.90

## Note 19: Current Assets

2022/2023 Restated £000		2023/2024 £000
378	<b>Long-term debtors</b>	448
	<b>Short-term debtors</b>	
1,588	Contributions due: Employees	1,752
4,583	Contributions due: Employers	6,240
431	Prepayments	506
0	Interest Due	397
22	Sundry debtors	27
<b>6,624</b>	<b>Total Short-term debtors</b>	<b>8,922</b>
<b>7,002</b>	<b>Total Debtors</b>	<b>9,370</b>
98,281	Cash balances	37,092
<b>105,283</b>	<b>Total Current Assets</b>	<b>46,462</b>

## Note 20: Current Liabilities

2022/2023 £000		2023/2024 £000
(166)	Contributions received in advance	(906)
(1,319)	Benefits payable	(1,786)
(14)	Administering authority	(12)
(16)	HMRC	(11)
(1,070)	Sundry creditors	(1,214)
<b>(2,585)</b>	<b>Total</b>	<b>(3,929)</b>

## Note 21: Additional Voluntary Contributions (AVCs)

Clwyd Pension Fund has engaged two additional voluntary contribution (AVC) providers: Prudential Assurance Company Ltd and Utmost Life and Pensions Limited. The value of the funds invested with both AVC providers are shown below. AVCs paid directly to the Prudential are shown below.

In accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the contributions paid and the assets of these investments are not included in the Fund's Accounts.

2022/2023 £000		2023/2024 £000
<b>1,101</b>	Contributions in the year	<b>1,356</b>
<b>Value of AVC funds at 31st March:</b>		
5,585	Prudential	7,104
289	Utmost (formerly Equitable Life)	279
<b>5,874</b>	<b>Total</b>	<b>7,383</b>

## Note 22: Agency Services

Clwyd Pension Fund pays discretionary awards to former employees of the current unitary authorities, Coleg Cambria and some other employers. Amounts paid are fully reclaimed from the employer bodies.

2022/2023 £000		2023/2024 £000
430	Conwy County Borough Council	438
1,524	Denbighshire County Council	1,568
2,849	Flintshire County Council	2,960
17	Powys County Council	17
1,896	Wrexham County Borough Council	1,960
47	Coleg Cambria	50
51	Other employers	55
<b>6,814</b>	<b>Total</b>	<b>7,048</b>

## Note 23: Related Party Transactions

### Governance

Under legislation, introduced in 2004, Councillors are entitled to join the Pension Scheme. As at 31 March 2024, five Members of the Clwyd Pension Fund Committee had taken this option, with one being in receipt of a pension.

Two of the four Co-opted Members of the Pension Fund Committee are eligible to receive fees in relation to their specific responsibilities as members of the Committee in the form of an attendance allowance that is in line with that adopted by Flintshire County Council. Allowances amounted to £4,725 for 2023/2024 (£4,107 in 2022/2023).

### Flintshire County Council

During the year Flintshire County Council incurred costs of £2.5m (£2.3m in 2022/2023) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The costs have been included within Oversight & Governance costs and administration expenses at Note 11.

## Key Management Personnel

The key management personnel of the Fund during 2023/2024 were the Chair of the Pension Fund Committee, the Head of the Clwyd Pension Fund and the Flintshire S.151 officer. Total benefits attributable to key management personnel are set out below:

2022/2023 £000		2023/2024 £000
46	Short-term benefits	80
(176)	Post-employment benefits	101
<b>(130)</b>		<b>181</b>

## Note 24: Contingent Liabilities and Contractual Commitments

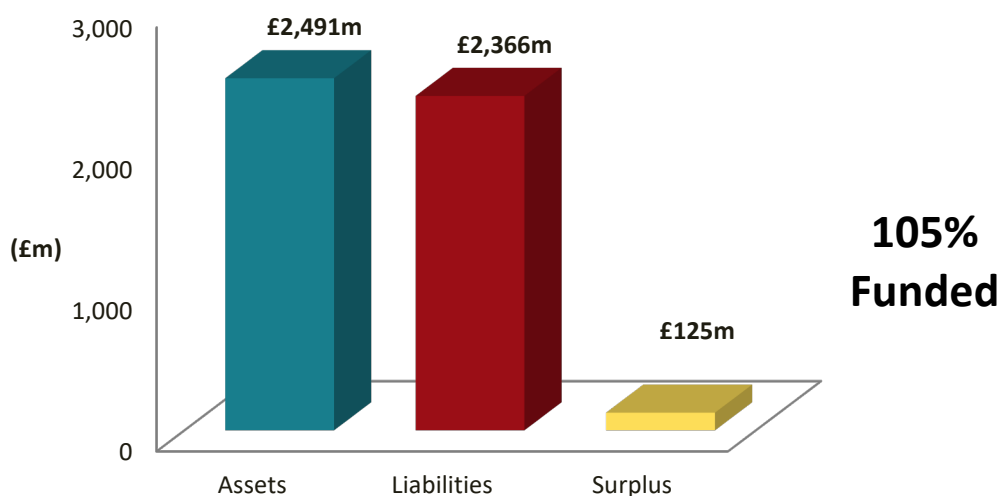
Outstanding capital commitments (investments) at 31 March 2024 were £439m (31 March 2023: £277m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the impact, private debt, private equity, property and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing and will depend on the investment period of each individual Fund.

## Note 25: Clwyd Pension Fund Accounts For The Year Ended 31 March 2024 (Statement By The Consulting Actuary)

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Clwyd Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund's assets of £2,491 million represented 105% of the Fund's past service liabilities of £2,366 million (the "Solvency Funding Target") at the valuation date. The surplus at the valuation was therefore £125 million.



The valuation also showed that a Primary contribution rate of 18.8% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the last actuarial valuation the average recovery period adopted was 12 years. The total recovery payment (the “Secondary rate” for 2023/2026) was, on average, a surplus offset of approximately £10.0m per annum (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.

In practice, each individual employer’s position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate)	4.60% per annum	5.10% per annum
Rate of pay increases (long term)*	4.35% per annum	4.35% per annum
Rate of increases in pensions in payment (in excess of GMP)	3.10% per annum	3.10% per annum

\* for some employers allowance was also made for short-term public sector pay restraint over a 3 year period.

The assets were assessed at market value.



The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

## Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2024 (the 31 March 2023 assumptions are included for comparison):

	31 March 2023	31 March 2024
Rate of return on investments (discount rate)	4.8% per annum	4.9% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.7% per annum	2.7% per annum
Rate of pay increases*	3.95% per annum	3.95% per annum
Increases on pensions (in excess of GMP) / Deferred revaluation	2.8% per annum	2.8% per annum

\* This is the long-term assumption. An allowance in line with that made at the 2022 actuarial valuation for short-term public sector pay restraint was also included.

The demographic assumptions are the same as those used for funding purposes for the 2022 actuarial valuation but with a long-term rate of life expectancy improvement of 1.5% p.a. For the year end assumptions, we have also updated to the latest CMI tables available (CMI 2022) and applied a suitable reweighting.

Full details of the demographic assumptions are set out in the formal report on the actuarial valuations dated March 2023.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

<b>Start of period liabilities</b>	<b>£2,398m</b>
Interest on liabilities	£113m
Net benefits accrued/paid over the period*	(£14m)
Actuarial (gains)/losses (see below)	(£56m)
<b>End of period liabilities</b>	<b>£2,441m</b>

\*this includes any increase in liabilities arising as a result of early retirements

Key factors leading to actuarial gains above are:

- Change in financial assumptions: Corporate bond yields increased slightly over the year, with a corresponding increase in discount rate from 4.8% p.a. to 4.9% p.a. The long-term assumed CPI is the same at the end of year as it was at the start of year. In combination, these factors lead to a small reduction in liabilities.
- Change in demographic assumptions: As noted above, the assumptions have been updated to reflect the new CMI model available. This acts to reduce the liabilities.
- Pension increases / recent high short-term inflation: The figures allow for the impact of the April 2024 pension increase of 6.7%, to the extent it wasn't allowed for in the 2023

statement, along with known CPI since September 2023 (which will feed into the 2025 pension increase). As inflation over the year was higher than the long-term assumption, this increases the liabilities.

**Paul Middleman**  
**Fellow of the Institute and**  
**Faculty of Actuaries**

**Mark Wilson**  
**Fellow of the Institute and**  
**Faculty of Actuaries**

**Mercer Limited**  
**July 2024**

## Appendix: Additional Considerations

**The “McCloud judgment”:** The figures above allow for the impact of the judgment based on the proposed remedy.

**GMP indexation:** The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

**Covid 19 / Ukraine / Gaza conflict:** The financial assumptions allow for these factors to the degree that they are reflected in the market values on which the assumptions are based. The mortality assumption includes no specific adjustment for COVID as our view is that it is not possible at this point to draw any meaningful conclusions on the long-term impact.

**High inflation over last two years** The period-end figures above allow for the impact of actual known CPI at the accounting date as noted above. The period-end assumptions then allow for expected (market implied) CPI from that point.

# Statement of Responsibilities for the Statements of Accounts

## The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, this is the Corporate Finance Manager as Chief Finance Officer;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

Cllr Dan Rose

Chair of the Pension Committee

27 November 2024

## The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's statement of accounts in accordance with the proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code").

In preparing this statement of accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the Code

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities

The statement of accounts presents a true and fair view of the financial position of the Council at 31st March 2024, and its income and expenditure for the year then ended.

Gary Ferguson CPFA

Corporate Finance Manager (Chief Finance Officer)

27 November 2024

# Audit Report

## The report of the Auditor General for Wales to the members of Flintshire County Council as administering Authority of the Clwyd Pension Fund

### Opinion on financial statements

I have audited the financial statements of Clwyd Pension Fund for the year ended 31 March 2024 under the Public Audit (Wales) Act 2004.

The Clwyd Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2024 and of the amount and disposition at that date of its assets and liabilities, and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024.

### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the Annual Report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the Annual Report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit the information contained in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Local Government Pension Scheme Regulations 2013.

## Matters on which I report by exception

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

## Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the financial statements, the responsible financial officer is responsible for:

- the preparation of the financial statements, which give a true and fair view;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and

- assessing the Clwyd Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Clwyd Pension Fund will not continue to be provided in the future.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the pension fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Clwyd Pension Fund's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals and management override;
- Obtaining an understanding of Clwyd Pension Fund's framework of authority as well as other legal and regulatory frameworks that Clwyd Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Clwyd Pension Fund; and
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Pension Fund Committee and legal advisors about actual and potential litigation and claims;

- reading minutes of meetings of those charged with governance and the administering authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Clwyd Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Clwyd Pension Fund's in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton  
Auditor General for Wales  
28 November 2024

1 Capital Quarter  
Tyndall Street  
Cardiff, CF10 4BZ

The maintenance and integrity of the Clwyd Pension Fund / Flintshire County Council's websites are the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

## Section 5: Investments and Funding

Within this section there are references to the Fund's Investment Strategy Statement (ISS) and Funding Strategy Statement (FSS). Links to both can be found in Section 7

### Appendix 3: Investment Policy and Performance Report

The following report provides an update from an investment perspective on the activities of the Clwyd Pension Fund (the "Fund") during 2023/2024.

#### Investment Strategy Statement (ISS)

When considering the Fund's investments, it is appropriate to start with the overall investment objectives, which are set out in the ISS. The ISS is appended to this report and sets out the funding and investment objectives for the Fund. The specific investment objectives are:

- Achieve and maintain assets equal to 100% of liabilities within a 12-year average timeframe, whilst remaining within reasonable risk parameters.
- Determine employer contribution requirements, whilst recognising the constraints on affordability and strength of employer covenants, with the aim being to maintain as predictable an employer contribution requirement as possible.
- Recognising the constraints on affordability for employers, aim for sufficient excess investment returns relative to the growth of liabilities.
- Strike an appropriate balance between long-term consistent investment performance and the funding objectives.
- Manage employers' liabilities effectively through the adoption of employer specific funding objectives.
- Ensure net cash outgoings can be met as and when required.
- Minimise unrecoverable debt on employer termination.
- Ensure that its future strategy, investment management actions, governance and reporting procedures take full account of longer-term risks and sustainability considerations.
- Ensure that the Fund's investments are aligned with the transition to a low carbon economy through a commitment to achieving a net zero carbon dioxide emissions target by 2045.
- Promote acceptance of sustainability principles and work together with other parties (as deemed appropriate) to enhance the Fund's effectiveness in implementing these.
- Aim to use the Wales Pensions Partnership as the first choice for investing the Fund's assets subject to it being able to meet the requirements of the Fund's investment strategy and objectives (including sustainability requirements), within acceptable long-term costs to deliver the expected benefits and subject to ongoing confidence in the governance of the Partnership.

Each of these specific objectives have embedded within them the Fund's desire to incorporate sustainability in its long-term approach and to demonstrate that it is acting effectively as a responsible investor. As at the reporting date, the Fund's ISS was under review following the triennial investment strategy review.



The Fund's ISS was updated following a review of the investment strategy in 2024 in light of market conditions and liquidity requirements and was approved by the Committee at the March 2024 meeting.

## Investment Strategy

The Fund's strategic asset allocation is shown in the table below:

Strategic Asset Class	Strategic Allocation (%)	Strategic Range (%)	Conditional Range (%)
Developed Global Equity	15.0	10.0 – 20.0	0 – 30
TAA	11.0	9.0 – 13.0	0 – 20
Multi-Asset Credit	12.0	10.0 – 14.0	0 – 20
Risk Management Framework	28.0	15.0 – 40.0	0 – 45
Cash	5.0	2.5 – 7.5	0 – 10
<b>Private Markets</b>			
Property	4.0	2.0 – 6.0	0 – 8
Private Equity	8.0	6.0 – 10.0	0 – 15
Local/Impact	8.0	6.0 – 10.0	0 – 15
Infrastructure	6.0	4.0 – 8.0	0 – 15
Private Debt	3.0	1.0 – 5.0	0 – 6

The Fund's Investment Strategy is highly diversified and incorporates a Risk Management Framework. The aim of the Fund's strategy remains to reduce the volatility of returns, in line with the objective of stabilising employer contribution rates. The Risk Management Framework is a key feature of the Fund's Investment Strategy and looks to manage a number of the key risks. This portfolio is explained in more detail in the Risk Management section of the Actuary's report.

## Strategic Allocation versus Actual Allocations

Manager	Mandate	Actual 31/03/2023 (%)	Actual 31/03/2024 (%)	Strategic Allocation 2023/2024 (%)
<b>Developed Global Equity</b>				<b>15.0</b>
WPP	Sustainable Equity	0.0	13.9	15.0
BlackRock	Global Equity	5.7	0.0	
<b>Emerging Market Equity</b>				<b>0.0</b>
WPP	Emerging Equity	5.1	0.0	0.0
<b>Hedge Funds</b>				<b>0.0</b>
ManFRM	Hedge Funds	7.0	4.9	0.0
<b>TAA</b>				<b>11.0</b>
Various	Tactical Asset	11.5	11.4	11.0
<b>Multi-Asset Credit</b>				<b>12.0</b>
WPP	Multi-Asset Credit	10.1	10.2	12.0
<b>Risk Management Framework</b>				<b>28.0</b>
Insight	RMF	29.0	26.4	28.0
<b>Strategic Cash and Liquidity</b>				<b>5.0</b>
Insight	Strategic Cash and	0.0	3.6	5.0
In-House	Trustee Bank Account	4.3	1.5	
<b>Private Markets</b>				<b>29.0</b>
Various	Property	5.9	4.6	4.0
Various	Private Equity	8.8	8.9	8.0
Various	Local/Impact	3.9	5.8	8.0
Various	Infrastructure	5.6	6.0	6.0
Various	Private Debt	2.6	2.5	3.0
Various	Timber/Agriculture	0.5	0.4	0.0

Note: Total may not sum due to rounding.

The table above reflects the revised strategic allocation, which was agreed in March 2024. The implementation of the revised strategy was in progress at the time of writing.

During the 2023/2024 period, the Fund disinvested in full from both the Global Equity (WPP Global Opportunities Fund: Q2 2023) and Emerging Market Equity (WPP Emerging Market Equity – Q1 2024) mandates. Proceeds from both trades were invested into the WPP Sustainable Active Equity Fund.

The revised strategic allocation reflects a new strategic position, strategic cash. This position encompasses both the Trustee Bank Account and Cash held with Insight Investments. This position is due to be restructured over the coming year, with a focus on short term income generation to support liquidity needs of the Fund such as paying member benefits.

At the time of writing, the Fund's Officers have submitted a full redemption from the Hedge Fund mandate and will look to distribute the proceeds across underweight allocations upon receipt.

## Market Background: 12 Months to 31 March 2024

The 12-month period to 31 March 2024, proved to be a more positive market environment for investors. On a year-on-year basis to 31 March 2024, sterling returns for developed global market equities were positive at 22.5%. Sterling's depreciation increased equity returns for unhedged UK investors. Overall, the positive momentum throughout the period has been driven by lower inflation data, positive earnings, and economic activity data.

During the period, market dynamics were significantly influenced by inflation and central bank policies. The UK's headline inflation notably decreased to 3.4% in February 2024, a significant drop from its peak of 11% in October 2022. This period saw an increase in global sovereign bond yields as central banks across the globe implemented tighter monetary policies to mitigate the effects of rising inflation. Specifically, the Bank of England (BOE) opted to increase rates during the second and third quarters of 2023, in response to persistent core inflation and a strong labour market that showed no signs of abating. However, central banks halted rate hikes in the latter half of 2023, with the market beginning to anticipate several rate cuts throughout 2024. Despite these expectations, it became apparent in early Q1 2024 that central banks were likely to postpone the commencement of the rate-cutting cycle until later in the year, prompting a slight reversal in market expectations.

Furthermore, over the 12 months leading up to March 2024, there was a noticeable increase in the yield of UK 10-year gilts, which rose from 3.49% to 3.93%.

## Investment Performance 2023/2024

The market value of the Fund has increased from approximately £1,204.1m in March 2014 to £2,475.2m in March 2024. The table below shows a summary of the annualised investment performance over the last 10 years compared with the Fund's benchmark and local government pension funds. The Fund has achieved good levels of total returns over the various periods shown. For the 1 year period, performance was ahead of the average LGPS fund but below the Fund's specific benchmark.

Period (Years)	Clwyd Pension Fund (% p.a.)	Clwyd Benchmark (% p.a.)	Average Local LGPS fund (% p.a.)
1	+9.8	+13.1	+9.2
3	+5.2	+5.3	+5.3
5	+6.4	+6.7	+6.5
10	+7.6	+7.5	+7.6

Source: Mercer, PIRC.

The Fund posted a positive investment return of +9.8% for the 12 months to 31 March 2024, against a composite benchmark of +13.1%. Whilst underperforming the benchmark is of course not the desired outcome, this is expected to happen from time to time over shorter-term time periods. Officers and the Committee have reviewed in detail how the portfolio performed, and the background to the performance is clearly understood.

The Fund assesses performance against a "stretch benchmark", meaning that some of the Fund's underlying mandates aim to outperform their respective benchmarks by a target amount. For

example, the performance of the WPP Sustainable Active Equity Fund is assessed against an outperformance target of 2.0% p.a., which is in addition to the underlying benchmark.

The WPP Sustainable Active Equity Fund, which makes up the Fund's full listed equity allocation, underperformed over recent periods mainly as a result of being underweight the 'magnificent seven' stocks. The performance achieved was in-line with the experience of other sustainability-oriented strategies. The investment in the WPP Sustainable Active Equity Fund has only been in place for a relatively short period of time, since July 2023. The Fund is committed to investing the assets in a sustainable way, over the long-term. There was some underperformance seen in the Fund's private market assets over the 2023 to 2024 period, albeit in-line with recent activity and wider market conditions.

The bigger picture that should be focused on is the overall funding position and financial status of the Fund, which is covered in more detail in the Actuary's report section. The Fund has successfully enhanced these aspects over an extended period, whilst navigating challenging market conditions such as Brexit, COVID-19, and recent periods of relatively high inflation and interest rates.

Overall, the funding position was estimated to be 109% as at 31 March 2024 (the date of the accounts) based on an update from the 2022 actuarial valuation, which showed a funding level of 105% at 31 March 2022. This was ahead of expectations by c. 5% taking into account that employers are using some of the surplus via reduced contributions, and continues the period of steady improvement seen in the funding position over the last 10 years.

It is also important to consider performance in context of a longer-term horizon. Over three years to the 31 March 2024, the Fund achieved a return of +5.2% p.a., compared with a benchmark of +5.3% p.a. Whilst over the last ten years the Fund has produced annualised returns of 7.6% p.a. net of all fees, well in excess of the discount rate and inflation over that period. This long-term performance has helped the Fund to be in the strong overall financial position that it finds itself in today.

## Performance and Historic Strategy Positioning

The first table below demonstrates the performance of the existing underlying funds against their respective targets over the 10-year period to 31 March 2024.

The second table below documents the changes in the Fund's Investment Strategy since 2001. As can be seen the asset allocation is very different from that of the average local government pension fund. The Fund has been particularly active and very early in its commitments to alternative assets through a broad range of specialist managers.

## Performance to 31 March 2024

Fund	Investment Manager	Q1 2024 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yr (%)	B'mark (%)	5 Yr (%)	B'mark (%)	10 Yr (%)	B'mark (%)
<b>Total</b>		<b>4.0</b>	<b>4.3</b>	<b>9.8</b>	<b>13.1</b>	<b>5.2</b>	<b>5.3</b>	<b>6.4</b>	<b>6.7</b>	<b>7.6</b>	<b>7.5</b>
<b>Total Equity</b>		<b>6.8</b>	<b>8.2</b>	<b>11.5</b>	<b>17.9</b>	<b>3.7</b>	<b>6.7</b>	<b>7.2</b>	<b>9.6</b>	<b>8.7</b>	<b>10.9</b>
WPP Sustainable Equity	Russell	8.1	9.7	-	-	-	-	-	-	-	-
<b>Total Credit</b>		<b>1.9</b>	<b>2.3</b>	<b>10.2</b>	<b>9.2</b>	<b>0.1</b>	<b>6.5</b>	<b>1.6</b>	<b>4.8</b>	<b>1.5</b>	<b>3.2</b>
WPP Multi-Asset Credit	Russell	1.9	2.3	10.2	9.2	0.1	6.5	-	-	-	-
<b>Total Hedge Funds</b>		<b>4.9</b>	<b>2.2</b>	<b>8.5</b>	<b>8.7</b>	<b>5.9</b>	<b>6.0</b>	<b>4.5</b>	<b>5.2</b>	-	-
Hedge Funds	Man	4.9	2.2	8.5	8.7	5.9	6.0	4.5	5.2	-	-
<b>Total Tactical Allocation</b>		<b>3.6</b>	<b>1.4</b>	<b>8.6</b>	<b>5.9</b>	<b>7.9</b>	<b>7.4</b>	<b>7.7</b>	<b>6.2</b>	<b>4.8</b>	<b>5.3</b>
TAA	Various	3.6	1.4	8.6	5.9	7.9	7.4	7.9	6.1	4.3	2.5
<b>Total Private Markets</b>		<b>1.4</b>	<b>2.2</b>	<b>1.9</b>	<b>8.5</b>	<b>12.3</b>	<b>6.8</b>	<b>8.9</b>	<b>5.9</b>	<b>10.9</b>	<b>6.4</b>
<b>Private Markets</b>	Various	1.4	2.2	1.8	8.5	12.3	6.8	8.9	5.9	10.9	6.4
<b>WPP Private Markets</b>	Various	1.4	2.4	-	-	-	-	-	-	-	-
Property	Various	-2.7	0.6	-13.9	0.3	-3.0	2.0	-0.9	1.7	4.3	5.8
Local / Impact	Various	1.5	2.5	6.4	10.3	22.4	7.6	-	-	-	-
Timber/ Agriculture	Various	1.2	2.5	0.8	10.3	11.4	7.6	5.9	6.8	5.4	6.2
<b>Total Private Equity</b>		<b>2.2</b>	<b>2.5</b>	<b>5.2</b>	<b>10.3</b>	<b>17.6</b>	<b>7.6</b>	<b>14.1</b>	<b>6.8</b>	<b>13.6</b>	<b>6.2</b>
Private Equity	Various	2.2	2.5	5.2	10.3	17.6	7.6	14.1	6.8	13.6	6.2
WPP Private Equity	Various	0.0	2.5	-	-	-	-	-	-	-	-
<b>Total Private Debt</b>		<b>4.5</b>	<b>1.8</b>	<b>9.1</b>	<b>7.5</b>	<b>12.2</b>	<b>7.5</b>	<b>6.3</b>	<b>7.5</b>	-	-
Private Debt	Various	4.5	1.8	9.1	7.5	12.2	7.5	6.3	7.5	-	-
WPP Private Debt	Various	0.0	1.8	-	-	-	-	-	-	-	-
<b>Total Infrastructure</b>		<b>2.0</b>	<b>2.5</b>	<b>6.2</b>	<b>10.3</b>	<b>15.8</b>	<b>7.6</b>	<b>8.8</b>	<b>6.8</b>	<b>12.4</b>	<b>6.2</b>
Infrastructure	Various	2.0	2.5	6.2	10.3	15.8	7.6	8.8	6.8	12.4	6.2

Fund	Investment Manager	Q1 2024 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yr (%)	B'mark (%)	5 Yr (%)	B'mark (%)	10 Yr (%)	B'mark (%)
WPP Infrastructure	Various	3.2	2.5	-	-	-	-	-	-	-	-
<b>Total RMF</b>		<b>6.2</b>	<b>6.2</b>	<b>18.8</b>	<b>18.8</b>	<b>-2.9</b>	<b>-2.9</b>	<b>3.9</b>	<b>3.9</b>	<b>10.7</b>	<b>10.7</b>
Risk Management Framework	Insight	6.2	6.2	18.8	18.8	-2.9	-2.9	3.9	3.9	10.7	10.7
<b>Total Strategic Cash and Liquidity</b>		-	-	-	-	-	-	-	-	-	-
Strategic Cash and Liquidity	Insight	-	-	-	-	-	-	-	-	-	-

Source: Investment Managers.

Note: Figures shown are net of fees and based on performance provided by the Investment Managers, Mercer estimates and Refinitiv. For periods over one year, the figures in the table above have been annualised. Total, Total Equity, Total Tactical Allocation, TAA & Total Credit includes performance of terminated mandates. Prior to 30 November 2020, performance for all portfolios and sub-totals/total was estimated based on MWRR approach. Hedge funds, TAA and private markets portfolios performance has been estimated by Mercer. At the period end, the strategic cash and liquidity positions had only just been funded and so no meaningful performance data is available.

### Supplementary Information Table: Performance Benchmark

Fund	Investment Manager	Performance Benchmark
<b>Total</b>		-
<b>Total Equity</b>		<b>Composite Weighted Index</b>
WPP Sustainable Equity	Russell	MSCI AC World (NDR) Index +2.0% p.a.
<b>Total Credit</b>		<b>Composite Weighted Index</b>
WPP Multi-Asset Credit	Russell	SONIA +4.0% p.a.
<b>Total Hedge Funds</b>		<b>Composite Weighted Index</b>
Hedge Funds	Man	SONIA +3.5% p.a.
<b>Total Tactical Allocation</b>		<b>Composite Weighted Index</b>
TAA	Various	UK Consumer Price Index +2.5% p.a. <sup>1</sup>
<b>Total Private Markets</b>		<b>Composite Weighted Index</b>

Fund	Investment Manager	Performance Benchmark
<b>Private Markets</b>	Various	<b>Composite Weighted Index</b>
<b>WPP Private Markets</b>	Various	<b>Composite Weighted Index</b>
Property	Various	SONIA +5.0% p.a.
Local / Impact	Various	SONIA +5.0% p.a.
Timber/ Agriculture	Various	SONIA +5.0% p.a.
<b>Total Private Equity</b>		<b>Composite Weighted Index</b>
Private Equity	Various	SONIA +5.0% p.a.
WPP Private Equity	Various	SONIA +5.0% p.a.
<b>Total Private Debt</b>		<b>Composite Weighted Index</b>
Private Debt	Various	Absolute Return +7.5% p.a.
WPP Private Debt	Various	Absolute Return +7.5% p.a.
<b>Total Infrastructure</b>		<b>Composite Weighted Index</b>
Infrastructure	Various	SONIA +5.0% p.a.
WPP Infrastructure	Various	SONIA +5.0% p.a.
<b>Total RMF</b>		Composite Liabilities & Synthetic Equity
Risk Management Framework	Insight	Composite Liabilities & Synthetic Equity
<b>Total Strategic Cash and Liquidity</b>		SONIA
Strategic Cash and Liquidity	Insight	SONIA

Note: Performance benchmark for WPP Sustainable Active Equity portfolio includes an outperformance target.

<sup>1</sup>UK Consumer Price Index +2.5% p.a. based on the 20-year breakeven inflation spot rate.

## Historic Strategy Positioning

Asset Class	2001 (%)	2004 (%)	2007 (%)	2011 (%)	2015 (%)	2017 (%)	2020 (%)	2023 (%)	2024 (%)	LGPS Average (%)
<b>Equities</b>										
Global Unconstrained	-	-	5.0	5.0	8.0	4.0	5.0	-	-	
Global Developed (Smart Beta)	-	-	-	-	-	4.0	-	-	-	
Global Developed (ESG)	-	-	-	-	-	-	5.0	15.0	15.0	
Global High Alpha/ Absolute	-	-	-	5.0	-	-	-	-	-	
UK Active (Traditional)	35.0	29.0	15.0	-	-	-	-	-	-	
UK Active (Portable Alpha)	10.0	10.0	12.0	-	-	-	-	-	-	
US Active	7.0	8.0	5.0	-	-	-	-	-	-	
Europe (ex UK) Active	11.0	9.0	6.0	-	-	-	-	-	-	
Japan Active	4.0	4.0	4.0	-	-	-	-	-	-	
Far East (ex UK) Active	2.5	3.0	4.0	7.0	-	-	-	-	-	
Emerging Markets Active	2.5	3.0	4.0	7.0	6.5	6.0	10.0	5.0	-	
Frontier Markets Active	-	-	-	-	2.5	-	-	-	-	
Developed Passive	-	-	-	19.0	-	-	-	-	-	
	<b>72.0</b>	<b>66.0</b>	<b>55.0</b>	<b>43.0</b>	<b>17.0</b>	<b>14.0</b>	<b>20.0</b>	<b>20.0</b>	<b>15.0</b>	<b>51.0</b>
<b>Fixed Interest</b>										
Traditional Bonds	10.0	9.5	-	-	-	-	-	-	-	
High Yield/ Emerging	1.5	2.0	-	-	-	-	-	-	-	



Asset Class	2001 (%)	2004 (%)	2007 (%)	2011 (%)	2015 (%)	2017 (%)	2020 (%)	2023 (%)	2024 (%)	LGPS Average (%)
Unconstrained	-	-	13.0	15.0	15.0	12.0	12.0	12.0	12.0	
Private Debt (illiquid)	-	-	-	-	-	3.0	3.0	3.0	3.0	
Cash/ Other	2.5	0.5	-	-	-	-	-	-	5.0	
	<b>14.0</b>	<b>12.0</b>	<b>13.0</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>20.0</b>	<b>23.0</b>
Risk Management Framework	-	-	-	-	19.0	19.0	23.0	23.0	28.0	
<b>Alternative Investments</b>										
Property	5.0	7.0	6.5	7.0	7.0	4.0	4.0	4.0	4.0	
Infrastructure	0.5	5.0	1.5	2.0	2.0	6.0	8.0	8.0	6.0	
Timber/ Alternatives	-	-	1.5	2.0	2.0	2.0	-	-	-	
Commodities	-	-	2.0	4.0	-	-	-	-	-	
Private Equity & Opportunistic	4.5	4.5	6.5	10.0	10.0	10.0	8.0	8.0	8.0	
Local/ Impact	-	-	-	-	-	-	4.0	6.0	8.0	
Hedge Fund of Funds	4.0	4.0	5.0	5.0	-	-	-	-	-	
Hedge Fund Managed Account Platform	-	-	-	-	9.0	9.0	7.0	5.0	-	
Currency Fund	-	4.0	4.0	-	-	-	-	-	-	
Tactical Asset Allocation (TAA)	-	2.0	5.0	12.0	-	-	-	-	-	
Tactical Allocation (Diversified Growth)	-	-	-	-	10.0	10.0	-	-	-	
Tactical Allocation (TAA Portfolio)	-	-	-	-	9.0	11.0	11.0	11.0	11.0	
	<b>14.0</b>	<b>22.0</b>	<b>32.0</b>	<b>42.0</b>	<b>49.0</b>	<b>52.0</b>	<b>42.0</b>	<b>42.0</b>	<b>37.0</b>	<b>26.0</b>

## Responsible Investment

The Fund's ISS includes the full Responsible Investment Policy and includes the approach to Investment Pooling, Stewardship and Engagement and Reporting and disclosure. The Policy includes the Fund's Responsible Investment beliefs, and a set of Principles.

The Fund has continued to progress significantly in the work undertaken over the past year. Progress has been made across all of the strategic Responsible Investment Priorities as detailed in the ISS.

The Committee previously agreed a target for the investments in Clwyd Pension Fund, as a whole, to have net zero carbon emissions by 2045, with an interim target of carbon reduction of 50% by 2030. The Fund has also continued to deploy allocations into sustainable private market investments, many of which have direct impact focus, with some allocations designed to directly benefit the Fund in the local area.

The Committee have received a series of dedicated training sessions across a range of Responsible Investment areas and the Fund continues to take actions that place it at the forefront of the Responsible Investment landscape.

During this period, the Fund successfully submitted its second application to the Financial Reporting Council's UK Stewardship Code, receiving confirmation of signatory status in February 2024.

Officers with support of their investment consultant, Mercer, also set up a framework specifically relating to responsible investment over the period, focusing on specific areas of exclusion for the listed equity proportion of the Fund's investments. The framework is outlined below, and can be found on page 9 of the Fund's Investment Strategy Statement:

The policy is to exclude companies which breach the following thresholds	Minimum Objective	Fund's Ambition
The % of or more of revenues from exploration, mining, extraction, distribution and / or refining of hard coal and lignite.	1%	Same
The % of or more of revenues from Oil: companies involved in exploration, extraction, refining and / or distribution of oil fuels.	10%	1%
The % of or more of revenues from Gas: companies involved in exploration, extraction, manufacturing or distribution of hydrocarbons, hydrogen and carbon monoxide mixtures present in gaseous state.	50%	1%

## Engagement and Voting

The Fund requires that its managers report how they voted the shares held within their portfolios. A summary of the voting activities of the managers for 2023/2024 is shown in the following table.

Manager/Fund	Annual/ Special Meetings	Proposals	Votes For	Votes Against	Votes Abstained	Not Voted/ Refer/ Withheld
<b>Russell</b> WPP Sustainable Active Equity	n/a	n/a	n/a	n/a	n/a	n/a
<b>TAA Portfolio</b>						
<b>BlackRock</b> US Opportunities	109	1,523	1,492	31	6	0
<b>LGIM</b> Future World North America Equity Index	560	7,784	5,070	2,697	3	14
<b>LGIM</b> Future World Japanese Equity	323	3,967	3,532	435	0	0

Source: Investment Managers.

Note: At the time of writing the WPP Sustainable Active Equity Fund voting information was not available. Insight Maturing Buy and Maintain Bond Fund, Insight Short Dated Buy and Maintain Fund, LGIM Sterling Liquidity Fund, LGIM Over 5-year Index-Linked Gilts, LGIM Over 15-year Gilts, LGIM Emerging Market Passive Local Currency Government Bond Fund and the NB US Put-Writing strategy do not have voting data. Figures may not sum due to rounding.

## United Nations Principles for Responsible Investment

The Fund engages with all of its asset managers to ensure that they are fully aware of their responsibilities with regard to sustainability, and one of the ways in which the fund management industry can demonstrate that it takes its responsibilities seriously is to become a signatory to the UN Principles for Responsible Investment (UN PRI). Firms that are signatories to the UN PRI are required to commit to a set of six principles promoting and incorporating Environmental Social and Governance (ESG) principles into all aspects of its work. The Fund's major asset managers are all UN PRI signatories. For sake of completeness, Russell are not considered a direct manager of assets as they manage a portfolio of underlying investment managers. These underlying investment managers are being encouraged to become signatories to the UN PRI.

## Private Market Holdings

A summary of each of the private market holdings within each asset class is provided at the end of the section.

During the year, the following commitments were made to local/ impact or sustainable funds:

Private Market Manager	Fund Name	Capital Committed (£m)	Description of Investment
<b>Q-Energy Private Equity</b>	Q-Energy Fund V	10	Q-Energy V is a European renewables value-add infrastructure strategy that seeks to assemble a portfolio of primarily small-scale solar and wind farms as well as energy storage and biogas with focus on Germany, Spain, Italy and Poland.
<b>Ambienta</b>	Ambienta Sustainable Credit Opportunities	10	Ambienta Sustainable Credit Opportunities is a direct lending fund aiming to lend to “environmental champions”, companies based in Europe who will be the expected beneficiaries of long-term secular environmental trends, categorized into two main themes: Resource Efficiency and Pollution Control.
<b>Bridges Fund Management</b>	Bridges Property Alternatives Fund VI	10	Bridges Property Alternatives Fund VI is a UK-focused Real Estate Fund that will invest in assets where a demonstrable positive social or environmental impact can be attained through a value-add asset management approach.
<b>Mercer</b>	Mercer Private Investment Partners VII – Global Impact	40	PIP VII Global Impact is a diversified private markets solution that aims to deliver positive environmental and social impacts targeting underserved needs across multiple themes, topics and regions while providing attractive risk-adjusted returns across a well-diversified portfolio of companies and assets with strong ESG credentials.

Note: Where appropriate, Euro (€) denominated commitment amounts have been converted into Sterling (£) commitment amounts using the exchange rates at the time the commitment was made.

## Social Impact

In 2023, the Fund engaged ‘The Good Economy’ (TGE) to assess the social impact of the Fund’s UK private market investments as at 31 March 2023. Using TGE’s Place-Based Impact Reporting Framework, TGE mapped and classified the local, regional and national contributions to inclusive

economic development that the Fund's portfolio of investments is making. This allows the Fund to communicate its social impact clearly and effectively to stakeholders of the Fund.

A summary of some of the key highlights from the report are noted below:

- 19.7% of the Fund's Impact and Place-Based portfolio has been invested in Wales.
- 86 SME businesses have been supported through equity or debt finance since 2013, 20 of these are located in Wales.
- Over 13,400 people are employed and at least 1,800 jobs have been created in these businesses during the period of the Fund's investment (11% jobs and 12% jobs created in Wales).
- 3,369 new homes have been developed in areas where lower-cost homes are needed, 27% of these are affordable housing.
- 34 educational facilities have been acquired, with 2,700 additional child spaces created (85% nursery spaces, 10% SEN, 5% independent school places).
- £50 million committed to the development of clean energy in Wales to begin being deployed in 2023.

Further information as well as further examples of how investment is supporting Wales, and the UK is detailed in full within the full report from TGE.

The Fund has since engaged TGE to re-assess the Fund, however, at the time of writing the analysis was in progress.

## Private Market Fund Holdings: Summary

Please see the following table for a summary of the private market holding of the Fund as at 31 March 2024.

<b>Asset Class</b>	<b>Number of Funds</b>
<b>Property Open Ended Holdings</b>	<b>5</b>
BlackRock UK Property	1
CCLA (LAMIT)	1
Hermes	1
Legal & General	1
Schroders	1
<b>Property Closed Ended Holdings</b>	<b>19</b>
Aberdeen Property Asia Select	1
Basecamp	1
BlackRock European Feeder	2
Darwin Leisure Property	2
InfraRed Active Property	3
Newcore	2
North Haven Global Real Estate	3
Paloma Real Estate	2
Partners Group Global Real Estate	2
Threadneedle	1
<b>Timber</b>	<b>4</b>
BGT Pactual Timberland	1
Stafford Timberland	3
<b>Agriculture</b>	<b>2</b>
Insight Global Farmland	1
TRG Farmland	1
<b>Infrastructure</b>	<b>22</b>
Access Capital Infrastructure	1
Arcus European Infrastructure	1
Brookfield Global Transition	1
Carlyle Global Infrastructure	1
Copenhagen Infrastructure Partners	1
GSAM West Street Infrastructure	1
HarbourVest Real Assets	1
Hermes Infrastructure	1
InfraRed Infrastructure	3
Infravia European	1
Innisfree Secondary	1

JP Morgan Infrastructure	1
North Haven Global Infrastructure	3
Pantheon	1
Partners Group Direct Infrastructure	1
Q Energy V	1
Sandbrook Climate Infrastructure	1
WPP Global Infrastructure Fund	1
<b>Private Equity Direct Funds</b>	<b>29</b>
Access Capital	1
Activate	1
Apax	5
Astorg	1
August Equity	2
Capital Dynamics	3
Carlyle Group	1
Charterhouse	2
Capvest	1
Dyal Capital Partners	1
ECI	2
FSN	1
Livingbridge	1
Marquee	1
North Haven	1
Oakley	1
Partners Direct	2
Permira	1
Unigestion	1
<b>Private Equity Fund of Funds</b>	<b>30</b>
Access Capital	4
Capital Dynamics	6
HarbourVest	4
JP Morgan Secondary's	1
Partners Group	10
Standard Life	2
Unigestion	2
WPP Private Equity	1

<b>Local / Impact</b>	<b>25</b>
Ambienta	1
Aviva	1
Bridges	7
Capital Dynamics	1
Circularity	1
Development Bank of Wales	1
Environmental Technologies	3
Fairfax	1
Foresight	2
Generation	1
Harbour Vest	1
Hermes	1
Impax	2
Mercer PIP VII Global Impact Fund	1
Partners Group	1
<b>Private Debt</b>	<b>11</b>
Ambienta	1
BlackRock	1
Bridgepoint	1
Carlyle Group	3
Neuberger Berman	2
Permira	1
Pinebridge	1
WPP Private Debt	1



## Appendix 4: Funding and Flightpath Review

### An update from the Actuary

I am delighted to provide my annual update from an actuarial perspective on the activities of the Clwyd Pension Fund (the Fund) during 2023/2024. This continued to be an interesting and challenging period given the continued higher interest rate environment and the gradual decline of inflation expectations over the year from some of its highest levels, as well as ongoing economic and political challenges across the world.

It is again pleasing to see the continued resilience of the Fund which has resulted in improved financial health due to the Risk Management Framework in place, supported by the strong Governance Framework which allows decisions to be made quickly and effectively. It is pleasing to see that the most recent March 2024 update showed an estimated funding level of 109%.

The Risk Management Framework has been integral in achieving the strong funding position and will help provide overall contribution stability. The ongoing challenge is to maintain this and improve further if possible. The interim funding review later in 2024 will be a key part of those discussions and will inform the 2025 actuarial valuation, which will determine the employer contributions from 1 April 2026.

This will consider the sustainability of funding and contributions in the longer term taking into account budgetary constraints and their impact on local services. We will also need to be cognisant of other material risks such as climate change impacts. This is a delicate balance that requires careful planning and ongoing monitoring supported by a clear but nimble governance framework.

### Risk Management Framework

A critical aspect of managing risk relates to the Risk Management Framework, which is central to providing stability of funding and employer contribution rates in the long term. This strategy has been in operation from 2014 and the original objective was to reach a 100% funding level by 2026. This objective has been materially exceeded to date and the main focus is to sustain this position over time.

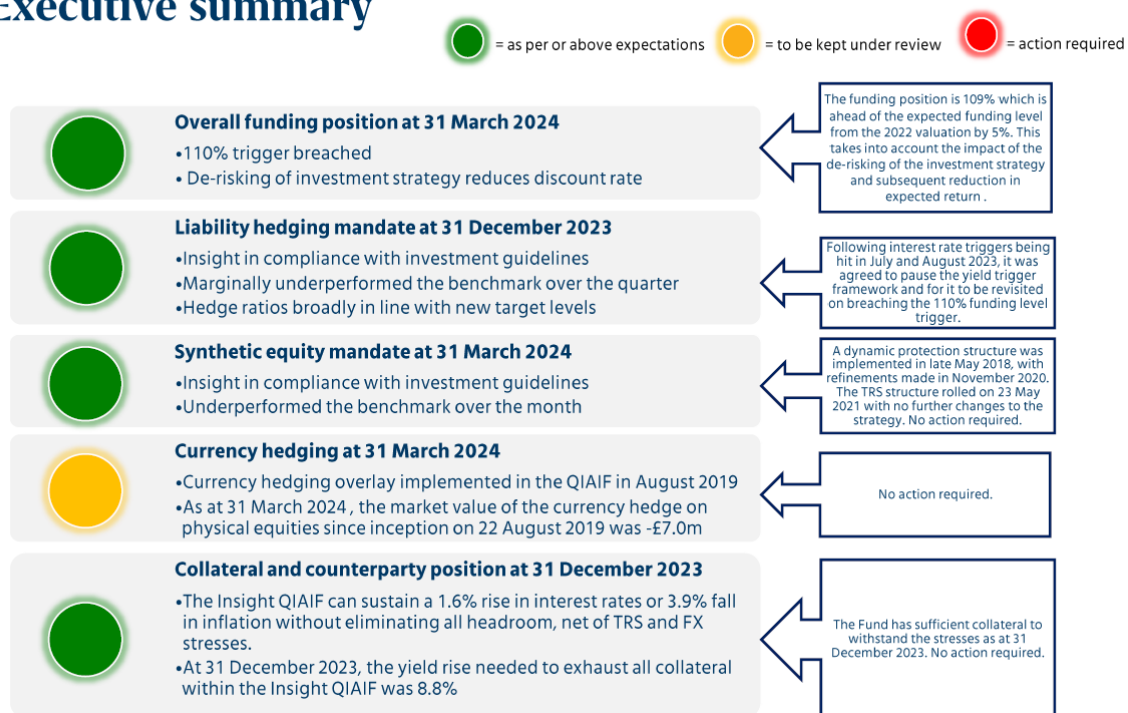
Over the year, the level of UK government bond (gilt) exposure within the framework increased as the Fund locked into these assets at attractive prices. This gilt exposure provides the Fund with a return above inflation in a low risk way, providing increased certainty of returns in an uncertain economic environment.

The funding position was estimated to be 109% as at 31 March 2024 (the date of the accounts) based on an update from the 2022 actuarial valuation, which showed a funding level of 105% at 31 March 2022. This was ahead of expectations by c. 5% taking into account that employers are using some of the surplus via reduced contributions.

A key milestone was hit in February 2024, as the funding level breached the 110% trigger, prompting asset strategy de-risking activity in line with the protocol agreed with the Committee. The intention of taking this action is to provide further certainty and stability around expected future contributions. The de-risking resulted in equity exposure (equivalent to c. 6% of total Fund assets) being reduced in late March 2024 and has served to reduce the level of investment risk within the Fund in an affordable way for employers.

Whilst monitoring the funding position is central to my role, it is also important that we ensure other operational aspects of the Risk Management Framework run by Insight Investment Management (Insight) are working correctly, as this is vital to the success of the strategy. Therefore, we continue to monitor the framework on a monthly basis using a red/amber/green (“RAG”) rating system and the summary at March 2024 is shown below.

## Executive summary



It can be seen that all aspects were in line with expectations, apart from the currency hedging mandate, which is rated “amber” at 31 March 2024 due to incurring a loss since inception due to global currency movements versus sterling. In isolation, the purpose of the currency hedging mandate is to reduce volatility within the Fund due to changes in exchange rates. As such, it is important to note that the loss here is expected to have been offset by an equivalent gain in the value of the Fund’s assets due to changes in exchange rates – resulting in no net loss overall to the Fund.

## How has the Risk Management Framework evolved over the year?

Continued increases in gilt yields during the period following March 2023 led to interest rate market triggers within the framework being hit, increasing the gilt exposure within the Fund. The

trigger framework was then paused in September 2023, pending a review of the Fund's investment strategy and wider liquidity requirements, which is currently ongoing.

Over the year, the strategy evolved to align more closely with the Fund's climate beliefs, which resulted in the equity exposure being transitioned to the MSCI World Paris Aligned Index. Following the 110% funding level trigger breach during February 2024 and in line with the agreed de-risking approach, the exposure to MSCI World Paris Aligned Index equity was removed in late March 2024 to achieve the overall reduction in equity exposure across the Fund.

The framework will continue to be monitored as part of the regular Funding and Risk Management Group (FRMG) meetings between Officers and advisers in line with the delegations from the Committee.

In summary the year has once again been challenging to navigate but the Fund has been resilient and remains in an even stronger position than last year. Whilst there are many ongoing challenges for both the Fund and employers, I remain confident that we remain able to respond to these challenges given the strong financial and governance frameworks in place.

**Paul Middleman FIA**

**Fund Actuary and Pensions Advisory Panel member**

## Section 6: Administration

### Introduction

This section of the report describes the way in which the Fund delivers its administration related services to members and employers. It identifies current and potential future challenges and explains the way in which the Administration Team is meeting them. The report also includes Key Performance Indicator information and some information on the membership of the Scheme.

The work of the Administration Team is driven by the Fund's Administration and Communications Strategies.

Our Pensions Administration Strategy ensures that both the Fund and the employers are fully aware of their responsibilities under the Scheme and outlines the performance standards they are expected to adhere to, to ensure the delivery of a high-quality, timely and professional administration service.

Our Communication Strategy outlines how we communicate with scheme members and prospective members, scheme employers, the Clwyd Pension Fund Committee, the Clwyd Pension Fund Board, Clwyd Pension Fund staff and other interested organisations.

The chosen methods of communication are monitored and reviewed to ensure they are effective. The main means of communication with the above stakeholders are outlined in the Communications Strategy focusing on ensuring communications are more relevant to the audience and the use of technology to provide quicker and more effective communication. The Communication Strategy and Pensions Administration Strategy are available to view on the Fund's website.

<https://mss.clwydpensionfund.org.uk/home/investments-and-governance/strategies-and-policies>

### How our service is delivered

The day-to-day administration service is provided by the Pension Administration Team via a hybrid combination of both home and office working. The Team consists of a total of 54.1 Full Time Equivalent (FTEs) members of staff including a Pension Administration Manager and 5.7 current vacant positions.

It is split between:

- an Operational Team
- a Technical and Payroll Team
- a Regulations and Communications Team
- an Employer Liaison Team (ELT)
- a McCloud Team (temporary)
- a Project Team

It is separate from the Finance Team which manages the Fund's investment portfolio, collects pension contributions from employers and maintains the Fund's accounts.

The Operational Team delivers a pensions service for over 50,000 scheme members. This includes the calculation of various benefits, transfers in and out with other pension arrangements, refunds of contributions and maintenance of individual scheme member records. The Team not only calculate pensions for members but also survivor benefits to spouses, civil and cohabiting partners and children.

The Technical and Payroll Team implements and maintains the pension software systems (including the on-line facilities of Member Self-Service, and I-Connect for employer data uploads), collects and reconciles member data from all Fund employers and provides a pensioner payroll service for over 15,000 pensioners and dependents paying more than £6 million per month.

The ELT provides assistance to Fund employers in providing accurate and complete notifications to the Fund ensuring business as usual responsibilities are met in addition to ad hoc project work. The Regulations and Communications Team provides guidance on regulatory matters to all stakeholders and a communication service for Scheme members and employers.

The Project Team officially formed in June 2024 and is mainly responsible for the preparation of data in readiness for the launch of the National Pensions Dashboard. The team will also assist with specific pieces of work allowing the Operational Team to focus on member driven events.

The Communications Team provides information to members and employers via various methods including the Fund's website. The team provides training to employers explaining their responsibilities whilst also ensuring the Communication Strategy is adhered to in all aspects of communication.

The McCloud judgment 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. Implementing the McCloud remedy has involved a large-scale retrospective data collection exercise, which is nearing completion. It has had 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, the Fund has a dedicated McCloud team.

## Summary of Activity

In addition to this day-to-day work during 2023/2024 the Pension Administration Team has been managing other major pieces of work and projects as described below.

### Data Quality

Data quality requirements are embedded in the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations in 2014 and The Pensions Regulator (TPR) has oversight of this area within the LGPS. The Administration Team collectively work to the data improvement plan in readiness for the annual review of common and scheme specific data, the results of which are reported to TPR. The effect of the time and effort that is dedicated to ensuring good data quality has led to high common and scheme specific data scores over recent years (see table overleaf). Address tracing exercises for those members where the Fund does not hold an up-to-

date address will be completed in preparation for on-boarding to the Pension Dashboard. This will increase the Common Data score.

	Common Data %*	Scheme Specific Data %*
2023 / 2024	97	98
2022 / 2023	98	98
2021 / 2022	98	98
2020 / 2021	98	97
2019 / 2020	97	97
2018 / 2019	97	93

\*The score is the % of data that has met specific targets set by TPR in relation to Common Data (NINO, Name, Address etc.) and Scheme Specific Data (Member benefits, Member details, His Majesty's Revenue and Customs (HMRC) details etc.). The score is reported back to TPR and a data improvement plan is put in place to improve scores where it is relevant to do so.

## Key Performance Indicator Monitoring

The Fund measures and reports monthly performance to ensure timescales are being met, as set out in the Fund's Administration Strategy. The Fund currently measures 13 categories of workflow, separately considering timescales in relation to legal requirements (where appropriate), the overall member experience and the Fund's internal target.

Monthly employer reports are produced to assist with identifying employers who have or have not met their Service Level Agreement timescales. This measure has helped the Fund and employers understand what is being achieved and where improvements are required. A review of these reports is nearing completion along with the escalation process in place if timescales are not being met. The review will provide reassurance to the Fund and employers that the reports correctly reflect the monthly activity and will help to identify any issues.

## i-Connect

i-Connect is an electronic data system which ensures timely and accurate data is provided to the Fund on a monthly basis and replaces the historical year end return process. The functionality includes the notification of new starters, leavers, name changes, address changes and job changes. The system allows member details extracted from their employer's payroll systems to be directly uploaded to the Funds administration system. Currently 98% (54 out of 55 employers) submit data relating to active members via i-Connect. The last remaining employer is transitioning to a new payroll provider and part of that process includes on-boarding to i-Connect. Training is provided to all new employers to the Fund as they are required to submit data via i-Connect as detailed in the Administration Strategy.

## Clwyd Pension Fund Website

The Clwyd Pension Fund website contains information about the Fund and the scheme for both current and prospective members along with information for Fund employers. All the Fund's policies and strategies as well as information on the investments of the Fund are available on our website at <https://mss.clwydpensionfund.org.uk>

Within the website (which includes access to the Member Self Service portal) there are multiple sections to help users navigate their way around and to find the information which they are looking for. With the recent introduction of editable forms, members can complete certain forms on-line if they wish making some processes where possible more efficient. The fund is also developing a suite of explanatory videos. These can be found at:

<https://mss.clwydpensionfund.org.uk/videos>

The website has undergone a content and formatting review during 2023/2024. The content has been updated, formatted into plain language, and new web pages have been created to make content easier to find. Usage of the website is monitored and quarterly reports are generated to establish how many visits the website has had and what information members are interested in by identifying the pages members visit. The Fund is also able to report on the number of views that our videos achieve. These reports are included in the report pack provided to Pension Board.

In line with the website accessibility regulations, public sector websites are required to meet national accessibility standards and to publish an accessibility statement on their websites. To meet the government's requirements, websites must achieve level A of the Web Content Accessibility Guidelines (WCAG 2.2). This means that websites should be accessible to people with impairments to their vision, hearing, mobility and thinking and understanding. Accessibility should also be considered for those visiting websites via a tablet, mobile phone or other devices.

To ensure compliance with WCAG, the Fund continues to work with a company who provides reporting software which allows each page on the Fund's website to be automatically analysed on a weekly basis. The reports allow us to see where our scores can be improved and where areas of the website need to be amended or fixed in order to be compliant.

The table below shows 31 March 2024 scores compared to 31 March 2023 in relation to certain areas within website accessibility. Over the year, the quality assurance and digital certainty percentage dropped slightly whilst the website content review was being undertaken. Since completion of the website content review, the percentages have increased and are expected to return back to previous levels. This will be reported in 2025.

	31/03/2023	31/03/2024
Digital Certainty Index	91%	89%
Quality Assurance	99%	93%
Accessibility	91%	92%
Search Engine Optimisation	82%	82%

## Communications policy

The Clwyd Pension Fund's communication policy sets out our communication targets with our members and employers. Our policy can be found in Section 7 of this annual report. Member communications are issued based on each members' communication preference. This can be either postal or electronic via our Member Self Service online portal. The Fund also provides in-person and online events for members such as 121s and webinars.



The Clwyd Pension Fund has also issued multiple member communications during 2023/2024:

	Active members	Deferred members	Pensioner members
Newsletter	December 2023	November 2023	April 2023 & December 2023
Annual Benefit Statements, guide and video	August 2023		
Deferred Benefit Statements, guide and video		June 2023	
Pension Saving Statements	October 2023		
Pensions Increase / Lifetime Allowance letters			April 2023
Member Self Service registration video	May 2023	May 2023	May 2023
Member Self Service promotional flyer	December 2023	November 2023	

In addition to the above mentioned communications, the Clwyd Pension Fund has guides and factsheets available all year round which can be found on the website

<https://mss.clwydpensionfund.org.uk/lgps/forms-and-resources>

## Member 1-2-1 Sessions

Member 1-2-1 sessions are available all year round on request either online (over the phone or via Microsoft Teams) or face to face.

For 2023/2024, the Communications Team met with a number of both active and deferred members. Below are the statistics for 2023/2024:

No of 1-2-1 appointments booked (active members)	54
No of 1-2-1 appointments booked (deferred members)	2
No of 1-2-1 appointments booked (member was both active and deferred)	9
No of 1-2-1 appointments booked (TOTAL)	65
Members attending their scheduled appointment	61
Members not attending their scheduled appointment	4

Of the two deferred appointments attended, one was in person and one was online. Of the 59 active appointments attended, 24 were in person and 35 were online.



## Communications with our employers

Employers receive their communications and LGPS updates from the Fund via email. These updates are sent using an employer email distribution list. Each employer should inform us which email addresses should be added or deleted from the list.

The Fund also hosts employer engagement sessions allowing employers to share best practice ideas and have face to face discussions. A number of in person and on-line training sessions have also been provided to employers throughout the year.

## Employer Liaison Team (ELT) Services

The ELT currently assists employers whose membership accounts for 65% of the Active Fund membership. During 2023/2024 the ELT has worked with the wider Pensions team to streamline the process of data uploads, reducing the steps needed and making the reporting process more transparent. The Key Performance Indicators (KPIs) of the ELT and the ELT employers will be a focus for the coming year.

The McCloud Programme is now almost complete with just the final tranches of query data being reviewed and the most complex parts of the data being collated.

A more 'deep dive' approach was taken with the March i-Connect files this year, allowing the team to review the queries prior to the Fund running their Year End Reports. This led to significantly less queries outstanding and further improvements being identified for next year.

Recently the support provided by the ELT has expanded to include a significant piece of work on behalf of a new employer and to provide additional support to a current employer for a temporary period of time.

## Scheme changes and national developments affecting administration and communications

### McCloud Remedy Case

The Court of Appeal ruling in the McCloud court case determined that the protections given to older members on the introduction of the new CARE schemes for Firefighters and Judges in April 2015 were unlawful age discrimination. The case impacts other public service pension schemes including the LGPS where the new CARE scheme from April 2014 included a statutory underpin for older members. The Ministry for Housing Communities and Local Government (MHCLG) (now DLUHC) issued a consultation in July 2020 setting out its proposals for implementing the McCloud judgment in the LGPS. The remedy proposals of the 2020 consultation focused on the removal of any direct age discrimination from the onset of the 2014 scheme.

To remove the discrimination, the LGPS Regulations were updated with effect from 1 October 2023, providing all qualifying members with protection for the remedy period (1 April 2014 to 31 March 2022). Whilst regulations and statutory guidance are in place for the main element of the remedy, further updates are still required before areas such as calculating the impact of excess service for teachers and new member events can be progressed.

While our administration system has been largely updated to ensure compliance with the McCloud regulations, certain areas still require attention. Finalising the data collection exercise is crucial for dealing with business as usual cases on an automated basis. The collating and uploading of data has been more time consuming and complex than originally thought. The McCloud Programme Management Group (PMG) along with the Pension Committee and Board are provided with regular progress reports.

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

## National Pensions Dashboard

The National Pensions Dashboard is a Government initiative intended to allow all pension savers in the UK access to view the values of all their pension pots, including state pension, through one central platform. All pension schemes must connect to the dashboard infrastructure by their “staging date” as determined by the Department for Work and Pensions (DWP) with the dashboards made publicly available shortly after schemes have onboarded. The staging date for all public sector pension schemes including the LGPS is 31<sup>st</sup> October 2025.

The Pensions Regulator has set out guidance on what schemes need to do to prepare for the dashboard. In response to this the Administration Team have created a Project Team which will undertake the work required. The Pensions Administration Manager continues to attend regular meetings with both Heywood (the administration software provider) and the Pension and Lifetime Savings Association (PLSA) as part of a PLSA project team.

## TPR’s General Code of Practice

TPRs new General Code of Practice came into force on 28 March 2024 and Fund officers have been considering and assessing compliance with the requirements of the Code. Many of the Code’s modules include areas relating to legal requirements that must be adhered to whilst other areas are good practice. Work in this area will continue into 2024/2025.

## Other Expected National Changes

There are a number of further changes that are expected in due course but the final details of the impact of them and the timescales are not yet available. These include the following changes that are detailed below. These explanations are based on the situation in June 2024.

## Cost Management

When the Public Sector Pension Schemes (including the LGPS) were reformed in 2014/2015 the scheme design included a cost control mechanism. At the first cost cap valuations as at 31 March 2016 the lower threshold within that mechanism (i.e. the cost floor) was deemed to be breached so member benefits would need to increase or, in the case of the LGPS, their contributions reduce. Following the McCloud judgment, Government announced that any additional McCloud costs

would be deemed “member costs” within the cost control mechanism. In June 2022 the Government Actuary’s Department finalised the 2016 valuation confirming that no changes to member benefits or contributions were required for the LGPS. The LGPS Scheme Advisory Board (SAB) also confirmed that no changes were needed by virtue of its separate mechanism, which applies to the LGPS in England and Wales in addition to the HMT mechanism.

A Judicial Review hearing relating to the decision to allocate McCloud costs to members as part of the 2016 cost management process was held on 20 to 22 February 2024. On 17 April the SAB reported that the full judgment in the Fire Brigades Union and British Medical Association vs HM Treasury Cost Control Mechanism appeal had been published. The Court of Appeal upheld the High Court’s March 2023 ruling in favour of HM Treasury on all grounds. This is likely to continue as the Fire Brigades Union may seek permission to take this to the Supreme Court. As a result of concerns regarding the cost control mechanism not meeting its original objectives, a review was carried out by the Government Actuary. HM Treasury also consulted on proposals to amend its cost control process and reforms were confirmed in a written ministerial statement on 19 September 2023 (effective from the 2020 cost management valuations). A separate DLUHC consultation to amend the LGPS SAB cost management process which operates in addition to the Treasury process was also completed. As a result, no proposed changes have been put forward to amend any member benefits or contributions.

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

In addition, in October 2021 the SAB set out its determination to revisit third tier ill health and contributions for the lowest paid members with the view to making recommendations in these areas separately to the cost management process. These recommendations have not yet been made but would lead to additional work for the operations team if they were to be taken forward.

## Exit Payment Reform

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

## Increase in minimum retirement age

In February 2022 the Finance Act 2022 received Royal Assent. The Act implements previous proposals to increase the normal minimum pension age from 55 to 57 in April 2028. This change is designed to maintain a 10 year gap between minimum retirement age and state pension age, as confirmed as part of Government policy in 2014. The Finance Act does provide for protected pension ages for members meeting certain conditions, but for this protection to apply the LGPS regulations must be amended accordingly and currently there has been no indication from DLUHC whether they intend to make these changes.

In the meantime, the Fund needs to keep a note of any protected pension ages to which new members may be entitled, which will generally be due to existing scheme membership or a transfer-in from another pension arrangement.

## Strategy Measures

### Member Self-Service (MSS)

MSS allows scheme members to log into a secure web area to view the information which is held on their pension account.

MSS enables our members to:

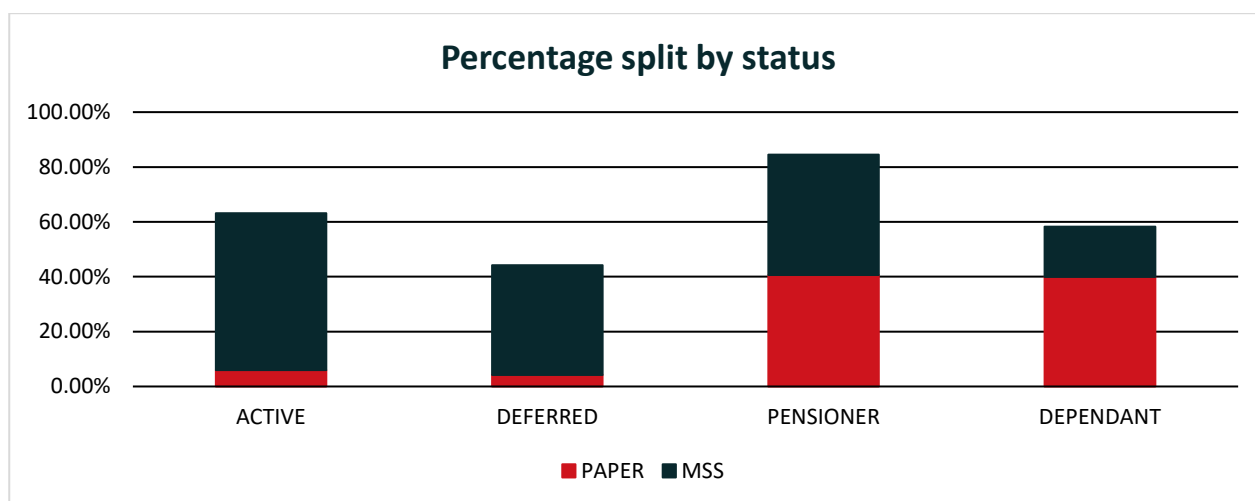
- update their personal details
- run estimates for retirement using their chosen retirement dates
- run estimates for cash equivalent transfer values (only available for deferred members to transfer their pension benefits to a new pension provider)
- amend their death grant beneficiaries
- request retirement packs for deferred members who want to start receiving their pension
- view all member specific documents (for example, annual benefit statements) and
- upload completed forms for Clwyd Pension Fund to process

Members who use MSS receive their correspondence electronically, automatically uploaded to their account. They are notified by email each time information is uploaded.

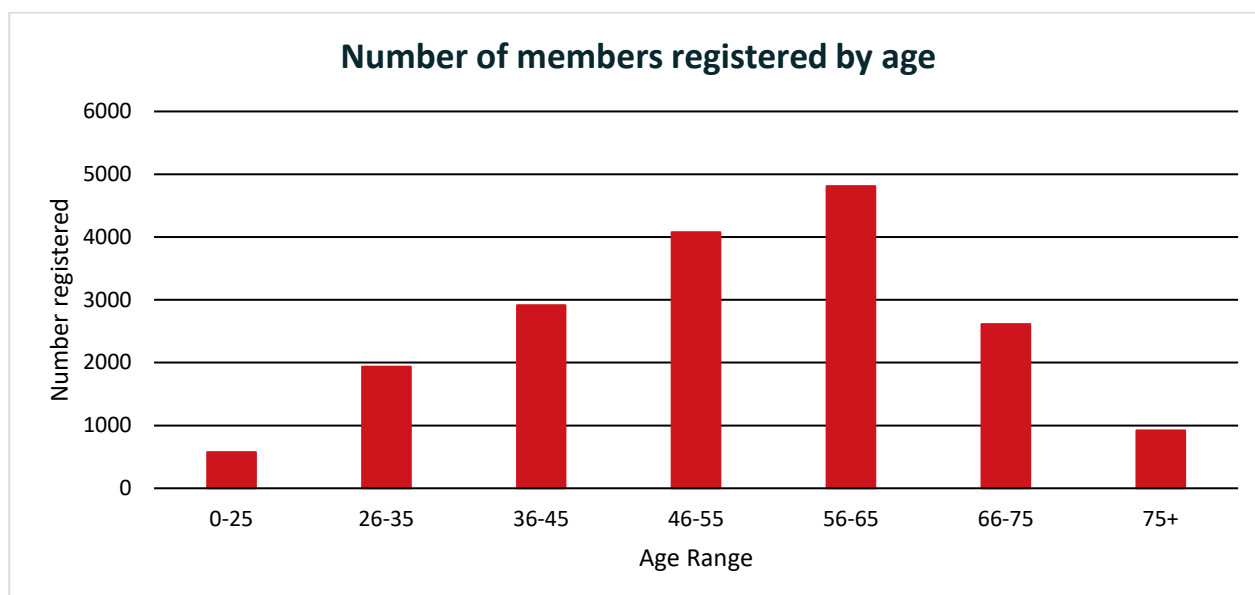
As of 31 March 2024, 55% of the Fund's membership had registered for MSS compared to 52% as at 31 March 2023. During the period 01/04/2023 to 31/03/2024 53% of registered members logged on to MSS. As of 31 March 2024, 19% of the Fund's membership had registered for paper post compared to 17% as at 31 March 2023.

In summary, 74% of our membership are engaged and have chosen either MSS or paper post for communication purposes. The Clwyd Pension Fund endeavours to engage with members who have not chosen a communications preference to ensure they do not lose contact with us. The Fund regularly carries out MSS promotional exercises to encourage members to make a communication preference.

The ratio of paper versus MSS communication preference can be broken down into the different membership status types as seen in the following graph.



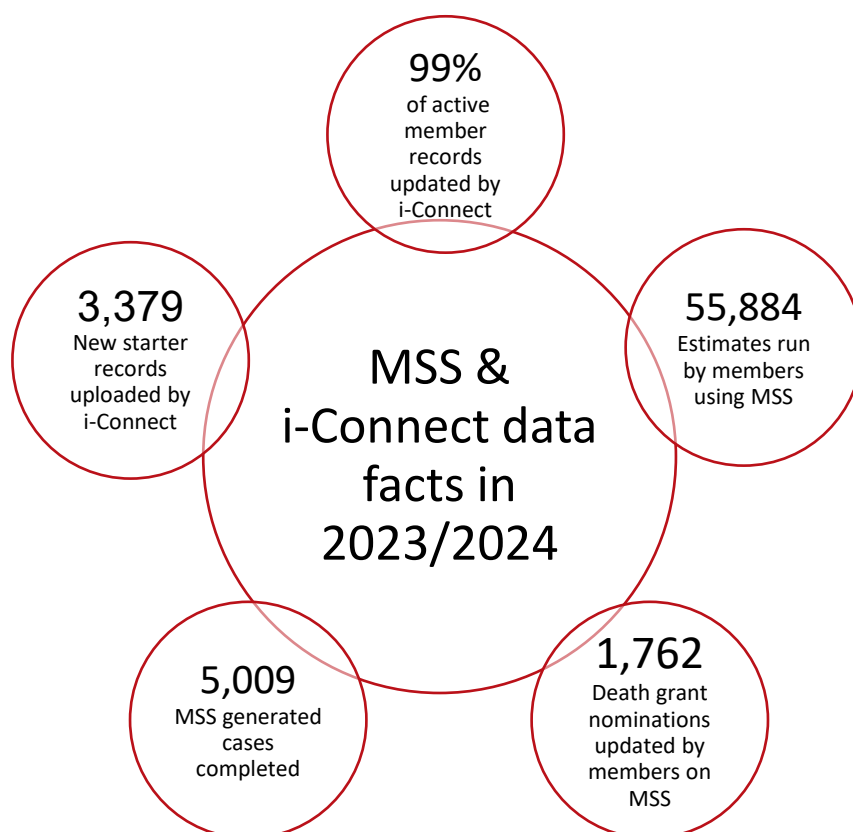
Of those members who are registered to use MSS, their age ranges vary across the board. The graph below shows the age demographic of our MSS users.



MSS continues to be an effective method of communication, allowing Clwyd Pension Fund to upload documents such as retirement packs and estimates to members' MSS accounts. This means that members receive their correspondence from us more quickly and securely compared to having it posted to them.

Members are also able to upload completed forms to their MSS accounts for the Fund to then progress payment of their benefits quicker. Ongoing improvements to the functionality and promotion of MSS will continue during the next 12 months.

## MSS and i-Connect Statistics



### Scheme Membership details

This section includes a range of information relating to the numbers of staff, employers and scheme members during 2023/2024.

Full time equivalent staff in the Pension Administration Team 42*	Total Fund members 52,870	Ratio of staff to members of Fund 1:1,259	Average cases completed per member of staff 699
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\*Excluding ELT and McCloud

### Summary of Employers as at 31 March 2024

Employers	Active	Ceased	Total
Scheduled bodies	35	20	55
Admitted bodies	17	21	38
<b>Total</b>	52*	41	93

\*excluding 3 Councillor employers

## New Pensioners 2023/2024

Retirement Type	Number of Retirements
Ill Health	37
Early	661
Normal Retirement Age (NRA)	22
Late	142
Redundancy / Efficiency	21
Flexible	20
Trivial Commutation	92
<b>Total</b>	<b>995</b>

## Member Trends

Year	Contributors	Deferred (including undecided & frozen refunds)	Pensioners	Dependant Pensioners	No. of Redundancy & Efficiency enhanced benefits	No. of Ill Health enhanced benefits: Tier 1 only
2020/2021	17,542	17,275	12,996	2,041	43	21
2021/2022	17,073	17,888	12,613	1,921	25	34
2022/2023	17,671	18,424	13,161	1,990	16	20
2023/2024	17,813	18,377	14,416	2,258	21	28

## Analysis of Pension Overpayments and Write Offs

	2023/2024		2022/2023		2021/2022		2020/2021	
	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases
<b>Amounts under £100</b>	£5,563	146	£5,906	162	£6,516	166	£6,348	151
<b>Overpayments Recovered</b>	£56,710	121	£46,954	103	£38,056	92	£26,716	92
<b>Overpayments Written Off</b>	£0	0	£0	0	£0	0	£498	2

The Fund has a policy in which it does not seek to recover any overpayments of pensioner payroll payments which are under £100. Details of those are shown above. Every effort is made to recover any payroll overpayments above £100. In some circumstances these may be written off with agreement from the Section 151 Officer.

## Key Performance Indicators (KPI)

The Fund measures several administration tasks against agreed service standards. These KPIs help ensure we are providing information to our scheme members in a timely manner. Previously the fund reported on seven measures, however, the Fund has developed further measurements of service provision to increase the transparency of performance and are now reporting on 13 measures. The KPI requirements can be found in the Fund's Administration Strategy and include targets of 90% of the agreed service standard for the Clwyd Pension Fund administration element and 100% for the legal requirement element.

The new measures in the table below are marked with a \*, please note not all of these measures have a legal requirement and therefore will have 'N/A' in the legal requirement fields.

The 'Time taken to process casework' table below shows the percentage of cases achieved within the legal & fund targets and the 'Total number of casework' table shows the number of case completed overall taking in to account cases brought forward from the previous year. Future reports will include the new requirement to measure against 'The total number of casework' completed in previous years. This will be in-line with the new guidance issued earlier this year by SAB. This report includes 2023/2024 only.



## Time Taken to Process Casework

Process	No. of cases completed cases 2023/2024	Legal Requirement	% of cases completed within target (Legal) 2023/2024	CPF Administration element target	% of cases completed within target (CPF) 2022/2023	% of cases completed within target (CPF) 2023/2024
To send a Notification of Joining the LGPS to a scheme member	3,436	2 months from date of joining (assuming notification received from the employer), or within 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled	82%	30 working days from receipt of all information	99%	99%
To inform members who leave the scheme of their leaver rights and options	1,813	As soon as practicable and no more than 2 months from date of initial notification (from employer or from scheme member)	92%	15 working days from receipt of all information	89%	98%
Obtain transfer details for transfer in, and calculate and provide quotation to member	289	2 months from the date of request	33%	20 working days from receipt of all information	78%	43%*
Provide details of transfer value for	235	3 months from date of request (CETV estimate)	65%	20 working days from receipt of all information	85%	23%*

Process	No. of cases completed cases 2023/2024	Legal Requirement	% of cases completed within target (Legal) 2023/2024	CPF Administration element target	% of cases completed within target (CPF) 2022/2023	% of cases completed within target (CPF) 2023/2024
transfer out, on request						
Notification of amount of retirement benefits	1,738	1 month from date of retirement if on or after Normal Pension Age or 2 months from date of retirement if before Normal Pension Age <sup>4</sup>	78%	10 working days from receipt of all information	94%	92%
Providing quotations on request for retirements	992	As soon as is practicable, but no more than 2 months from date of request unless there has already been a request in the last 12 months	95%	15 working days from receipt of all information	88%	87%
Calculate and notify dependant(s) of amount of death benefits	171	As soon as possible but in any event no more than 2 months from date of becoming aware of death, or from date of request by a third party (e.g. personal representative)	62%	10 working days from receipt of all information	65%	69%
*Calculate and Notify member of CETV for	115	3 months from the date of request	94%	20 working days from receipt of all information	100%	87%*

Process	No. of cases completed cases 2023/2024	Legal Requirement	% of cases completed within target (Legal) 2023/2024	CPF Administration element target	% of cases completed within target (CPF) 2022/2023	% of cases completed within target (CPF) 2023/2024
Divorce/Dissolution Quote						
*Calculate and Notify members of Actual Divorce Share	3	4 months from the date of the pension sharing order, or the date where all sufficient information is received to implement the order	100%	15 working days from receipt of all information	100%	100%
*Calculate and pay a Refund of contributions	359	N/A		10 working days from receipt of all information	89%	98%
*Calculate and Pay retirement lump sum	833	N/A		15 working days from receipt of all information	95%	95%
*Calculate and Notify member of Deferred Benefits	1,163	N/A		30 working days from receipt of all information	73%	45%
*Initial letter acknowledging death of member	435	N/A		3 working days from receipt of all information	82%	80%

\* These KPIs were affected by regulatory changes, awaited GAD guidance, and additional complexity due to the McCloud Remedy which has resulted in processes taking longer to complete.

## Total number of Casework

Process	Total number of cases open as at 31/03/2023	Total number of cases created 01/04/2023 – 30/03/2024	No. of cases completed cases 2023/2024	% of cases completed 2023/2024
To send a Notification of Joining the LGPS to a scheme member	1	3,435	3,436	100%
To inform members who leave the scheme of their leaver rights and options	33	1,805	1,813	99%
Obtain transfer details for transfer in, and calculate and provide quotation to member	3	326	289	88%
Provide details of transfer value for transfer out, on request	5	470	235	49%
Notification of amount of retirement benefits	1	1,737	1,738	100%
Providing quotations on request for retirements	138	1,124	992	79%
Calculate and notify dependant(s) of amount of death benefits	1	200	171	85%
*Calculate and Notify member of CETV for Divorce/Dissolution Quote	3	132	115	85%
*Calculate and Notify members of Actual Divorce Share	4	4	3	38%
*Calculate and pay a Refund of contributions	0	435	359	83%
*Calculate and Pay retirement lump sum	0	999	833	83%
*Calculate and Notify member of Deferred Benefits	0	1,163	1,163	100%
*Initial letter acknowledging death of member	2	445	435	97%

Going forward, previous years' data will be provided to allow for comparison.

## Other performance information

The total number of cases completed in 2023/2024 has reduced slightly compared to previous years. This is due to staff retention and the impact of training new staff members. In addition, a number of high priority processes (e.g. retirements) are now taking longer to complete due to the added complexity that the McCloud ruling has brought. Some transfer processes have been, and continue to be, on hold pending new GAD guidance being issued. This will continue until all guidance has been received, all member data has been uploaded onto the pension system, and system functionality has been upgraded to remove manual intervention and workarounds.

Despite this, work continues in other areas to drive performance. There has still been a positive effect on the performance levels achieved across all areas. In order to satisfy legal requirements the KPIs noted above are measured at a specific point within the case. These numbers will, therefore, not match the completed cases shown below which also include other areas of work.

### Completed Cases 2023/2024

Case Type	Cases
New Starters	3,307
Address changes (including via MSS)	1,938
Defers	1,605
Refunds	837
Retirements (all types)	1,720
Estimates (all types)	987
Deaths (deferred, active and pensioners)	491
Transfers In	318
Transfers Out	416
Divorce Quote	116
Divorce Share	3
Aggregation	1,454

2021/2022

Total cases  
completed

31,152

2022/2023

Total cases  
completed

30,540

2023/2024

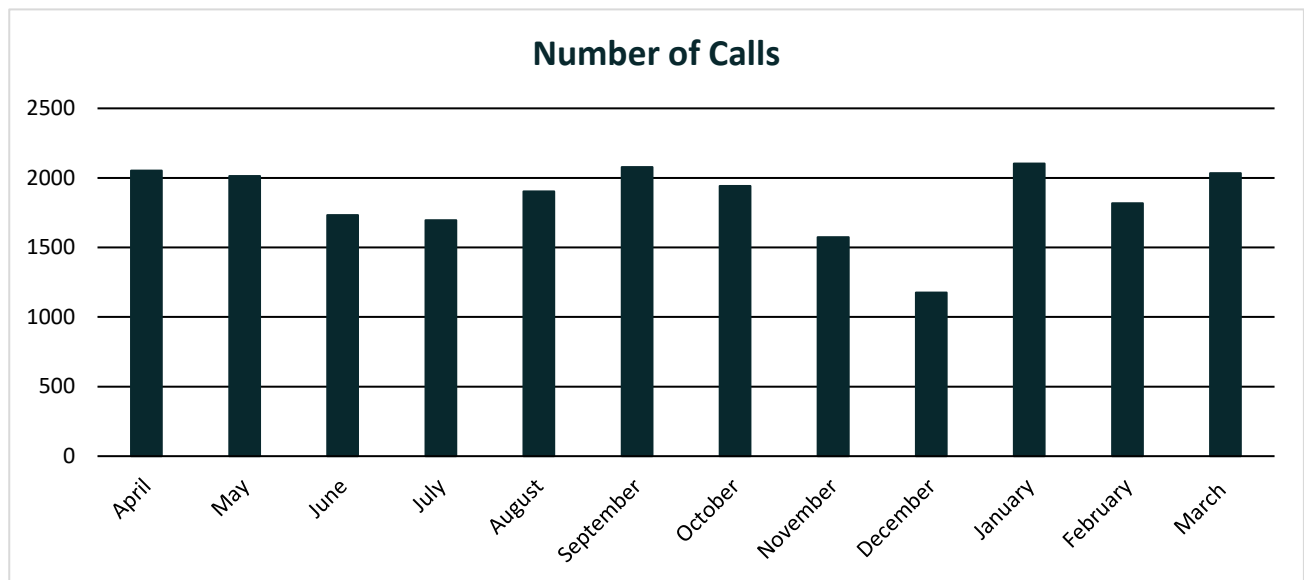
Total cases  
completed

29,356

## Case Movement 2023/2024

	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
<b>Start Total</b>	5,760	5,786	5,565	5,461	5,928	5,766	6,034	5,888	6,000	5,805	5,843	5,866
<b>Completed</b>	2,746	2,698	2,402	2,535	3,247	2,950	2,661	2,790	2,479	2,940	2,759	2,663
<b>Received</b>	2,800	2,499	2,371	3,032	3,121	3,241	2,535	2,926	2,297	3,085	2,798	2,649
<b>Deleted</b>	28	22	73	30	36	23	20	24	13	107	16	9
<b>Remaining</b>	5,786	5,565	5,461	5,928	5,766	6,034	5,888	6,000	5,805	5,843	5,866	5,843

## Phone call statistics 2023/2024



## Address & email statistics 2023/2024

Status	Total members	% gone away	% with email address
<b>Active</b>	17,813	0.3%	66%
<b>Pensioner &amp; Dependant</b>	16,674	0.2%	61%
<b>Deferred (Inc. undecided &amp; frozen refund)</b>	18,377	10%	50%

## Value for Money Statement

The Fund measures Value for Money by achieving its objectives set out in both the Administration Strategy and the Communication Strategy and particularly the following objectives:

- Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- Ensure the correct benefits are paid to, and the correct income collected from, the correct people at the correct time
- Maintain accurate records
- 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

To successfully deliver these objectives there is a robust Business Plan and Data Improvement Plan in place, risk management is integrated into our day-to-day business and we continually measure success against these objectives in various ways such as through our KPIs, satisfaction surveys and our Breaches Register. Progress updates on each of these are regularly reported to the Committee and the Board.

Some of the key measures to demonstrate Value for Money are as follows:

- The quality of data is fundamental to both the valuation of the Fund's liabilities and how this is subsequently reported in the Fund's accounts. As mentioned earlier, our common and scheme specific data quality scores are 97% and 98% respectively, evidencing that data is now of a high quality.
- We aim for 5% per year increases in the proportion of scheme members registered on Member Self-Service, which directly results in greater efficiencies. For the period April 2023 to March 2024 we achieved an increase of 3% for MSS registrations and 2% for paper preference. This will be more difficult to achieve year on year as the proportion of scheme members that have not registered reduces.
- We strive to use digital communications as a default in all situations unless there are valid reasons not to do so for efficiency or effectiveness reasons.
- We regularly review our progress against a wide range of KPIs (including legal timescales, overall process timescales and internal Fund turnaround times), workload case numbers (received, completed and outstanding) and our business plan requirements to ensure our resources are appropriate to meet our objectives.

Furthermore, in 2023/2024 the administration of the Fund was achieved within the agreed budget.

## Complaints Procedure

The Fund's complaints procedure is officially known as the Internal Dispute Resolution Procedure (IDRP).

Usually, before IDRP is instigated, an 'informal' complaint is raised by a member and the Pensions Administration Manager or Principal Pensions Officers will attempt to resolve the complaint and confirm this in writing where possible. If the complaint is against an employer decision, it is the employer's responsibility to attempt to resolve this complaint. If the member is dissatisfied with the response, they may appeal.

The Clwyd Pension Fund keeps a log of all complaints received directly to the Fund and how these complaints have been resolved all of which are reported to the Pension Board.

The appeal process is known as IDRP and has a two-stage process under LGPS regulations. Written appeal applications must be made using the Fund's official IDRP forms and must be returned to the Fund within six months of the date of the decision that the member is appealing against.

Stage One of the appeal's process requires the Fund's 'nominated person' to investigate the complaint. For Stage One, this nominated person is the Business Development Manager for West Yorkshire Pension Fund. He reviews the dispute and makes a determination as to whether the decision reached was made in line with the Scheme regulations. Should the member remain dissatisfied with the outcome they can make an application under Stage Two which can be forwarded to the Fund. Stage Two appeals are heard by the Monitoring Officer of Flintshire County Council.

If still dissatisfied, members may take their dispute to the MoneyHelper service and then onto the Pensions Ombudsman. The table below summarises the IDRP requests the Fund received in 2023/2024 versus 2022/2023 and their outcomes:

	Stage 1: Employers	Stage 1: Administering Authority	Stage 2: Employers	Stage 2: Administering Authority
Received 2022/2023	9	0	1	0
Received 2023/2024	2	0	1	0
Upheld 2022/2023	1	0	0	0
Upheld 2023/2024	0	0	0	0
Rejected 2022/2023	4	0	1	0
Rejected 2023/2024	1	0	1	0
Ongoing 2022/2023	4	0	0	0
Ongoing 2023/2024	1	0	0	0

We have not been made aware of any members referring their complaint to the Pensions Ombudsman when they have lost stages one and two IDRP.



More information about the appeal process can be found in our Internal Dispute Resolution Procedure Pack at:

<https://mss.clwydpensionfund.org.uk/lgps/forms-and-resources>

## Contact Details

For further information on this section of the Annual Report please contact:

Mrs Karen Williams, Pensions Administration Manager

Clwyd Pension Fund, County Hall, Mold, Flintshire, CH7 6NA

Email: [Karen.williams@flintshire.gov.uk](mailto:Karen.williams@flintshire.gov.uk)

Tel: 01352 702963

## Section 7: Additional Information

### Appendix 5: Annual Governance Statement

#### Roles and Responsibilities

Flintshire County Council (the Council) is responsible for administering the Clwyd Pension Fund (the Fund), on its own behalf and on behalf of 2 other local authorities (Wrexham and Denbighshire) and 47 other large and small employers in North East Wales.

The main activities involved in managing the Fund are to make and manage investments and to administer the payment of scheme benefits. This is carried out in accordance with the requirements of the Local Government Pension Scheme (LGPS) Regulations 2013, the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and the Public Service Pensions Act 2013.

The Council is responsible for ensuring that all its business, including that of the Fund, is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and that there are proper arrangements to use money economically, effectively and efficiently. The Council is also required to ensure that the Fund is managed to deliver best value.

#### Governance & Delegation

The governance framework of the Council comprises an underlying set of legislative requirements, good practice principles and management processes, which supports the philosophy of the Council's operations, the standards it sets itself, the behaviours it expects of itself and the principles it follows.

To help ensure that the governance framework is robust, the Council has developed a Local Code of Corporate Governance (the Code) which defines the principles that underpin the governance of the organisation and is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government. The Code forms part of the Council's constitution and is available on the Council's website. The operation of the Fund is governed by this code. The Council produces its own Annual Governance Statement which reviews the effectiveness of its control environment.

The Fund has its own Governance Policy in place. This policy sets out the Fund's governance arrangements, including its governance structure and operational procedures for the delegation of responsibilities. It also sets out the Fund's aims and objectives relating to its governance. In accordance with the requirements of the Public Services Pensions Act 2013, the Fund has established a Local Pension Board (the Board) to act as a partner in assisting the Fund to meet its statutory and regulatory requirements and in administering the Fund effectively.

The Council discharges its duty as administering authority by delegation to the Clwyd Pension Fund Committee (the Committee). The Committee is made up of 5 of the Council's own councillors and 4 co-opted members, representing the other 2 local authorities, other employers

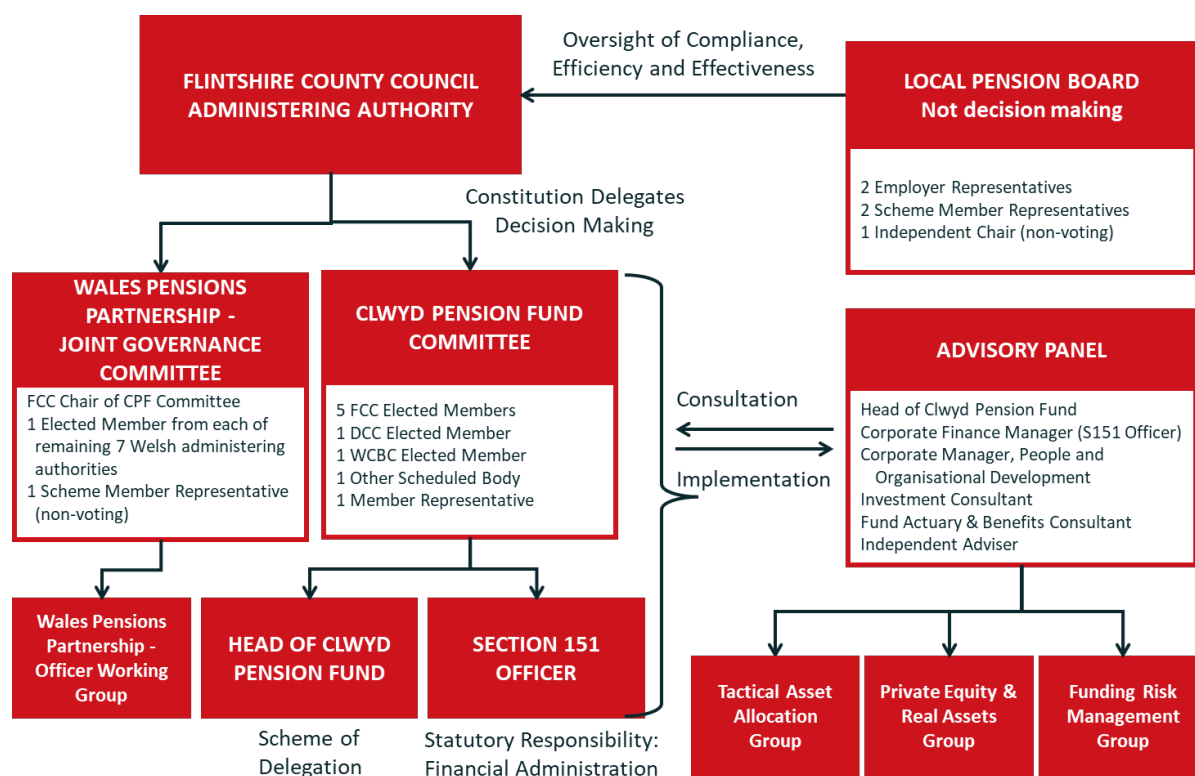
and the scheme members. The Committee receives advice from the Clwyd Pension Fund Advisory Panel (the Panel) which is made up of officers of the Council and advisors to the Fund.

The Head of Clwyd Pension Fund has overall responsibility for the activities of the Fund. This includes ensuring that the arrangements for the investment of assets, the receipt of contributions and the payment of benefits are properly managed.

The Council's Corporate Finance Manager as Section 151 Officer is responsible for arranging the proper administration of the financial affairs of the Fund. He is CIPFA qualified and is suitably experienced to lead the finance function.

In addition, under an inter-authority agreement, there is delegation to the Wales Pension Partnership Joint Governance Committee to reflect the move to the pooling of pension fund assets across the 8 Welsh LGPS pension funds.

The governance structure for the Fund is shown below. The bodies to which responsibility is formally delegated are supported by the Board, and also an Advisory Panel and a number of working groups.



## Strategy & Policy

The LGPS regulations require the Fund to maintain a number of strategy and policy documents which are available on its website. Key amongst these are the Governance Policy Statement, Funding Strategy Statement, Investment Strategy Statement, Communications Strategy, and Administration Strategy. These documents describe the Fund's objectives together with the main risks facing the Fund and the key controls which mitigate them. In addition, the Fund has a Business Plan, Breaches Procedure, Risk Policy, Conflicts of Interest Policy, Knowledge and Skills

Policy, Cyber Strategy and Anti-Fraud and Corruption Policy which support the governance framework.

## Use of financial data

Financial data is used and managed by the Fund in a number of different ways:

- There is a triennial actuarial valuation which determines long term cash flows, fund liabilities and contributions. In addition, monthly funding projections are also produced by the actuary to help the Fund keep abreast of its funding position.
- Detailed investment records are held and maintained by external partner investment managers including the Wales Pension Partnership (WPP) and the Fund's global custodian. There is quarterly performance reporting to the Fund of the position on investments.
- Economic and market forecast data is used to inform the Fund's investment strategy, which is designed to support the requirements of the Fund's funding strategy.
- The Fund prepares an annual statement of accounts, a business plan (including a budget and cash flow) and financial monitoring reports. The Fund uses the Council's Masterpiece financial ledger system to maintain its financial information.
- The Fund uses the Altair management system to manage the payment of benefits to beneficiaries. Payments to beneficiaries are made through the Council's bank account and are transferred immediately from the Pension Fund's bank account. Annual Benefit Statements are prepared and distributed to members. The Fund has a Member Self Service system, which allows members of the Fund to access their own membership information.

Annual audit reports and statements of internal control are obtained from the investment managers by the Fund and are reviewed by officers to provide assurance that the investments are managed in an adequate control environment. Any significant issues that these reports disclose are reported to the Committee on an exception basis.

## Risk Management

The Fund recognises that effective risk management is an essential element of good governance. The Fund has an effective policy and risk management strategy which:

- Demonstrates best practice
- Improves financial management
- Minimises the effect of adverse conditions
- Identifies and maximises opportunities that might arise
- Minimises threats

Risks relating to pension funds are often outside the Fund's control. The Fund's risk management focuses on measuring the current risk against the Fund's agreed target risk and identifying further controls and actions that can be put in place. These actions are then implemented as part of the day to day management or through the Fund's Business Plan.

The risks currently identified as key risks are shown in the section of the Fund's Annual Report which deals with the overall fund management (Section 1).

## Review of effectiveness

The Committee is responsible for ensuring the continued effectiveness of the governance framework and system of internal control within which the Fund operates. In discharging this responsibility it relies on the assurances of officers, financial monitoring and other reports, the work of internal audit and the work of the external auditors.

The Board assists the Committee in securing compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the scheme, and with ensuring the effective and efficient governance of the Fund.

The Fund has in place an Independent Advisor, part of whose role is to carry out an annual review which is included in the Fund's Annual Report (Appendix 1).

The Fund's Annual Report includes a governance compliance statement. This measures the extent to which the Fund's governance arrangements comply with statutory guidance.

As part of his duties, the Corporate Finance Manager ensures that the Council receives an internal audit of the control environment of the Council and the Fund. The audit coverage reviews the control environment within which the Fund operates and helps to ensure that robust arrangements are in place to:

- Safeguard the contributions made by employees and employers used to fund the pension liabilities
- Ensure control is maintained over partner investment managers who are responsible for ensuring that funds are maximised in order to meet liabilities
- Ensure that accurate and timely payment is made to retired members and beneficiaries of the Fund

## Update on significant governance issues previously reported

There were no significant governance issues in 2023/2024 specific to the Fund.

## Significant governance issues

The Head of Internal Audit has confirmed that there are no significant governance issues relating to the Fund which need to be reported as a result of the work undertaken by Internal Audit on the control systems of either the Council or the Fund.

## Internal Audit Opinion

Based on the audit work undertaken for the Council and the assurances provided by the Chief Executive, the Corporate Finance Manager and the Head of Clwyd Pension Fund, it is the Head of Audit's opinion that key controls were generally operating effectively during 2023/2024 but some refinement or addition of controls would enhance the control environment, and key objectives could be better achieved with some relatively minor adjustments.

## Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance which operate on the Clwyd Pension Fund. Work undertaken by Internal Audit has shown that the arrangements in place are operating as planned. We consider the governance and internal control environment operating during 2023/2024 to provide reasonable and objective assurance that any significant risks impacting the Fund's ability to achieve its objectives will be identified and actions taken to avoid or mitigate their impact.

Philip Latham

Head of Clwyd Pension Fund

Cllr Dan Rose

Chair of the Clwyd Pension Fund Committee

## Appendix 6: Glossary

<b>Active member</b>	A current employee who is paying contributions to the Fund.
<b>Actuary</b>	An independent professional who advises the Administering Authority on the financial position of the Fund. Every three years the Actuary values the assets and liabilities of the Fund and determines the funding level and the employers' contribution rates. Both to meet the cost of any future benefit accrual, and also rectify any difference in assets and liabilities for accrued benefits.
<b>Additional Voluntary Contributions (AVC)</b>	An option available to active members to secure additional pension benefits by making regular contributions to separately held investment funds managed by the Fund's AVC provider.
<b>Administering Authority</b>	Flintshire County Council is the Administering Authority of the Clwyd Pension Fund and is responsible for managing and administering the LGPS in relation to its members. This includes maintaining and investing the Fund's assets.
<b>Admitted Body</b>	An organisation who has entered into a service agreement with a Scheme employer. Flintshire County Council, as the Administering Authority, and the relevant parties to the service agreement enter into an admission agreement to allow the staff who transferred to the new organisation to participate in the LGPS.
<b>Alternatives</b>	An alternative investment is an asset that is not one of the conventional investment types, such as stocks, bonds and cash. Alternative investments include private equity, hedge funds, managed futures, real estate, commodities and derivatives contracts.
<b>Asset Allocation</b>	The apportionment of a fund's assets between different types of investments (or asset classes). The asset allocation is monitored on a regular basis depending on the agreed tolerances set out in the Investment Strategy. The long-term strategic asset allocation of a fund will reflect the fund's investment objectives.
<b>Benchmark</b>	A measure against which the investment policy or performance of an investment manager can be compared.
<b>Consumer prices index (CPI)</b>	CPI is a measure of inflation with a basket of goods that is assessed on an annual basis. Pension increases in the LGPS are linked to the annual change in CPI. Currently CPI is lower than RPI (see RPI comment below).
<b>CPIH</b>	This is a broader measure of inflation based on CPI including owner occupiers' housing costs.
<b>Corporate Bonds</b>	Fixed interest securities and index-linked securities issued by companies registered either in the UK or overseas. They represent 'loans' to the companies which are repayable on a stated future date (for definitions of "fixed interest" and "index-linked" see 'Fixed

	Interest Government Securities’ and ‘Index-linked Government Securities’).
<b>Custodian</b>	This is a financial institution that holds customers’ securities for safekeeping to minimise the risk of theft or loss. Most custodians also offer account administration, transaction settlements, collection of dividends and interest payments, tax support and foreign exchange.
<b>Deferred Members</b>	Scheme members who have left employment or ceased to be an active member of the Scheme whilst remaining in employment, but retain an entitlement to a pension from the Scheme.
<b>Direct property</b>	Direct investment in property is buying all or part of a physical property. Property owners can receive rent directly from tenants and realise gains or losses from the sale of the property.
<b>Diversified Growth Funds (DGF)</b>	An alternative way of investing in shares, bonds, property and other asset classes.
<b>Employer Contribution Rates</b>	The percentage of the salary of members that employers pay as a contribution towards the members’ pension.
<b>Equities</b>	Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders’ meetings.
<b>Equity risk premium</b>	Also referred to as simply equity premium, this is the excess return that investing in the stock market provides over a risk-free rate, such as the return from government treasury bonds. This excess return compensates investors for taking on the relatively higher risk of equity investing.
<b>Fixed Interest Securities</b>	Investments, mainly in government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange in the meantime.
<b>Funding Strategy Statement</b>	This is a formal document setting out how the Administering Authority will determine employers’ contributions to the Fund and how it will manage its funding risks. The statement should be kept under review, at least every three years with any amendments being subject to consultation with stakeholders.
<b>Hedge Funds</b>	Also known as “absolute return funds’, these funds have as their objective a performance target expressed as a margin above the return which can be achieved on cash deposits.
<b>Index</b>	A calculation of the average price of shares, bonds, or other assets in a specified market to provide an indication of the average performance and general trends in the market.



<b>Indexed-Linked Government Securities</b>	Investments in government stocks (UK and overseas) where both the annual interest payment and the capital sum repayable by the Government are adjusted to allow for inflation. Investments in government stocks which are repayable on a stated future date.
<b>Investment Strategy Statement</b>	This is a formal document setting out the Administering Authority's objectives and attitude to investment risk and sets out what the long term investment strategy will be i.e. how the Fund's assets will be distributed among different asset classes. The statement should be kept under review, at least every three years with any amendments being subject to consultation with stakeholders.
<b>Liability Driven Investment (LDI)</b>	LDI is a risk management strategy that aims to mitigate the Fund's exposure to interest rate and inflation risks.
<b>Market Value</b>	The price at which an investment can be bought or sold at a given date.
<b>Multi Asset Credit</b>	The price at which an investment can be bought or sold at a given date.
<b>Passive Investing (Indexation)</b>	An investment strategy whereby the manager replicates an index in order to generate a rate of return in line with the index. The manager has no discretion over stock selection within the index. If it is a multi-asset portfolio, the asset proportions are prescribed within the mandate.
<b>Pooled Funds</b>	Funds which manage the investments of more than one investor on a collective basis. Each investor is allocated units which are revalued at regular intervals. Income from these investments is normally returned to the pooled fund and increases the value of the units.
<b>Private equity</b>	Private equity is the ownership of companies that are not listed on a public stock exchange.
<b>Retail Price Index (RPI)</b>	A measure of the general level of inflation based on the change in the price of a fixed basket of goods and services, such as food, energy, petrol, travelling costs, mortgage interest payments and Council Tax. From 2030 onwards, the calculation of RPI will be more closely aligned with that of CPIH.
<b>Return</b>	The total gain from holding an investment over a given period, including income and any increase or decrease in market value.
<b>Risk Management Framework</b>	The Fund has established a framework with the aim of providing stability of funding and employer contribution rates in the long term. The framework includes the following strategies that seek to manage a variety of financial risks: Funding Level Monitoring, Liability Hedging, Synthetic Equities, Currency Hedging, Collateral Management, Realisation of Investments, Cash Management and Stock Lending.

<b>Scheduled Body</b>	An organisation that has the right to become a member of the LGPS under the scheme regulations. Such an organisation does not need to be admitted as its right to membership is automatic.
<b>Unrealised Gains/Losses</b>	The increase or decrease in the market value of investments held by the fund since the date of their purchase.
<b>Wales Pension Partnership (WPP)</b>	An investment pool comprising of the Welsh LGPS Funds. WPP is one of eight LGPS investment pools in England and Wales. LGPS investment pools aim to increase pension fund investment efficiency and make it easier to access more asset classes.

## Appendix 7: Regulatory Documents

Below are links to the regulatory documents which form part of the Governance and Performance framework within which the Fund operates:

### Governance Policy and Compliance Statement (November 2022)

<https://mss.clwydpensionfund.org.uk/documents/Governance%20Policy%20&%20Compliance%20Statement.pdf>

### Funding Strategy Statement (March 2023)

<https://mss.clwydpensionfund.org.uk/documents/Funding%20Strategy%20Statement.pdf>

### Investment Strategy Statement (March 2024)

<https://mss.clwydpensionfund.org.uk/documents/Investment%20Strategy%20Statement.pdf>

### Communications Strategy (June 2022)

<https://mss.clwydpensionfund.org.uk/documents/Communications%20Strategy.pdf>

Other best practice documents are also available on Clwyd Pension Fund website. A list of these documents and the website address can be found on the contents page of the report.



[mss.clwydpensionfund.org.uk](https://mss.clwydpensionfund.org.uk)

Clwyd Pension Fund, County Hall, Mold, Flintshire, CH7 6NA

Please note that Flintshire County Council is the administrative authority of the Clwyd Pension Fund and we use your personal data in accordance with Data Protection legislation to provide you with a pension administration service. For more information about how we use your data, who we share it with and what rights you have in relation to your data, please visit the Privacy Notice on our website.