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**BUSINESS PLAN FOR 2023/24**

**Reason for this Report**

1. To present to the Committee the Fund's Business Plan for 2023/24.

**Background**

2. The day-to-day administration of the Pension Fund is carried out by the Pensions Section based in County Hall. The Section carries out a range of functions including maintaining member records held on the Altair system, providing information to Fund members, calculating and paying benefits to Fund members and giving advice to Fund employers.

**Business Plan**

3. A copy of the 2023/24 Business Plan is attached as Appendix 1. The Business Plan was presented to the 18 April 2023 meeting of the Local Pension Board for review. The purpose of the Business Plan is to set out the key action points for the administration of the Fund over the next financial year in the context of the Fund's goals and objectives over the longer term. The Plan also includes membership statistics for the current and previous three years.
4. The Plan outlines the key work priorities for the Fund over the next twelve months which include :-
  - Further enhance the diversity of the Fund's Investments by investing in the new WPP sub-funds to be launched or expected to be launched in 2023/24 which include :
    - Private Credit
    - Infrastructure – Open-ended
    - Sustainable Global Equity
    - Private Equity
  - Continue to progress the procurements of the WPP Operator and Property sub-fund.

- Further work to assist with the setting of a Net Zero target for the Fund
- Continued focus on training for both Fund officers and Pension Board and Committee Members
- Continue to review the opportunities for digitalisation including a further role out of Member Self Service (MSS).
- Continue with the progress to deliver on projects such as McCloud, when final regulations and time scales are announced, Guaranteed Minimum Pensions (GMP) and Pension Dashboards.
- Managing the Resource implications of these activities including the associated recruitment to fill the additional posts previously created.

5. The Business Plan also includes a summary of the Fund's achievements over the last financial year which include :-

- Continued to develop the hybrid working model to deliver the service to Fund members encouraging the use of electronic communication and in particular promoting the use of Member Self Service for Active Members.
- An enhanced focus on pension scams including the renew of the Funds pledge to combat scams and following the advice of The Pension Regulator the introduction of more stringent checks on outgoing transfer from the Fund.
- An on-going recruitment process to fill vacant posts including the use of Cardiff works Agency staff to fill the more junior grades. An additional temporary senior role to assist with specialist project work such as McCloud has been created.
- Work on the development of the WPP Private Market Funds continued with Managers being appointed for the Private Credit, Infrastructure (Open and Closed ended) and Private Equity sub-funds.
- The multi-manager line-up for the WPP Sustainable Equity Fund has been finalised although the target launch for this sub-fund has slipped from Late March to late May 2023.
- Procurements for both the WPP Operator and Property sub-fund Manager commenced with Market Engagement days during March 2023.
- Completion of the 2022 triennial valuation including updated Funding Strategy Statement (FSS) and Investment Strategy Statement (ISS).

6. The Plan includes a summary budget for 2023/24, where:

The Fund's sources of income are:

- the contributions from employers and employees
- investment returns in the form of income and capital growth

The Fund's expenditure comprises:

- payment of pension benefits
- investment management expenses
- administration and governance expenses

The budget assumes a broadly "cashflow neutral" position in which contributions received match benefits paid and administration expenses although the trend in recent years has been that the Fund has had a positive cashflow with contributions received exceeding benefits paid.

The provision for external support for the Fund has been increased to £300,000, from £250,000 in 2022/23, to cover some of the additional work required around the Fund setting its own Net Zero target. The provision will also be used, if required, to assist internal resources in meeting future challenges for the Pension Fund in delivering some of the work priorities identified for 2023/24 including McCloud, Pension Dashboards, the Single Code of Practice, the Good Governance review and TCFD reporting requirements.

## Legal Implications

7. Various legislation, regulations, and government guidance impose obligations on administering authorities in relation to the administration of the LGPS, including in relation to requirements to prepare and maintain prescribed strategy statements. The recommendations refer to the fund's Business Plan for 2023/24 and approval of the same is being sought from the Committee. The Business Plan is a technical document/and or contains technical objectives/priorities for the fund in the forthcoming year. These may require expert advice which may be outside the expertise of the in house Legal Service. The Committee should ensure that it has full and proper advice on such matters before proceeding to make a decision. It is understood by Legal Services that the service area has taken assistance and advice from appropriate external advisors before presenting the recommendations for approval.

### General Legal Advice

Any decision must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council eg. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its tax payers; and (h) be reasonable and proper in all the circumstances and comply with any equalities legislation.

The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to

the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

The Well-Being of Future Generations (Wales) Act 2015 (“the Act”) places a ‘well-being duty’ on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

In discharging its duties under the Act, the Council has set and published well-being objectives designed to maximise its contribution to achieving the national well-being goals. The well-being objectives are set out in Cardiff’s Corporate Plan 2023-26 : <https://www.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Corporate-Plan/Pages/Corporate-Plan.aspx>

The well-being duty also requires the Council to act in accordance with ‘sustainable development principle’. This principle requires the Council to act in a way, which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrates approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

## **Financial Implications**

8. There are no financial implications arising from this report.

## **Recommendations**

9. That the Committee approve the Business Plan for 2023/24.

**CHRISTOPHER LEE  
CORPORATE DIRECTOR RESOURCES**

**Appendices:**

Appendix 1 – Business Plan 2023-24