



Report of the Section 151 Officer

Pension Fund Committee – 15 March 2023

City & County of Swansea Pension Fund Business Plan 2023/24

Purpose:	To provide a working framework for the Pension Fund's programme of work for 2023/24
Reason for Decision:	To approve the outlined work programme.
Consultation:	Legal, Finance and Access to Services.
Recommendation:	It is recommended that The Pension Fund Committee approve and note: 1) The City & County of Swansea Pension Fund Annual Business Plan 2023/24. 2) Risk Register 2023/24. 3) Asset Allocation. 4) Budget 2023/24.
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Finance Officer:	Jeff Dong
Legal Officer:	Stephanie Williams
Access to Services Officer:	Rhian Millar

Business Plan 2023/24

1 Background

- 1.1 In line with best practice, the Pension Fund produces a business plan, risk register, budget and asset allocation to inform its work programme for the forthcoming 12 month period. The business plan, budget, risk register, asset allocation for 2023/24 is attached at Appendix 1,2,3 and 4

2 Proposal

- 2.1 The Pension Fund Committee is asked to approve the attached business plan, budget, risk register and asset allocation for the year 2023/24 noting the timescale and responsibility for key action points throughout the year. The document is a dynamic document and shall be revised and amended throughout the year as necessary.

3 Legal Implications

3.1 The relevant legal provisions and guidance are set out in the Appendix

4 Financial Implications

4.1 There are no financial implications arising from this report

5 Integrated Impact Assessment Implications

5.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to their own needs.

The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

An integrated impact assessment screening has been undertaken and it concludes that there are no equality impact implications arising from this report.

Background Papers: None.

Appendices: Appendix 1- Business Plan 2023/24

Appendix 2 – Risk Register

Appendix 3 – Asset Allocation

Appendix 4 – Budget

CITY AND COUNTY OF SWANSEA



Pension Fund

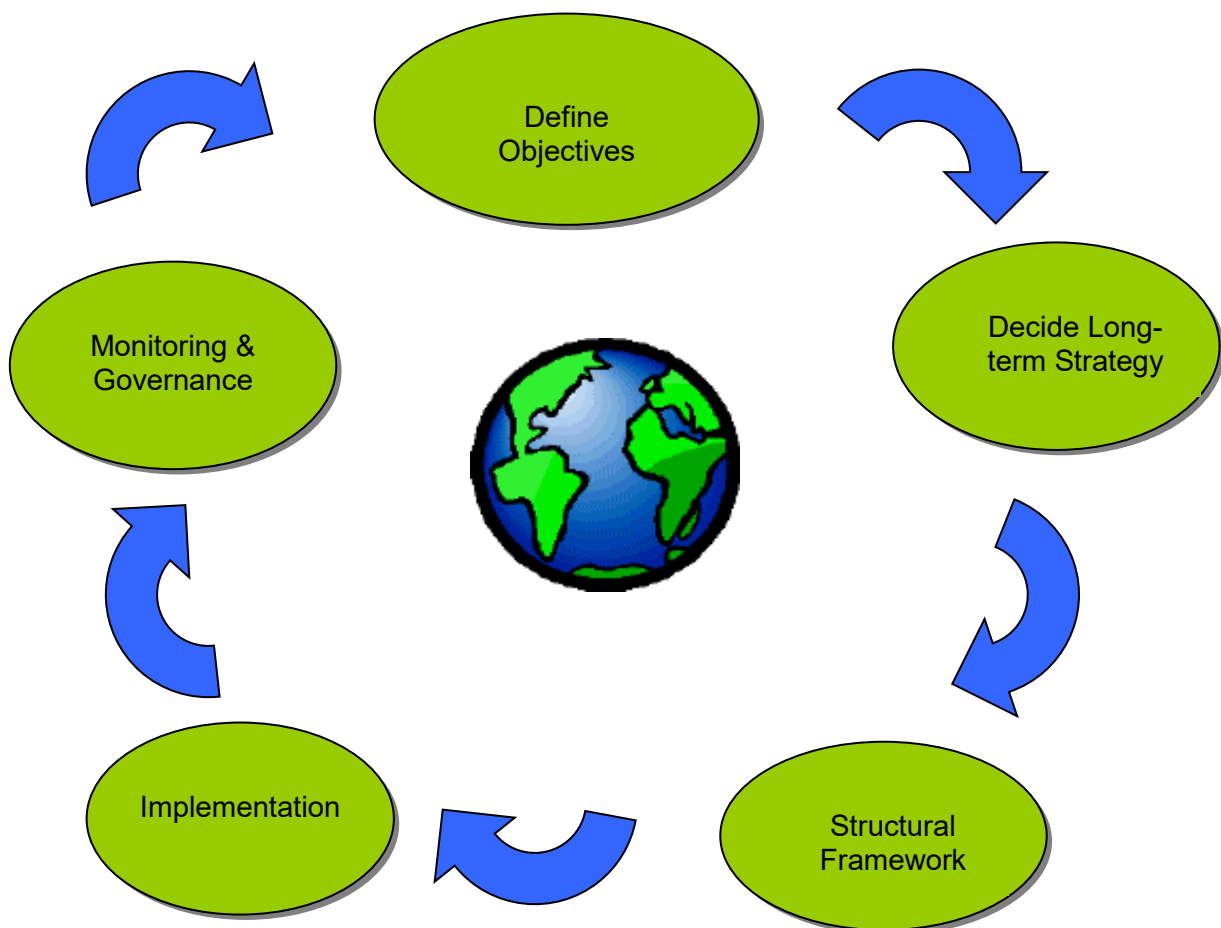
Annual Business Plan 2023/24

Local Government Pension Scheme City & County of Swansea

Business Plan

1. Decision-making Framework

The Pension Fund Committee have the delegated responsibility to manage the investment arrangements of the Fund to meet the overall investment objectives identified in the Statement of Investment Principles. Investment decisions are taken by the Committee as advised by the Deputy S151 Officer and professional external investment consultants. The Pension Fund Committee use the following framework to formulate their policy in all aspects relating to the management of the Fund's assets.



This Plan relates to the management of the Fund's assets over the medium-term/long term, with a detailed plan of issues to be addressed in the next twelve months.

2. Summary of Investment Arrangements

The primary investment objectives of the Pension Fund Committee as stated in the Investment Strategy Statement are:

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. This funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

The Committee aims to fund the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary and/or inflation increases.

The Committee has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

It is intended that the Fund's investment strategy will be reviewed approximately every three years and as appropriate in the interim.

The Fund's investment strategy was last reviewed during 2019. A full analysis including both a quantitative (using asset liability modelling) and qualitative analysis was undertaken. This approach helps to ensure that the investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners, deferreds and active members), together with the level of surplus or deficit (relative to the funding basis used). Details of the assumptions used in the quantitative analysis was considered prior to the Committee agreeing any strategic changes.

The Committee monitors investment strategy on an ongoing basis, focusing on factors including, but not limited to:

- Suitability, given the Fund's level of funding and liability profile
- The level of expected risk
- Outlook for asset returns

The Committee also monitors the Fund's actual allocation on a regular basis to ensure it does not notably deviate from the target allocation and is considering a formal rebalancing framework alongside potential changes to the Fund's longer term strategic asset allocation, however it is recognised that as it transitions to the yielding asset portfolio there shall be periods of variation and deviation.

Performance of the investment managers are collated by PIRC on a whole LGPS basis, this service shall be reviewed on an All Wales basis in due course. Performance of the managers are considered by the Pension Fund Committee on a quarterly basis, with reports and analysis being provided by Hymans.

Each of the external managers provides quarterly reports on performance and makes presentations to Committee as and when required.

3. Issues addressed in year to 31 March 2023

In the last twelve months the Pension Fund Committee has addressed the following investment issues:

a. Objectives

- The fund reviewed its objectives as outlined in the revised Investment Strategy Statement

b. Investment Strategy

The Pension Fund Committee monitored its investment strategy and asset allocation as outlined in The Investment Strategy paper previously , providing an update on progress re. the de-risking strategy and formulating its plan to achieve its net zero by 2037 ambitions. It has also committed significant capital to renewable energy (solar and wind) and timberland and agriculture during the year. It has also committed to investing in residential housing with funds committing to endeavour identifying opportunities in the Swansea area and is currently evaluating a number of local levelling up opportunities

c. Structural Framework

The Wales Pension Partnership (WPP) has successfully transitioned its active global equities assets (including Swansea) into the WPP ACS. The successful transition of Swansea's active £121m fixed income assets took place in Sep 2020. Work is ongoing in relation to the private market assets in the portfolio with a timetable for implementation to be agreed in 2023/24.

d. Implementation

- Produced annual report and statement of accounts 2021/22
- Held Annual General Consultative Meeting
- Transitioned active bonds into WPP active fixed income sub funds
- Implemented Swansea specific low carbon overlay re. WPP Global equity assets
- Implemented Equity Protection proxy programme (trade finance)
- Implemented Timberland and Agriculture allocation
- Implemented triennial valuation
- Held employee roadshows

e. Monitoring & Governance

During the year, the Pension Fund Committee has held quarterly monitoring meetings with reports from the investment consultant and officers in hybrid manner

Similarly, The Local Pension Board has held quarterly hybrid meetings (reviewing the work of the pension fund committee

The Joint Governance Committee (JGC) of the WPP has also met 4 times during the year virtually.

A consultation meeting to consider the 2021/22 Annual Report and Statement of Accounts was held, to which all employing bodies and trade unions were invited.

The Pension Admin Manager held several meetings for employers and members in order to explain the implementation of new regulations, share best practice and improve data submission portals and preparatory work ahead of the triennial valuation 2022 and other changes amongst other administration issues.

f. Environmental, Social, Governance (ESG)

The Pension Fund Committee has formally adopted and approved its Responsible Investment Policy and Environmental, Social Governance (ESG) Policy. The Fund has successfully transitioned £0.5bn of assets into the Blackrock low carbon fund and was recognised in its responsible investment approach by winning the LAPF Best Approach to Sustainable Investment Award 2019. It has also lobbied and worked with peers in WPP to implement carbon reduction programmes in its portfolios. Consequently, the WPP has submitted its prospectus for the carbon reduction overlay for the WPP Global equities opportunities fund to the FCA for consideration. Swansea is currently also concluding due diligence on a number of impact investments including renewable power (solar and wind) and affordable/community housing. The fund also was shortlisted for the LAPF Awards in 2020 for best investment innovation (equity protection) and best approach for sustainable investment (carbon reduction overlay).

4. The Business Plan

a. Objectives

The Investment Objectives, Strategy and Risk Profile shall be considered when reviewing the Investment Strategy Statement and when considering the revision of the funding strategy statement that was adopted for the 2019 valuation.

b. Investment Strategy

The solvency level of the Fund continues to be carefully monitored and following the Triennial Valuation 2022 has achieved 100% funding whilst reducing assumption risk and discount rate and reducing the recovery period The ongoing uncertainty for the world economies and recovery from the effects of the global Covid 19 pandemic/Ukraine crisis and global inflation means that Pension Fund Committee members shall continuously review the funding level. The strategy will be regularly reviewed to seek to reduce the risk within the portfolio in light of recent gains.

Particular areas to be addressed are as follows:

- Review the effectiveness of the implemented structure of the fund
- Review de-risking strategy
- Review the profile of the Equity protection programme
- Review asset allocation and new asset classes
- Review risk parameters
- Re- balance more efficiently
- Review appropriate fund benchmarks

c. Structural Framework

The structural framework of the investment management arrangements of the fund has been materially changed by the establishment of the WPP. The joint governance committee has met 4 times during the year and has engaged formally with the chairs of the 8 local Pension Boards and has held a number of joint training sessions during the year.

d. Implementation & Risk Management

The Committee shall implement decisions taken in respect of the strategy described above and has identified and shall monitor risks identified in Appendix 2 in the Pension Fund Risk Register. A programme to reduce risk in the equity portfolio as the fund reallocates to a variety of yielding real assets was the implementation of an equity protection programme, the progress of which has been reported regularly since inception. The programme has now matured and due to unattractive pricing a proxy programme of trade finance has been implemented to provide the uncorrelated compensating returns whilst the real assets portfolio is deployed.

e. Monitoring & Governance

The Governance arrangements of the CCS pension fund have been formally reviewed in line with regulations and the Council's constitution has been amended to reflect the same, with the Pension Fund Committee having governance responsibilities for the pension fund and the Local Pension Board providing the oversight and assistance to the Pension Fund Committee to discharge its role.

The Pension Fund Committee will continue to consider issues arising from all the guidance for investment decision making and further improve compliance where required. The Pension Fund Committee awaits the outcome of the scheme governance review guidance due to be published by the scheme advisory board (SAB).

The Chairman (or his nominated Deputy) of the Pension Fund Committee shall be the Swansea representative on the Joint Governance Committee of the Wales Pension Partnership. Following the considerable support of the Chairman of the Pension Fund Committee, the JGC of the WPP has approved the appointment of a Scheme Member Representative of the JGC.

An Annual Consultative Meeting with stakeholders was held to consider the 2021/22 Annual Report and receive and consider the Triennial Valuation Results 2022.

Further open meetings for employers shall be arranged as required to consider revisions to the scheme and the impact of Mc Cloud remedy impact and will consult on further dialogue with DLHC in relation to structural reform of the LGPS.

f. Trustee/Officer Training

The Deputy S151 Officer and advisors will continue to identify suitable Trustee training opportunities as outlined in the Trustee Training plan and in tandem with the WPP training plan, striving to ensure Trustees are appropriately equipped to discharge their role.

Since the publication of the CIPFA skills and knowledge framework and TPR toolkit , there is a continuing requirement for Pension Fund Committee Trustees to demonstrate acceptable levels of competency to discharge their roles.

The Trustees, in turn are to ensure their own training requirements are being met and are asked to make themselves available for training when required.

Similarly officers are required to demonstrate competency and experience in discharging their roles and the Deputy S151 Officer shall continue to identify training opportunities for the officers of the fund.

The appointed investment consultant, Hymans launched the LGPS National Knowledge Assessment (NKA) self assessment toolkit to gauge the level of competency of both Committees and Boards. Both members of the Committee and Local Pension Board have undertaken the assessment and the results and feedback shall inform the items identified for training. The Training Plan Report 2023/24 is also being considered on this agenda.

5. Business Plan Timetable

The following table in Appendix 1 sets out the progress achieved against the 2022/23 business plan and sets out the broad Pension Fund Committee business plan over the next twelve months for 2023/24, the document is a dynamic document which is subject to review during the year. The business plan also includes a projected budget for the forthcoming year in respect of the main areas of income and expenditure and in Appendix 3. Appendix 2 outlines the high level risk register.

The action plan shall, where appropriate, forms the basis of the agenda items at the Pension Fund Committee meetings.

APPENDIX 1

Review of 2022/23 Business Plan Targets to year ended 31st March 2023

Action	Description	Time-scale	Primary Responsibility	Status
1	Formulate Annual Business Plan for 2022/23	Mar 2022	Deputy S 151 Officer	Achieved
2	Implement revised FSS following Valuation 2022	April 2023	Deputy S 151 Officer /actuary	Achieved
3	Undertake 2022 Triennial Valuation	April 2022- Nov 2022	Deputy S 151 Officer /actuary	Achieved
4	Undertake formal Review of Investment Strategy Statement	Mar 2023	Deputy S 151 Officer / Investment Consultant	Deferred until after valuation
5	Implement revised pension SORP and CIPFA guidance in producing annual report and statement of a/cs	June 2022	Deputy S 151 Officer	Achieved
6	Finalise GMP reconciliation	Apr 2022	Deputy S 151 Officer	Not achieved /ongoing target completion date April 2024
7	Monitor LGPS Regulation Changes and provide response to consultation where necessary to DLHC	MHCLG timetable	Deputy S 151 Officer	Achieved
8	Implement Mc Cloud Remedy	2022/23	Deputy S 151 Officer	Ongoing as operational impact of remedy is appraised and developed with software providers
9	Support the WPP Investment project (procurement, governance & oversight arrangements, prospectus design, sub fund design, tax, transition management)	Continuous	Deputy S 151 Officer	Achieved & Ongoing

10	Consider and approve Pension Fund Accounts and Annual Report and progress through external audit process	November 2022	Deputy S 151 Officer	Achieved
11	Review performance of WPP fund managers and Swansea fund managers ,	July 2022 September 2022 Dec 2022 March 2023	Deputy S 151 Officer	Ongoing
12	Continue to implement the fund's ESG Policy in respect of reduced carbon exposure and responsible investments	2022/23	Deputy S 151 Officer	Achieved and ongoing
13	Annual consultative meeting with employers re. annual report	November 2022	Deputy S 151 Officer	Achieved Nov 2021
14	Receive presentations from Fund Managers/WPP ACS Operator/advisors	July 2022 September 2022 December 2022 March 2023	Deputy S 151 Officer	Achieved
15	Implement any amendments as a result of revised regulations	MHCLG Timetable	Deputy S 151 Officer	Achieved
16	Review Pension Administration Strategy/Discretions to ensure compliance with legislation	Nov 2022	Deputy S 151 Officer	Achieved
17	Review Communication Strategy to ensure fit for purpose and compliance with regulations	Nov 2022	Deputy S 151 Officer	Achieved
18	Implement training plan as a result of the knowledge and skills assessment of pension fund	July 2022	Deputy S 151 Officer	Partly Achieved – continues in 2022/23

	committee and local pension board members via National knowledge assessment (NKA)			
19	Review Governance arrangements pending issuance of SAB guidance	Dec 2022	Deputy S 151 Officer	Ongoing
20	Develop Roadmap to Net Zero for the Investment Portfolio	Dec 2022	Deputy S 151 Officer/Investment Consultant	Net Zero Roadmap adopted in Nov 2021

Business Plan 2023/24 to Year Ending 31 March 2024

Action	Description	Time-scale	Primary Responsibility
1	Formulate Annual Business Plan for 2023/24	Mar 2023	Deputy S 151 Officer
2	Implement 2022 Triennial Valuation	April 2023	Deputy S 151 Officer /actuary
3	Undertake formal Review of Investment Strategy Statement	April 2023- Nov 2023	Deputy S 151 Officer /investment consultant
4	Start Preparatory work to Implement Pensions Dashboard	Jun 2023	Deputy S 151 Officer
5	Implement revised pension SORP and CIPFA guidance in producing annual report and statement of a/cs	June 2023	Deputy S 151 Officer
6	Finalise GMP reconciliation	Apr 2024	Deputy S 151 Officer
7	Monitor LGPS Regulation Changes and provide response to consultation where necessary to DLHC	MHCLG timetable	Deputy S 151 Officer
8	Implement Mc Cloud Remedy	2023/24	Deputy S 151 Officer
9	Support the WPP Investment project (procurement, governance & oversight arrangements, prospectus design, sub fund design, tax, transition management)	Continuous	Deputy S 151 Officer
10	Consider and approve Pension Fund Accounts and Annual Report and progress through external audit process	November 2023	Deputy S 151 Officer

11	Review performance of WPP fund managers and Swansea fund managers ,	July 2023 September 2023 Dec 2023 March 2024	Deputy S 151 Officer
12	Continue to implement the fund's ESG Policy in respect of reduced carbon exposure and responsible investments	2023/24	Deputy S 151 Officer
13	Annual consultative meeting with employers re. annual report	November 2023	Deputy S 151 Officer
14	Receive presentations from Fund Managers/WPP ACS Operator/advisors	July 2023 September 2023 December 2023 March 2024	Deputy S 151 Officer
15	Implement any amendments as a result of revised regulations	MHCLG Timetable	Deputy S 151 Officer
16	Review Pension Administration Strategy/Discretions to ensure compliance with legislation	Nov 2023	Deputy S 151 Officer
17	Review Communication Strategy to ensure fit for purpose and compliance with regulations	Nov 2023	Deputy S 151 Officer
18	Implement training plan as a result of the knowledge and skills assessment of pension fund committee and local pension board members via National knowledge assessment (NKA)	July 2023	Deputy S 151 Officer
19	Review Governance arrangements pending issuance of SAB guidance	Dec 2023	Deputy S 151 Officer
20	Develop Roadmap to Net Zero for the Investment Portfolio	Ongoing	Deputy S 151 Officer/Investment Consultant
21	Review Investment consultant contract	Jun 2023	Deputy S 151 Officer

City & County of Swansea Pension Fund Risk Register 2023/24

Risk	Existing control measures /new control measures	Impact	Likelihood	Assigned	Date	Risk status
CCSPF1- Failure to comply with LGPS Regulation If there is failure to comply with regulation, there would be adverse audit opinion and loss of trust from employers within scheme	<ul style="list-style-type: none"> Well trained staff CPD Pensions Officer Group Society of Welsh Treasurers Internal/external audit regime 	High	Low	JD	2023/24	Green
CCSPF2 – Failure to process accurate pension benefits in a timely manner If a pension benefit is paid incorrectly there could be a cost to the fund or penalty imposed for lateness of payment	<ul style="list-style-type: none"> Well trained staff Established procedure with imbedded checks and segregation of duties in place Regular KPI monitoring Use of market leading software Altair NFI checks Atmos checks GDPR 	High	Low	JD	2023/24	Green
CCS PF3- Failure to collect and account for full receipt of contributions from employers and employees on time If there is a failure to collect appropriate contributions there may be a rise in employers contributions and an adverse impact on cashflow and the ability to pay benefits and adverse audit opinion	<ul style="list-style-type: none"> Contribution timetable/monitoring procedure Administering Authority agreement Escalation and fines for non compliance Internal audit 	High	Low	JD	2023/24	Green
CCS PF4 – Failure to keep pension records up to date If pension records are not up to	<ul style="list-style-type: none"> Administering Authority agreement with employers to ensure timely passing of 	High	Medium	JD	2023/24	Amber

<p>date, a wrong benefit may be calculated and paid</p>	<p>information</p> <ul style="list-style-type: none"> • Data accuracy checks undertaken • Data validation on Altair system • Periodic data validation by scheme actuary/NFI • 					
<p>CCSPF 5 Failure to hold personal data securely</p> <p>If there is breach of data there is a risk to the individual's details and loss of trust in the Authority</p>	<ul style="list-style-type: none"> • Compliance with GDPR • Business Continuity plan • IT Security Policy • Systems and pension payroll audit annually 	High	Low	JD	2023/24	Green
<p>CCSPF6 Loss of funds through fraud or misappropriation by Administrative staff</p> <p>If funds are lost through fraud or misappropriation by Administrative staff could lead to increase in employer contributions</p>	<ul style="list-style-type: none"> • Segregation of duties • Clear roles and responsibilities and schemes of delegation • Internal external audit 	High	Low	LM	2023/24	Green
<p>CCSPF7 – Loss funds through fraud or misappropriation in investment related functions</p> <p>If funds are lost through fraud or misappropriation in investment related functions could lead to increase in employer contributions</p>	<ul style="list-style-type: none"> • Segregation of duties • Clear roles and responsibilities and schemes of delegation • Internal/external audit • Regulatory control reports by external fund managers, custodians, fund administrators • FCA registration • Due diligence upon appointment 	High	Low	JD	2023/24	Green
<p>CCSPF8- Liquidity/cashflow risks – insufficient liquid assets with which to meet liabilities as they fall due</p> <p>If levels of liquidity are insufficient then pension payments may not be able to be met</p>	<ul style="list-style-type: none"> • Weekly pension fund cash investments monitoring • SIP allocation to liquid assets 	High	Low	JD	2023/24	Green

CCSPF 9- Volatility in employer contribution rates due to decrease/increase in valuation of assets/liabilities	<ul style="list-style-type: none"> Engage with expert actuary to make appropriate assumptions and employ suitable mechanisms to mitigate unaffordable rises Regular monitoring of investment manager performance Diversified investment asset allocation 	High	Medium	JD	2023/24	Amber
CCSPF10- Prolonged failure of investment managers to achieve their objective returns	<ul style="list-style-type: none"> Regular investment monitoring by officers Regular presentation to pension fund committee Ability to sack managers Diversified investment strategy with a number of different managers 	Medium	Medium	JD	2023/24	Green/Amber
CCSPF11- Price Risk- the volatility of the price of the quoted investments held exposes the fund to the risk of price movements in the market	<ul style="list-style-type: none"> A comprehensive diversified investment approach is adopted 	High	Low	JD	2023/24	Green
CCSPF 12- Interest rate risk- The risk of exposure to significant interest rate rises	<ul style="list-style-type: none"> A comprehensive diversified investment approach is adopted 	Medium	Low	JD	2023/24	Green
CCSPF 13 Discount Rate Risk- Volatility in the discount rate used inflates the level of liabilities to be paid	<ul style="list-style-type: none"> Engage professionally qualified actuary who can mitigate the effects of abnormal discount rates 	High	Medium	JD	2023/24	Amber
CCSPF 14 Foreign Exchange Risk- The risk of fluctuation the value of foreign currencies (the fund holds foreign investments whilst its liabilities are payable in sterling)	<ul style="list-style-type: none"> A comprehensive diversified investment approach is adopted Good cashflow management 	High	Low	JD	2023/24	Green

CCSPF 15 – having suitably trained/experienced staff	<ul style="list-style-type: none"> • Training, development and succession planning 	High	Medium	JD	2023/24	Amber
CCPF 16- Having suitably trained knowledgeable Pension Fund Committee Members/Local Pension Board Members	<ul style="list-style-type: none"> • CIPFA Knowledge and Skills framework • TPR Toolkit • Training Plan • Professional Advisors/Officers advising 	High	Low	JD	2023/24	Green
CCSPF 17- Having adequate cyber security to protect members’ data and ability to continue to pay benefits	<ul style="list-style-type: none"> • Comprehensive firewall and cyber security systems used by the Admin Authority and hosted system providers • Cyber security audit 	High	Low	JD	2023/24	Green

Asset Allocation as at 31st December 2022 – Appendix 3

Asset Class	Target Asset Allocation	Fund Manager		Benchmark	Performance target	
		Passive	Active			
		Asset Allocation as at 31/12/22	Asset Allocation as at 31/12/22	Total		
Global Equities	61% +/- 5%	22% Blackrock - Low Carbon Fund & EM	43% Wales Pension Partnership	65%	MSCI All World Index Net	+2% p.a. over rolling 3 year
Global Fixed Interest	5% +/- 5%	1% Blackrock	4% Wales Pension Partnership	5%	Libor	LIBOR +3%
Property	5% +/- 5%	-	4% Schroders, Partners & Invesco	4%	IPD UK Pooled Property Fund Index	+ 1% p.a. over rolling 3 year, 8% absolute return
Hedge Funds	2% +/- 1%	-	2% Blackrock & EnTrustPermal	2%	Libor	+4%
Private Equity	5% +/- 5%	-	7% Harbourvest, Blackstone	7%	FTSE allshare	+3% p.a. over 3 year rolling
Infrastructure	5% +/- 5%	-	3% First Sentier, Blackrock	3%	10% Absolute	10% Absolute
Residential Housing	5% +/- 5%	-	1% Threadneedle, Man Group	1%	6% Absolute	6% Absolute
Private Debt	5% +/-1%	-	2% Alcentra, CVC, GSAM Broad Street	2%	7% Absolute	7% Absolute
Timberland & Farmland	3% +/-1%	-	0% Manulife - HTFF, Stafford	0%	8-11% Gross IRR	8-11% Gross IRR
Trade Finance	3% +/-1%	-	4% Pemberton, Allianz	4%	USD 3 Month Libor	USD 3 Month Libor +2.5%
Cash	1% +/- 5%	-	7% In house and FM Cash	7%	7day LIBID	=
In house and FM Cash			Fidante, T Rowe Price		SONIA	SONIA
Global Bond Funds						
TOTAL	100%	23%	77%	100%		

In addition to the above allocations, there is a requirement to allocate 5% to Levelling Up projects within the UK and these allocations shall be sub sets of the above and shall be reported separately when material

Appendix 4 - Pension Fund – Budget 2023/24

	Actual 2021/22	Probable 2022/23	Estimate 2023/24
Membership Numbers			
Contributors	21,424	21,462	21,500
Pensioners	14,294	15,635	16,500
Deferred	12,263	12,235	12,240
	<u>47,981</u>	<u>49,332</u>	<u>50,240</u>
	Actual 2021/22	Probable 2022/23	Estimate 2023/24
	£'000	£'000	£'000
Income			
Employer Contributions	86,043	94,825	80,000
Employee Contributions	21,485	23,853	26,200
Transfers In	6,415	3,500	3,500
Other Income	5	14	15
Investment Income	27,164	30,000	32,000
	<u>141,112</u>	<u>152,192</u>	<u>141,715</u>
Expenditure			
Pensions Payable	72,012	75,614	83,251
Lump Sum Benefits	15,235	14,500	14,500
Death Grants	2,645	2,500	2,500
Refunds	131	246	240
Transfers Out	2,675	3,500	3,500
	<u>92,698</u>	<u>96,360</u>	<u>103,991</u>
Administrative Expenses			
Support Services	793	798	827
Actuarial Fees	35	124	50
Consultancy Service	209	220	220
External Audit Fees	44	44	48
Performance Monitoring Fees	6	6	7
Printing & Publications	17	18	20
Software Licences	295	338	350
Membership Fees	29	32	35
Legal Fees	18	22	24
Other	5	5	6
Pension Fund Committee	2	2	2
Pension Board	2	2	2
Training	2	2	10
Wales Pension Partnership Fees	135	167	206
	<u>1,592</u>	<u>1,780</u>	<u>1,807</u>
Investment Expenses			
Management Fees	5,894	6,500	6,500
Performance Fees	5,710	6,000	6,000
Custody Fees	284	321	330
Transaction Costs	3,064	3,000	3,000
	<u>14,952</u>	<u>15,821</u>	<u>15,830</u>