

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Tuesday, 24 May 2016
Report Subject	Governance Update
Report Author	Pensions Finance Manager

EXECUTIVE SUMMARY

A governance update is on each quarterly Committee agenda and includes a number of governance related items for information or discussion. The items for this quarter are:

- (a) Business Plan 2016/17 update (Appendix 1) for governance for which no actions commence during Quarter 1.
- (b) Current Developments and News – The Chair of the SAB has confirmed its formal establishment, the appointment of a Vice Chair, the creation of two sub-committees and that invitations have been sent asking for nominees for the three statutory non-voting positions on the Board.
- (c) Governance related policy/strategy implementation and monitoring. The Training Policy is now well embedded with excellent progress being made (Appendix 4). Details are also included of future events that Committee Members should consider (Appendix 3). The Breaches Policy is now in place. An anonymised copy of the Breaches Register is included at Appendix 5.
- (d) Delegated responsibilities – no responsibilities have been delegated to officers since the last Committee meeting.
- (e) Calendar of future events (Appendix 2). This details future training and other events.

RECOMMENDATIONS

	That the Committee consider the update and provide any comments.
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REPORT DETAILS

1.00	GOVERNANCE RELATED MATTERS
	Business Plan 2016/17 Update
1.01	Appendix 1 provides a summary of progress against the governance section of the Business Plan up to the end of quarter 1 to 30 June 2016. The Committee is asked to note that no actions are planned to commence during this quarter.
1.02	Appendix 1 also includes progress against the projected cash-flows and budgeted operating costs for 2015/16. The 2016/17 budget is included for information. The Committee is asked to note the following: <ul style="list-style-type: none"> • Fund Manager Fees are estimated as details of the majority of these fees have not yet been received. • We have yet to be advised of the Flintshire County Council support service costs recharge; an estimate based on the 2014/15 recharge has thus been used. • The key message from the final cash-flow for 2015/16 is that the Fund, excluding investment income and net distributions, was cash flow negative (£800 k), however, this included a bulk transfer of £4m during March to Gwynedd County Council.
1.03	The Committee is asked to note the contents of the business plan update.
	Current Developments and News
1.04	<i>National Scheme Advisory Board Update</i> – An update by Cllr Phillips (Chair SAB) has been shared on the SAB website. This confirms the formal establishment on the SAB, the appointment of a Vice-Chair (Jon Richards UNISON), and the establishment of two sub committees (Cost Management and Scheme Design, and also Investment, Engagement and Governance). Invitations to fill the three statutory non-voting positions will be sent to the Association of Local Authority Treasurers (ALAT), the Pension and Lifetime Savings Association (PLSA formerly NAPF) and the Trade Union Congress (TUC). The SAB's third annual report has now been published (http://www.lgpsboard.org/index.php/schemedata/scheme-annual-report).
1.05	<i>Local Pension Board Update</i> – The minutes from the Board meeting held on the 1 st March 2016 have previously been circulated to the Committee. There are no further matters to report.
	Policy and Strategy Implementation and Monitoring
1.06	<i>Internal Audit Report</i> – A routine annual audit was undertaken of Pensions Administration (Appendix 6) during the final quarter of 2015/16. An audit opinion is issued on a scale red to green, with green being substantial assurance. This audit resulted in an amber green (reasonable assurance) opinion being given. This has identified that whilst key controls are in place,

	<p>and generally operating effectively, some fine tuning is required.</p> <p>In total, one medium priority action and four low priority actions were identified. These are detailed in the report and remedial actions have been agreed with management. Internal Audit found that all other areas within the scope of their audit were well managed.</p>
1.07	<p><i>Training Policy</i> – The Clwyd Pension Fund Training Policy requires all Pension Fund Committee, Pension Board members and Senior Officers to:</p> <ul style="list-style-type: none"> • have training on the key elements identified in the CIPFA Knowledge and Skills Framework • attend training sessions relevant to forthcoming business • attend at least one day each year of general awareness training or events.
1.08	<p>Appendix 4 details progress made to date in relation to the CIPFA Knowledge and Skills Framework training. Some Committee Members do have outstanding modules to complete. Catch up training will be arranged during 2016/17.</p>
1.09	<p>Appendix 4 also includes training and various external events attended by Committee Members during 2016/17 as well as The Pension Regulator modules undertaken. Appendix 3 includes details of all future training planned including forthcoming events considered suitable for general awareness training.</p> <p>Members should note, in particular, that the Local Government Association (LGA) is holding the 13th Annual LGPS Trustee’s Conference in Manchester on the 23-24 June 2016. A flyer for the event is included at Appendix 7.</p>
1.10	<p><i>Recording and Reporting Breaches Procedure</i> – The Fund’s procedure requires that the Clwyd Pension Fund Manager maintains a record of all breaches of the law identified in relation to the management of the Fund and this information will be reported to the Pension Fund Committee at each meeting. Appendix 5 includes summary information in relation to the breaches identified last quarter. Information has been anonymised where necessary for data protection or commercial confidentiality.</p>
1.11	<p>No additional Breaches have been reported since the 22nd March Committee. In terms of the Breaches reported:</p> <p>Reference 01: work is progressing with system reports to identify those deferred benefits affected</p> <p>Reference 02: some legal advice has been received but further correspondence is required.</p>
1.12	<p>Delegated Responsibilities</p> <p>The Pension Fund Committee has delegated a number of responsibilities to officers or individuals. No delegated responsibilities were used in the last quarter in relation to governance matters.</p>
	<p>Calendar of Future Events</p>

1.13	<p>Appendix 2 includes a summary of all future events for Committee and Pension Board members, including Pension Fund Committee meetings, Pension Board meetings, Training and Conference dates.</p> <p>The Committee is asked to note that there will be a Special Meeting of the Clwyd Pension Fund Committee on the 5th July.</p>
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2.00	RESOURCE IMPLICATIONS
2.01	None directly as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None directly as a result of this report.

4.00	RISK MANAGEMENT
4.01	The Fund's Risk Management Policy 2016/17 is included at Agenda Item 6 of this Committee for approval.

5.00	APPENDICES
5.01	<p>Appendix 1 - Business plan update 2016/17</p> <p>Appendix 2 - Calendar of events</p> <p>Appendix 3 - Training Plan 2016/17</p> <p>Appendix 4 - Training undertaken 2016/17</p> <p>Appendix 5 - Record of breaches of the law</p> <p>Appendix 6 - Internal Audit Report</p> <p>Appendix 7 - LGA Trustee Training</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Report to Pension Fund Committee – Business Plan 2016/17 to 2018/19 on the 22 March 2016. A link to the Committee Agenda follows:</p> <p>http://cyfarfodyddpwyllgor.siryfflint.gov.uk/ieListDocuments.aspx?CId=445&MId=3586&Ver=4&LLL=undefined</p> <p>Contact Officer: Philip Latham, Clwyd Pension Fund Manager Telephone: 01352 702264 E-mail: philip.latham@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>(a) CPF – Clwyd Pension Fund – The Pension Fund managed by Flintshire County Council for local authority employees in the region and employees of other employers with links to local government in the region</p> <p>(b) Administering authority or scheme manager – Flintshire County Council is the administering authority and scheme manager for the Clwyd Pension Fund, which means it is responsible for the management and stewardship of the Fund.</p> <p>(c) PFC or Committee – Clwyd Pension Fund Committee - the Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund</p> <p>(d) LPB or PB – Local Pension Board or Pension Board – each LGPS Fund has an LPB. Their purpose is to assist the administering authority in ensuring compliance with the scheme regulations, TPR requirements and efficient and effective governance and administration of the Fund.</p> <p>(e) LGPS – Local Government Pension Scheme – the national scheme, which Clwyd Pension Fund is part of</p> <p>(f) TPR – The Pensions Regulator – a government organisation with legal responsibility for oversight of some matters relating to the delivery of public service pensions including the LGPS and CPF.</p> <p>(g) SAB – The national Scheme Advisory Board – the national body responsible for providing direction and advice to LGPS administering authorities and to DCLG.</p> <p>(h) Breaches Register - There is a requirement to maintain a register of all breaches of the law which affect pension schemes. Where these breaches are likely to be of material significance to the Pensions Regulator there is an additional requirement to report them to the Pensions Regulator.</p> <p>(i) Internal Audit - This is a statutory function within the Authority. Its purpose is to provide the Authority with an independent and objective opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements.</p> <p>(j) PLSA (formerly NAPF) – The Pensions and Lifetime Savings Association is a national association dedicated to help pension professionals run better pension schemes.</p> <p>(k) ALAT – The Association of Local Authority Treasurers collectively represents the professional interests of treasurers in all types of local</p>

government.

- (l) **TUC** – The Trades Union Congress represents the majority of trades unions in England and Wales. It brings unions together to draw up common policies on issues that matter to people at work.