

FLINTSHIRE COUNTY COUNCIL (As Lead Authority for the Clwyd Pension Fund)

CLWYD PENSION FUND BOARD

Minutes of the meeting of the Clwyd Pension Fund Board of Flintshire County Council (as Administering Authority for the Clwyd Pension Fund), held virtually by WebEx, and on Thursday 17th February at 9.30 am.

THE BOARD:

Present:

Chair: Mrs Karen McWilliam (Independent Member)

Member Representatives: Mrs Elaine Williams, Mr Phil Pumford

Employer Representatives: Mr Steve Gadd, Mr Steve Jackson

IN ATTENDANCE

Mr Phil Latham (Head of Clwyd Pension Fund and Secretary to the Board)

Mrs Karen Williams (Pension Administration Manager)

Mrs Debbie Fielder (Deputy Head of Clwyd Pension Fund)

Mr Chris Emmerson (Aon)

Actions

1. APOLOGIES/ WELCOME

No apologies were received.

Mr Chris Emmerson was introduced and attended to record the minutes of the meeting.

2. DECLARATIONS OF INTEREST

No new declarations were made or recorded.

Mrs Fielder explained the pension board insurance declarations were now due and asked members to respond to her questions as quickly as possible.

3. MINUTES AND MATTERS ARISING

The Chair asked for comments on the minutes of which there were none and the draft minutes of the meeting held on the 28 September 2021 were confirmed as a correct record by all Board members.

4. ACTION TRACKER

The contents of the Action Tracker were discussed. As previously agreed, completed actions are now removed from the Action Tracker once reported as completed to the Board.

The following comments were made on the Action Tracker:

- 70th action: Progress against this action was picked up as part of Pooling update (item 11)
- 77th action was picked up in workforce update (item 5)
- 101st action: The employer has now paid all their backdated contributions, but it is still uncertain whether they will meet their obligations when paying contributions or providing remittances on an ongoing basis. Any failures will continue to be reported to Committee as part of the breaches log.

5. WORKFORCE UPDATE

Mrs K Williams provided an update on the Administration Team's resource position since the last meeting including that COVID is not really impacting them but that there are still two McCloud vacancies which have been advertised a number of times. It was discussed that there has been a wider use of social media platforms with the hope that this will attract more candidates for outstanding vacancies within the team, and that the role and job description for the Communications Officer are being reconsidered as part of communications strategy review.

Mrs Fielder provided an update on the Finance Team. The Fund Accountant has resigned and will be leaving at end of March. Current FCC pay scales have been found to be too low to appoint an accountant at the appropriate level, so Mrs Fielder will take on the role to close the Fund accounts until a suitable replacement is found. The recruitment of the trainee accountant will need to be put on hold during this period. It is more difficult to use an accountant from another department as local authority accounts are quite different to pension fund accounts. Audit Wales are aware and have offered as much help as they can.

Discussions are ongoing with the Fund's consultants to try and establish what support they can provide to free up Mrs Fielder to complete the accounts' work, but it is anticipated that this will lead to budget increases.

Flintshire County Council (FCC) are planning to review their work from home policy but currently most pension officers are working from home. It was also noted that FCC are reviewing pay scales due to living wage expectations.

Steve Gadd noted that these kinds of issues are being seen across council finance teams, with difficulties recruiting accountants and other finance staff.

The Board noted the general difficulties in recruiting and recognised the need for the increase in budget to ensure services were maintained during 2022 until recruitment could take place.

6. INTERNAL AUDIT UPDATE

Mrs K Williams discussed the audit report. The report was overall Amber-Green, which was a slight disappointment. It was noted that it is very difficult to get a green report and that the auditors were very complimentary of the pension team.

The key items that were brought to the attention of the Board were the KPI reports and the finance procedures documentation.

The KPI reports was the area the auditors raised the most concerns, and this is primarily because of the way the reporting is carried out. Internal Audit did not focus on the number of members serviced, but rather than targets on each measure in the monthly reports. It was stressed to the Board that the majority member tasks had achieved the KPI standards expected. The Chair agreed with that the results were focussed on just one area rather than the bigger picture and also highlighted that the review also considered some newly created KPIs that had not had time to bed in.

Mrs K Williams noted the second recommendation relating to introducing the new process for employer reporting and confirmed that it was already planned to develop this.

Mrs Fielder also explained that internal audit want all finance section procedures documented and she confirmed this was taking place.

The Board noted that this report gave the assurance they wanted as there were no high level warnings provided and there were lots of areas where praise was given.

7. ADMINISTRATION UPDATE

The Chair invited Mrs K Williams to provide the administration update. Mrs K Williams started by covering KPIs particularly noting that KPIs for transfers had fallen slightly due to the increased regulatory requirements for these cases. It is expected that Mrs K Williams will review the KPI for these tasks to ensure they are reasonable. It was also noted that the number of outstanding cases has fallen below 5,000 for the first time since recording, which was a very positive result. The Board passed on their thanks to the whole team.

Mrs K Williams then explained that on Member Self-Service (MSS) there had been an address tracing exercise for those members who were over 55 but who hadn't signed up for either paper or MSS communications. This exercise had seen the number of MSS registrations increased which was a positive outcome. It was noted that a similar exercise would be undertaken for pensioners around the time that pension increase letters are issued. ***The Chair suggested adding paper elections to the graphs so it is clearer the proportion of members who are potentially not receiving communications (action).***

Mrs K Williams

Mrs K Williams also provided updates on the service delivery from Prudential, the ongoing strategy for engagement with employers, the significant pension dashboard project and the upcoming pensions administration software procurement exercise. She also confirmed there had been no pension scams and shared new website analytics. ***The Board Secretary asked if the analytics could be split between those accessing Welsh or English (action).***

Mrs K Williams

Action – Add Pension Dashboard to the risk register noting they are a high risk

Mrs K Williams

The Board thanked Mrs Williams for the update and the wealth of extremely useful information allowing them to understand how the Fund was performing over a range of areas.

8. MCCLOUD REMEDY PROJECT

The Chair explained that the McCloud remedy update paper will be discussed at the February Steering Group, and so this item was delayed until then.

Mrs K Williams had provided wording for Clwyd Catch Up in relation to McCloud and asked for approval to use this wording from the Board.

RESOLVED

The Board accepted the draft wording for use in Clwyd Catch Up.

9. COMPLIMENTS AND COMPLAINTS (INCLUDING IDRP)

Mrs K Williams provided a summary of the compliments and complaints and highlighted action taken to update Deferred Diaries with information relating to transfers out near retirement as a result of a complaint received. The Chair asked the Board if anyone had any comments on the papers relating to compliments and complaints and there were none other than to recognise the excellent feedback. Mr Jackson also highlighted positive feedback he'd received following the annual/lifetime allowance educational sessions.

10. BUSINESS CONTINUITY & CYBER

An update was given by Mr Emmerson on the ongoing business continuity and cyber security work. It was explained that the work required was considerably more than anticipated at the beginning of the projects.

Mrs Fielder gave an example of a live business continuity incident where they worked through the issue and noted how useful the exercise had been.

It was noted that there is a possibility of an increase in cyber-attacks due to ongoing geopolitical pressures and so this work was very timely. The Board asked that the Board Secretary continue to pursue FCC to finalise their cyber assessment.

Action – Need to request that FCC provide answers to the cyber security questions asked of them.

Board Secretary

11. ASSET POOLING

An update on the WPP was provided by the Board Secretary. Link Fund Solutions are the Operator who manage the WPP and appoint other providers. The WPP JGC approved an extension of the Link Operator contract, however this decision was made ahead of knowledge that Link Group was in the process of being purchased by Dye and Durham, and it is

quite likely Link Fund Solutions will be sold on by them. It was also noted that the Link Chief Executive had resigned.

When asked, the Board Secretary noted that there is risk arising from the uncertainty coming from a change of owner. However Hymans Robertson, as adviser to WPP had highlighted that the overall risk is mitigated due to FCA protection, and so the risks are primarily operational and governance based.

The Chair recommended that WPP and ACCESS pools talk to make sure that they are sharing knowledge on the Link issue. The Secretary mentioned that the WPP Host Authority is speaking to the new Chief Executive of Link next week.

The Secretary then went onto explain that Russell gave an update on their investment performance at the February Committee. Generally, the Pool is better at managing fund manager risks than the Fund could do locally and performance is at a reasonable standard.

There have been some delays with appointing the Scheme Member Representative of the JGC but the plan is to have the appointment agreed in time for attendance at the July meeting.

The key focus for both the Board Secretary and Mrs Fielder is on the stock lending reporting provided by WPP as the reporting isn't detailed enough at a Fund level; the reporting focuses on the whole of the WPP. It was also noted that the Fund Committee and Board cannot see the reporting as it is provided in the private part of the meeting. It has been requested that WPP reconsider the level of reporting and reporting needs of partner funds. The Chair agreed to pick up reporting as part of the next WPP Board Chairs meeting.

Action – Add question about RI/voting/stock lending reporting to the WPP Board Chairs discussions.

Chair

12. EFFECTIVENESS SURVEYS

The Chair introduced the effectiveness survey results for the Committee. It was noted that effectiveness surveys are best practice for Funds. The Committee members were issued a questionnaire, with the process being managed by the Independent Governance Advisor to retain confidentiality of member views.

The areas where Committee members had the greatest concerns were discussed and in particular it was noted that the Committee found virtual meetings to be less effective.

The Board found these results quite surprising, as the general feeling was that virtual meetings are likely to be more common even once the pandemic has run its course. Mrs K Williams noted that some Committee members miss the greater interaction and social element. Mrs Fielder also noted that virtual conferences are a particular issue as it can be hard to concentrate on a screen for a whole day.

It was also recognised that all Committee members agree that diversity is important. The Chair questioned whether the Committee has enough diversity, other than in cognitive diversity.

Mrs Fielder also noted that the Committee found the input of the Board in their meetings to be very valuable and encouraged Board members to participate at Committee meetings. Some of the Board members noted that they aspired to attend more of the Committee meetings and the Chair stressed that they should feel open to share comments at the meeting even though they were not on the Committee.

A discussion was had around the effectiveness of the Board and it was agreed that a survey should be issued with a follow up discussion at the next meeting.

Action – Independent Advisor to set up a survey, to be completed between the March PFC and the June Board meeting.

Mr Emmerson

13. CHANGES TO BOARD PROTOCOL

The Chair explained that, following the former FCC's Chief Executive's departure, there needs to be some changes made to FCC's Constitution to clarify who will take on the various pension related responsibilities that were delegated to that Chief Executive. The new Chief Executive has confirmed he will not be taking these specific responsibilities on albeit he will continue to be interested in the work relating to the Fund. This does include some changes to the Pension Board Protocol which will need to be approved by the Full Council, albeit the Board can make suggestions.

The Scheme Advisory Board's Good Governance Review sets out that there is a need for a dedicated Head of Fund with a view to greater ring-fencing of LGPS responsibilities. This role is currently with the Board Secretary. The Chair outlined the various responsibilities previously delegated to the Chief Executive in the Pension Board Protocol – which are mainly relating to recruitment of Board members. She suggested

that the Board Secretary is substituted for Chief Executive in all areas the Chief Executive currently has a responsibility in the Protocol. The Board agreed with this proposal.

Following a question by Mr Jackson, the Chair explained that it is quite rare for a chief executive to be overly involved in LGPS Fund matters, and this usually falls to the Section 151 Officer. The new Chief Executive has already expressed his desire not to remain a part of the Advisory Panel (being replaced by Sharon instead) albeit he will obviously continue to have some interest in Fund matters.

Action – Suggest the Chief Executive is replaced with Board Secretary in the Board Protocol.

Chair

14. RISK REGISTER

The Board had no comments on this area.

15. BREACHES LOG

The Board had no comments on this area.

16. UPDATES FROM RECENT EVENTS ATTENDED BY BOARD MEMBERS

There were no recent events attended by Board members

17. CONSIDERATION OF 10th NOVEMBER 2021 AND 9th FEBRUARY 2022 COMMITTEE PAPERS

The Board found the Flightpath and de-risking information very interesting and noted that the reports from advisors were clear and well set out.

18. INPUT INTO ADVISORY PANEL AND CPF COMMITTEE

The Board wished to highlight to the Committee their concern about the workforce issues arising from the Fund Accountant's resignation.

Action – Add a comment within the Governance Update for PFC noting the Boards concerns about workforce issues

Board Secretary

19. FUTURE WORK PLANS

The Board discussed items for the future work plan including:

- **Task Force on Climate-Related Financial Disclosures (TCFD)** – It is expected that there will be a consultation on TCFD in the summer but work on reporting is going ahead anyway, so this should be added to the agenda in June or September, whichever is most appropriate.
- **TPR New Code** – Likely to have more information on this shortly and so hopeful can be added to June agenda.

20. PENSION BOARD BUDGET

Mrs Fielder provided commentary on information shared with the Board noting that through the year the Board was broadly on target against budget. It was noted that fees relating to external parties providing training had been underestimated largely due to the induction training.

It was explained that the Board do not set their own budget but suggest what they need which is then fed into the Pension Fund budget overall for approval by Pension Fund Committee (PFC). The recommended future budget allows for meetings to be face to face. There is also a small allowance for training of Board members if needed. This budget will go to March PFC so Mrs Fielder asked all Board members to come back to her with any comments

Action – Board to come back to Mrs Fielder with queries.

Board members

21. FUTURE DATES

The Board were asked to note the proposed dates relating to future meetings as follows.

- 30th September 2022
- 1st March 2023
- 27th June 2023.

Mrs E Williams confirmed the dates were fine. The other Board were asked to email Mrs Fielder to let them know if they had any issues with the Board dates.

Board members

The Board were further asked to note other meetings and training including the PFC on 16 March, which would discuss

the Fund's Governance and Administration work, and the Business Plan for 2022/23 to 2024/25.

The Board were reminded to let Mrs Fielder know of events they have enrolled on and attended so that they can be recorded on Training Log.

Action – Board members to share attendance at events with Mrs Fielder.

Board members

22. ANY OTHER BUSINESS

There was no other business. The Chair thanked officers for an excellent set of background papers.

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