

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 remotely via Microsoft Teams on Wednesday 18th October at 10.30 am.

THE BOARD:

Present:

Chair: Ms Alison Murray (Alternate Independent Member)

Member Representatives: Mrs Elaine Williams, Mr Phil Pumford

Employer Representatives: Mr Steve Jackson

Apologies:

Independent Member: Mrs Karen McWilliam

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)

Ms Morgan Nancarrow (Governance Administration Assistant)

Mr Chris Emmerson (Aon)

Actions

1. APOLOGIES/ WELCOME

Apologies were received from Karen McWilliam prior to the meeting.

As the alternate independent adviser to the Fund, Ms Murray explained that she would be chairing this meeting in Mrs McWilliam's absence.

As Mr Gadd's Board Membership had now come to an end, she took the opportunity to thank him for his commitment to the Board during his time in post.

2. DECLARATIONS OF INTEREST

There were no new declarations made or recorded.

3. MINUTES AND MATTERS ARISING

The Chair asked for comments on the minutes of the previous meeting, of which there were none. The draft minutes of the meeting held on the 18th August 2023 were confirmed as a correct record by all Board members.

4. PENSION BOARD MEMBERSHIP

Mr Latham explained that more than one nomination had been received for the vacant employer representative position and an informal discussion with the Chair of the Board and Mr Latham will be held with each candidate in the coming weeks with the aim to have the new member appointed by November.

5. ACTION TRACKER

The contents of the Action Tracker were discussed. Although there were no outstanding actions, recently completed actions were presented due to the length of time since the last full Board meeting (which was on 1 March).

Mr Jackson and Mr Pumford noted the positive progress being made.

With reference to action 134, Ms Murray noted the Committee's disappointment around Robeco's approach to engagement, a view shared by the Board.

6. SUCCESSION PLANNING FOR THE FINANCE TEAM

Mr Latham explained that the finance team covers the funding, investment and governance of the Fund as well as other areas including Freedom of Information requests. As the Fund needs to rely on advisors for regulated activity the finance team is significantly smaller than the administration team. This makes succession planning particularly key since Mrs Fielder (Deputy Head of the Fund) is due to retire in June.

The current structure of the team is relatively new and includes the Governance Administration Assistant, Fund Accountant and recently recruited Trainee Accountant. It is also expected that the Graduate Investment Officer will become a qualified CFA within the next year.

Mr Latham explained his current thinking for how the Finance team might evolve further in future to ensure the Fund is appropriately staffed, to reassure the Board that appropriate focus would be put on succession planning.

Mr Jackson commented that it was positive to see ongoing planning, and given retention and recruitment is an ongoing challenge he asked if there was any more radical solutions, giving an example of a Scottish LGPS fund which had established a means of employing fund staff externally to Local Government to take closer control of pay grades. Ms Murray explained that the pooling environment in England and Wales would make it difficult to justify this, and that doing so might require a change of LGPS structure more widely. Mr Latham was not aware of any LGPS funds within England and Wales that had developed a model of that kind. Ms Murray agreed, noting the link to local authority pay scales means recruitment and retention to Administering Authorities does seem to be a national problem.

Ms Murray asked if increased pooling would reduce the workload on the Finance team. Mr Latham felt that this was not the case for WPP, because although pooling reduces the need for meetings with managers, these had been replaced by JGC and Officer Working Group business. He also highlighted uncertainty around ongoing national changes and consultations.

The Board thanked Mr Latham for his update and looked forward to future updates on succession planning for the finance team.

7. WORKFLOW ANALYSIS AND RESTRUCTURE OF ADMINISTRATION TEAM

Mrs K Williams explained that changes to the structure of the administration team had been approved by Committee in August.

Key points:

- The Fund, with the support of Mercer and Aon, had carried out some workflow analysis to inform the Administration Team structure.
- The McCloud team had been originally composed of existing staff, and temporary contract roles were created to support this change. These contracts were due to end on 31 March 2024.
- Backdated pay awards led to recalculations which impacted business as usual (BAU) KPI-driven work with legal timescales which can impact member experience. This created a need to create a Project Team to protect BAU on a temporary basis.

The changes approved at Committee were to manage retention risk, and prevent loss of expertise within the team. For the McCloud team, temporary positions being made permanent once the project is complete may result in short term overstaffing of the Operations Team, however this risk is offset by potential retirements given the age profile of the team.

The changes were now in progress and staff reactions had been positive. Vacant positions had been advertised internally and were now being advertised externally.

The Communications Officer was moving to another role within FCC towards the month end, which offered a higher salary. Mrs Williams noted that the administration team had lost two other members of the team recently due to salary.

Mr Latham noted the support from HR for the Fund's recruitment processes, and noted that the Fund was currently well resourced compared to other funds nationally. Mrs K Williams noted the Committee and Board's engagement throughout this process also.

Mr Jackson thanked Mrs K Williams for the update. He approved of the work which supports member experience, and the need to allocate resource to support BAU. He also noted that flexible retirement uptake was more widely increasing and as workforce

patterns change it was positive to see the Fund monitor and keep up with this.

Mrs K Williams noted that CIPFA are looking at reviewing the current benchmarking, including monitoring numbers of calls. FCC was able to provide data on incoming calls which showed that the administration team received 24,144 phone calls within the 12 month period to April 2023, and in the 2022/23 Scheme year to date, the Fund has received over 11,000 calls. Data was also available around time taken to answer telephone calls, and Mrs K Williams had requested a further breakdown of this across the teams to review trends throughout the year.

Mrs K Williams explained that the Fund may need to move to an automated service to help direct calls in future, including to better support Welsh language speakers and it was being considered how to manage this.

Mr Pumford noted the workload implication of the number of calls received. Mr Latham noted that this data does not account for email enquiries and MSS requests, so is an understatement of the administration teams' workload.

Mrs Williams also took the board through the website analytics and expected to see phone call data display similar trends over time.

The Fund has also been creating some videos including guidance for member self-service users. Welsh language support continues to pose a challenge for the Fund.

Ms Murray commented that the new administration team structure would hopefully be durable for future changes, and Mrs K Williams confirmed that part of the restructure was aimed to improve planning around national changes. Ms Murray noted that this work all helps to secure the future of the administration team.

8. CYBER AND BUSINESS CONTINUITY

The Fund was continuing to engage with FCC on the Incident Response Plan and members of the finance team were involved in cyber planning as part of progression/succession planning. The draft Business Continuity Plan will then be reviewed for consistency with the IRP.

Action: It was agreed to raise FCC's review of the IRP at the next Advisory Panel to ensure this was progressing.

**Mrs K
Williams**

Mrs Elaine Williams requested an update on the proposal for co-opted members to be given internal FCC email addresses and Mrs K Williams confirmed that this was in progress.

Mrs Fielder noted cyber risk surrounding the Fund's foreign currency transactions, with LGPS Funds and large managers being aware of fraudulent activity. The finance team are aware of this and know what to look out for.

Mr Emmerson noted that discussions were ongoing regarding how the various reviews envisaged by the Cyber Testing Schedule could be carried out, to ensure a cost effective and practical approach which considers the degree of risk posed by various suppliers.

9. RESPONSIBLE INVESTMENT UPDATE

The Board viewed the PMI video which the Fund had recorded with Capital Dynamics regarding local investments in Wales with environmental and social benefits. This was received positively by the Board. Mrs K Williams and Mrs Fielder commented on difficulties with translating the video for Welsh language.

The RI policy of the ISS was currently out for consultation with employers and to date no responses had been received.

The responses to the Stewardship Themes Review had been collated by WPP and funds which hadn't been able to respond were asked if they were happy with the overall WPP response.

Action: Mrs Fielder confirmed that she would share the overall results of the survey with the Board.

Mrs Fielder

Mrs Fielder explained that the preferences of WPP would not necessarily be picked up by Robeco. This was a concern for the Fund, and other constituent funds within WPP JGC voiced similar concerns. Mr Latham explained that discussions would therefore be taking place with Robeco with the aim to better meet WPP's needs, and failing this there would be an opportunity to review their appointment in 2025. He added that engagement arrangements had still been improved by pooling and the cost being shared between funds is advantageous.

The WPP stewardship code was in progress and the draft had now been shared with both the Fund and CPF consultants. The submission deadline is 31 October. The Fund's submission was also near completion but awaiting the WPP submission to make comparisons and any subsequent changes.

Regarding the recent WPP training session on RI, Mrs E Williams felt the session was useful and found it helpful to hear the perspectives of the other Welsh funds. Mr Jackson agreed and felt that the session aligned well with work recently done by the Fund and reinforced the internal training Committee had completed. Mr Jackson noted that there were also written comments being made by fund members during the session.

10. LGPS: NEXT STEPS FOR INVESTMENT CONSULTATION

Following delegation by Committee to the Head of Fund, the consultation response had been submitted. The Fund received the WPP response shortly before submission but no changes to the Fund's response were required.

11. ASSET POOLING

The Board received an update from Mrs Fielder and Mr Latham on the timescale of the WPP operator procurement exercise. Ms Murray noted that after attending the WPP chairs' meeting Mrs McWilliam had been concerned with the short period of time for companies to bid before the closing date in November. The operator presentations would take place in January, with the aim for a decision to be made by March 2024 followed by a six month transition period.

The sale of Link Fund Solutions to Waystone had now completed, and the liability for Woodford remains with Link group. A WPP officer meeting was taking place this afternoon and the Head of Fund was comfortable that this should be a smooth transition however the procurement process could address any issues that arise.

Regarding private markets investments, the tender for property managers was in progress, and infrastructure and private debt drawdowns had begun. Schroders had taken on board Mrs Fielder's comments regarding private equity and would have another call with her regarding ESG. Work is also ongoing to develop advisory groups for private markets within WPP to direct future direction.

Ms Murray noted the importance of the board being reassured that the appropriate governance is in place throughout WPP activity.

WLGA Climate change conference in December was still to be arranged, however given that it was set to take place on a Monday in South Wales, in-person attendance from the Fund would be a challenge.

It was noted that Mrs McWilliam had raised concerns around WPP's reliance on Carmarthenshire as host authority for cyber security, and recommended that the Fund pick this up with WPP.

Action: Mr Latham confirmed that the Fund would engage with WPP as part of the implementation of its cyber security strategy.

Mr Latham

12. ADMINISTRATION UPDATE

Mrs K Williams talked the Board through the KPI reports. She noted that the legal requirement KPI scores were particularly low at the moment for transfers due to them being delayed whilst the Fund waited for new Transfer Factors from GAD. KPI scores generally were being addressed as training progressed within the team. As part of the administration team restructure, future refunds will be handled by the Operations team rather than Regulations and Communications.

Ms Murray noted that the priority should remain ensuring that benefit payments are made on time, and that the KPIs show good progress in this area. Mrs K Williams confirmed that retirement payments particularly are prioritised, and Mrs Fielder had noticed improvements in timeliness of these in the Fund accounts.

The website analytics were discussed. At an employer engagement session, an employer requested data on how many of their employees had registered for member self service, and with the MSS analytics, the Fund was able to supply these numbers. MSS is helpful for members to stay updated on their benefit although the Fund continues to receive phone calls for benefit projections from members approaching retirement.

Mrs E Williams was impressed with the increase in engagement of pensioner members, but was surprised that engagement was lower amongst active members. Mrs K Williams explained that different methods were being explored in order to communicate better with those members not looking at immediate retirement. Mrs E Williams praised the overall progress the Fund was making in member engagement, and commented that it may help for members to receive reminders to check in on their pensions. Mrs Fielder agreed, noting that reaching pensionable age is a decision-making event where members naturally come in contact with the Fund and are encouraged to complete forms on MSS online. This may contribute to higher engagement numbers among pensioners.

Mrs K Williams explained that unless an active member has requested their annual benefit statement is provided on paper, it is provided through MSS. This happens whether or not the member has actually registered for MSS. The Fund is always working to encourage members to engage with the statement.

Two employer engagement sessions had now been held, with improved attendance at the second including the three main unitary employers, however there were still more employers who could benefit from attending. In future, an additional session may be held with the smaller community councils to address their more specific issues. A satisfaction survey was provided after the session, and feedback was positive. The next session is scheduled for February.

Work is ongoing relating to the employer performance report and timescales are improving as the teams are engaging with employers. The importance of meeting timescales is also being addressed in the videos for the annual employer update.

Mrs K Williams explained that data quality scores were expected to plateau before reaching 100% as the work to further improve the score outweighs the member benefit. Data quality reports are run monthly and will ultimately weigh into the pensions dashboard exercise.

There have been no pension transfer scams reported to The Pensions Regulator.

13. MCCLOUD REMEDY

Data continues to be gathered with the ELT expected to complete McCloud data for Flintshire and Denbighshire by Christmas, and Wrexham data in progress to be received by March. Data gathering for Aura, Newydd and smaller employers is complete. Once all data has been collected, rectification of member records can begin.

Mrs K Williams compared this to other funds which have not begun gathering data, and noted that given the regulations had been received in August, the Fund's progress appeared to be positive.

Ms Murray queried whether members currently retiring could be dealt with yet. Mrs K Williams confirmed that this is possible as the software has been tested and is working, but that if the employer had not provided data on the bulk upload yet, it was being collected on the leaver forms instead.

Mrs Fielder asked for more details on the risk register, and Mrs K Williams explained that the data collection target had been missed but it was hoped that these risk would reduce in December once the data of larger employers were received and uploaded.

14. COMPLIMENTS/COMPLAINTS

There were a number of compliments and a single complaint. This was regarding a request for a CETV for a divorce, for which the member had given a week's notice of the court date and the Fund had not been able to meet the timescale as this was not originally communicated in the request. As a result, when a CETV is requested, the team will ask if this is required by a particular date.

No complaints have been taken to the Ombudsman.

15. RISK REGISTER

Key risks had been addressed earlier in the meeting and there were no further comments on this.

16. BREACHES LOG

No new breaches were reported.

17. UPDATES FROM RECENT EVENTS ATTENDED BY BOARD MEMBERS

There were no comments on this agenda item.

18. CONSIDERATION OF RECENT COMMITTEE PAPERS

There were no comments on this agenda item.

19. INPUT INTO ADVISORY PANEL AND CPF COMMITTEE

The action regarding raising the Cyber Incident Response Plan at Advisory Panel was noted.

Action: It was also agreed to raise at AP that the Board was pleased with resourcing in the administration team.

Mrs K Williams

20. FUTURE WORK PLAN

Mr Latham explained that the TCFD regulations had been delayed but that the report would be taken to the next Committee as planned.

The Board noted the future work plan.

21. PENSION BOARD BUDGET

The Budget included some estimates for Aon advisor fees which would normally be broken down by month. Adjustments would be made to these figures for the next Board meeting.

Training costs were over budget due to the additional internal sessions in the summer and there were still further sessions to be planned before the year end. It was explained that in the budget, the term 'external training' refers to training delivered internally but provided by consultants.

22. FUTURE DATES

It was agreed given the short time until the next Board meeting that the 6th December meeting would be arranged with a reduced agenda with a focus on current issues. It was agreed that this will be held face-to-face as an afternoon session from 12pm for approximately 3 hours.

It was agreed to move the meeting planned for 1st May to 30th April.

23. ANY OTHER BUSINESS

There was no other business.