

Public Document Pack

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To: Cllr Ted Palmer (Chairman)

Councillors: Haydn Bateman, Dave Hughes, Tim Roberts and Ralph Small

Co-opted Members:

Steve Hibbert, Cllr. Andrew Rutherford, Cllr Nigel Williams and Cllr Julian Thompson-Hill

10 March 2022

Dear Sir/Madam

NOTICE OF REMOTE MEETING
CLWYD PENSION FUND COMMITTEE
WEDNESDAY, 16TH MARCH, 2022 at 9.30 AM

Yours faithfully

Steven Goodrum
Democratic Services Manager

Please note: This will be a remote meeting and 'attendance' will be restricted to Committee Members and those Members of Council who have asked the Head of Democratic Services for an invitation. Such attendees may only speak at the Chair's discretion.

The meeting will be live streamed onto the Council's website. A recording of the meeting will also be available, shortly after the meeting at <https://flintshire.publici.tv/core/portal/home>

If you have any queries regarding this, please contact a member of the Democratic Services Team on 01352 702345.

A G E N D A

1 **APOLOGIES**

Purpose: To receive any apologies.

2 **DECLARATIONS OF INTEREST (INCLUDING CONFLICTS OF INTEREST)**

Purpose: To receive any Declarations and advise Members accordingly.

3 **MINUTES** (Pages 5 - 14)

Purpose: To confirm as a correct record the minutes of the last meeting held on the 9 February 2022.

4 **CLWYD PENSION FUND BUSINESS PLAN 2022/23 TO 2024/25** (Pages 15 - 64)

Purpose: To provide Committee Members with the Clwyd Pension Fund Business Plan, including the budget for 2022/23, for approval.

5 **CLWYD PENSION FUND POLICES** (Pages 65 - 110)

Purpose: To provide Committee Members with the Personal Data Retention Policy, the Policy for Administration and Communication of Tax Allowances to Scheme Members and the Breaches of the Law Procedure for approval.

6 **GOVERNANCE UPDATE AND CONSULTATIONS** (Pages 111 - 158)

Purpose: To provide Committee Members with an update on governance related matters.

7 **PENSION ADMINISTRATION/COMMUNICATION UPDATE** (Pages 159 - 206)

Purpose: To provide Committee Members with an update on administration and communication matters.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - TO CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC

The following item is considered to be exempt by virtue of Paragraph(s) 18 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

This report contains details of the Cyber Policy and Work Programme and the public interest outweighs the interest in disclosing the information.

8 CYBER POLICY AND WORK PROGRAMME (Pages 207 - 220)

Purpose: To provide Committee Members with the Clwyd Pension Fund Cyber Policy and work programme for approval.

The following item is considered to be exempt by virtue of Paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

The public interest in withholding the information outweighs the public interest in disclosing the information.

9 GEOPOLITICAL CRISIS: IMPACT ON THE CLWYD PENSION FUND (Pages 221 - 234)

Purpose: To provide Committee Members with an update on the impact of the geopolitical crisis on the Clwyd Pension Fund.

10 FUTURE MEETINGS

Purpose: The next meeting of the Clwyd Pension Fund will take place at 9.30 am on Wednesday, 15th June 2022

Procedural Note on the conduct of meetings

The Chair will open the meeting and introduce themselves.

The meeting will be attended by a number of Councillors. Officers will also be in attendance to present reports, with Democratic Services officers acting as hosts of the meeting.

All attendees are asked to ensure their mobile phones are switched off and that any background noise is kept to a minimum.

All microphones are to be kept muted during the meeting and should only be unmuted when invited to speak by the Chair. When invitees have finished speaking they should go back on mute.

To indicate to speak, Councillors will use the chat facility or use the electronic raise hand function. The chat function may also be used for questions, relevant comments and officer advice and updates.

The Chair will call the speakers, with elected Members addressed as 'Councillor' and officers addressed by their job title e.g. Chief Executive' or name. From time to time, the officer advising the Chair will explain procedural points or suggest alternative wording for proposals, to assist the Committee.

If and when a vote is taken, the Chair will explain that only those who oppose the proposal(s), or who wish to abstain will need to indicate, using the chat function. The officer advising the Chair will indicate whether the proposals are carried.

If a more formal vote is needed, this will be by roll call – where each Councillor will be asked in turn (alphabetically) how s/he wishes to vote

At County Council and Planning Committee meetings speaker's times are limited. A bell will be sounded to alert that the speaker has one minute remaining

The meeting will be live streamed onto the Council's website. A recording of the meeting will also be available, shortly after the meeting at <https://flintshire.public-i.tv/core/portal/home>

CLWYD PENSION FUND COMMITTEE **9 FEBRUARY 2022**

Minutes of the meeting of the Clwyd Pension Fund Committee of Flintshire County Council, held remotely at 9.30am on Wednesday, 9 February 2022.

PRESENT: Councillor Ted Palmer (Chairman) – items 1 to 3 and 8 to 11 and Councillor Haydn Bateman (Vice-Chair in the Chair) – items 4 to 7.

Councillors: Dave Hughes – joined after item 11, Tim Roberts, Ralph Small.

CO-OPTED MEMBERS: Councillor Nigel Williams (Wrexham County Borough Council), Councillor Andy Rutherford (Other Scheme Employer Representative) and Mr Steve Hibbert (Scheme Member Representative).

ALSO PRESENT (AS OBSERVERS): Elaine Williams (PFB Scheme Member Representative), Phil Pumford (PFB Scheme Member Representative).

APOLOGIES. Cllr Julian Thompson Hill (Denbighshire County Council).

Advisory Panel comprising: Philip Latham (Head of Clwyd Pension Fund), Karen McWilliam (Independent Adviser – Aon Hewitt), Gary Ferguson (Corporate Finance Manager), Sharon Carney (Corporate Manager), Paul Middleman (Fund Actuary – Mercer), Kieran Harkin (Fund Investment Consultant – Mercer).

Officers/Advisers comprising: Debbie Fielder (Deputy Head of the Clwyd Fund), Sandy Dickson (Investment Adviser – Mercer), Megan Fellowes (Actuarial Analyst – Mercer - taking minutes), Ieuan Hughes (Graduate Investment Trainee).

Guest speakers presenting comprising:

Eamonn Gough (Senior Relationship Manager - Link Fund Solutions), Aidan Quinn (Associate Director – Russell Investments), Paddy Bortoli (Russell Investments), and Will Pearce (Senior Portfolio Manager – Russell Investments) (for item 7 only), Carolyn Skuce (Capital Dynamics), Barney Coles (Capital Dynamics) and Simon Eaves (Capital Dynamics) (for item 11 only).

174. **DECLARATIONS OF INTEREST (including conflicts of interest)**

There were no declarations of interest.

175. **MINUTES 10 NOVEMBER 2021**

On page 7, Mr Latham noted the recommendation regarding the trainee Fund accountant on item 165. He explained the aim of the recommendation was to appoint

a trainee fund accountant before the current Fund Accountant retired which was hoped to still be some time away. However, since the last Committee meeting the current Fund Accountant had decided to leave the Fund, which creates a further resourcing issue and governance risk. Consideration will need to be given to how this gap in resource will be managed during the critical period over the summer when the Fund accounts are prepared and plans will be reported back to Committee in due course. The Chairman requested a letter from the Committee is sent to the departing Fund Accountant, Mr Vaughan, to thank him for his exceptional services to the Fund.

Mr Hibbert queried whether there was any movement on the selection process of the scheme member representative. The Chairman confirmed he was expecting to attend interviews later that week.

The minutes of the meeting of the Committee held on 10 November 2021 were agreed.

RESOLVED:

The minutes of 10 November 2021 were received, approved and signed by the Chairman.

176. **ECONOMIC AND MARKET UPDATE AND PERFORMANCE MONITORING REPORT**

Mr Harkin announced that Mr Buckland had left Mercer to work for another LGPS Fund. Mr Harkin introduced Mr Dickson who had already been working on the Fund for a period of time.

Page 22 outlined the market update over Q4 2021 and the positive quarter for most growth assets, although he noted that emerging markets equities were down.

Mr Harkin added that the initial scare over the latest COVID-19 variant quickly dissipated as government and central banks were quick to respond. These actions had supported asset price rises over 2021. He noted that since the turn of the year volatility in markets had increased significantly and that geopolitical risk had contributed to this.

Currently, economies around the world were seeing significant levels of inflation, in particular the US and UK. Both the US Federal Reserve and the Bank of England had started to raise short-term interest rates in response. He believed that interest rates rises may be quicker than had previously anticipated but Mercer and the Fund would keep an ongoing dialogue on this matter.

As highlighted on page 43, Mr Dickson confirmed that the Fund performance was 4.7% over Q4 2021, which exceeded the benchmark of 4.2%. The 3-year figure

reflected the performance from before the pandemic, throughout the pandemic and to current date. This figure was 11.9%p.a., which was also above the benchmark of 10.4%. The two actuarial discount rate targets of 3.8% and 4.3% identified the return the Fund require to make in order to stand still, and therefore the 3-year figure of 11.9% was significantly higher than the two actuarial targets and this outperformance had contributed to the improvement in funding level.

Mr Dickson noted from page 47 that the WPP Global and ESG Equity assets performed well and other areas of positive returns were from Total Tactical Allocation. Private Markets also produced strong returns of 22.4% over the year and the Cash and Risk Management Framework returned 33.6% over the same period.

The Chairman queried the forecast for future interest rates rises in USA. Mr Harkin noted that the market was expecting 4 to 5 rate rises from the US Federal reserve over the year, and that due to this, these had already been priced in by markets.

RESOLVED:

The Committee considered and noted the update.

177. FUNDING, FLIGHT-PATH AND RISK MANAGEMENT FRAMEWORK

As outlined in the report, Mr Middleman confirmed that at the end of December, the Fund had a funding level of 102%, which was still a strong position. The end of December funding position was lower than previously due mainly to structural factors such as membership experience and the McCloud remedy (combined these equate to roughly a 3% reduction in funding level).

Mr Middleman believed the biggest risk for the Fund was the persistency of the current relatively high inflation as the Fund's liabilities were directly linked to inflation so higher inflation than previously expected would mean an increase in costs, unless expected asset returns increase to compensate. He confirmed this would be a matter for ongoing consideration at future Committees as the Fund reaches the actuarial valuation date on 31 March 2022. Inflation risk was the most significant risk for the Fund with employer budgets and contributions being a key debating point.

An adjustment to the collateral limits was noted in paragraph 1.11 along with the plan to adjust the level of collateral held in the higher yielding assets in the collateral pool pending its investment in Private Markets.

Mr Latham reminded the Committee of the discussions at previous meetings about putting in place a funding level trigger of 110%. Since that discussion,

consideration has been given to the governance around the process to change the strategy if the trigger was breached. Mr Latham explained the report proposed the Committee agree to formalising the funding level trigger of 110% and also included a proposed process, which set out the timescale and milestones should this trigger be hit. This proposed process included corresponding with the Committee setting out the proposed changes for comment. Ultimately, a special Committee meeting could be called to debate the changes if any concerns about de-risking are raised in feedback from Committee.

The Committee approved the 110% funding level trigger and agreed the funding level de-risking trigger governance process.

RESOLVED:

- (a) The Committee noted the Funding, Flightpath and Risk Management Framework update.
- (b) The Committee agreed to the 110% funding level trigger and agreed the funding level de-risking trigger process.

178. PROPOSED INVESTMENT STRATEGY STATEMENT

At the previous Committee meeting in November 2021, members agreed to the update of the Investment Strategy Statement ("ISS") to reflect the commitment to setting decarbonisation targets for the Fund. Mrs Fielder said that a more detailed review of the ISS would take place later in the year. As required and agreed at the last Committee meeting, the Fund agreed to consult with employers on this and Mrs Fielder confirmed no negative responses had been received as a result of the consultation. Page 100 and 102 of the proposed Investment Strategy Statement highlighted the main areas updated.

Mr Hibbert expressed his view that although he agreed with the content of the revised ISS, he was unable to agree the recommendation. This was because he believed that there was insufficient information from the Wales Pension Partnership ("WPP") to evidence the Fund's aspirations to be 'Responsible Investors', 'Impact Investors' or effective 'Stewards' of all the Fund's monies due to the failure of WPP to provide a report on their stock lending activities to the Committee. Mrs Fielder confirmed that she would raise this matter at the next WPP Responsible Investment ("RI") sub-group.

In regards to the Stock Lending Agreement, Mr Hibbert accepted that stock lending was limited to no more than c5%, but wished to understand the impact of stock lending on the value of the retained stock over the period of lending. He also wanted to understand the time taken for the stock to regain the value prior to any

lending. This would help him determine whether the lending fees paid to the Fund actually provide the added value expected.

Mr Hibbert asked the Committee to formally request the stock lending activity to date from WPP and therefore he disagreed to the recommendation.

Additionally, Mr Hibbert noted a grammatical error on the second paragraph on page 93 which Mrs Fielder confirmed would be corrected in the final published version.

RESOLVED:

The Committee considered, noted and approved the revised Investment Strategy Statement.

179. **ASSET POOLING AND WPP ANNUAL UPDATES**

At the last Joint Governance Committee (“JGC”), it was agreed to extend the contract with Link’s Fund Solutions’ Operator to December 2024. Mr Latham added that progress was made regarding the appointment of the co-opted member representative to the JGC and this should be in place by the next JGC in June 2022.

Mr Latham explained that the WPP business plan would not be published in time for the March 2022 Committee but would be available at the June 2022 Committee. In addition, the Government are due to release a consultation on guidance on LGPS asset pooling in summer 2022.

Mrs Fielder confirmed that presentations from short listed candidates for the appointment of Private Market “allocators” were to take place in Cardiff the following week. The role of the allocators would be to select the “best in class” private market managers across separate asset classes. The tender for the appointment of a Private Equity Allocator was anticipated to start in April 2022.

Mr Gough introduced himself as senior relationship manager for Link Fund Solutions and ran through the presentation. He informed the Committee that Link Fund Solutions were expected to be sold to a third party called Dye & Durham but believed this would have no day-to-day impact on the WPP. He noted that the entity would have a clear plan and he was looking forward to what was to come.

Mrs McWilliam asked whether this was a risk for the Fund. Mr Gough believed that it was not a major risk but would keep the Committee up to date as this matter progresses. Mr Latham confirmed that the Officer Working Group (“OWP”) and JGC are monitoring any risk associated with this.

Mr Gough presented the structure of the WPP investments from page 123 and the current investments for the Fund within the WPP on page 124. Overall, the WPP had total assets under management of c£10.5 billion as shown on page 125.

Mr Quinn introduced himself as associate director and Mr Pearce as the senior portfolio manager at Russell Investments.

Mr Pearce noted the following key points on this item of the agenda:

- Russell Investment have research analysts around the world and their manager research pulls together investment managers and regional specialists.
- Page 128 outlined the market performance trends since the inception of WPP's portfolios. The dotted black line in the middle of the graph was the WPP Global Opportunity Equity Fund. The orange line on the graph represented growth. Mr Pearce said that particular styles of investing often have very big outperformance but over time there will be mean reversion i.e. where growth will come back towards the other styles.
- A breakdown of the WPP Global Opportunities Equity Fund was presented on page 129. Mr Pearce added that a new manager in Japan was introduced in December 2021 called Nissay which replaced NWQ. He confirmed that they would continue to exit NWQ carefully until all exposure in Japan is with the other specialist manager.
- Last year reflected a fantastic market return in the equity markets. As outlined on page 130, the bold bar showed that the market performance sector return was just under c20%.
- The table at the top of page 131 outlined the performance to 31 December 2021, and the WPP Global Opportunities Equity Fund was behind benchmark for Q4 2021. Nonetheless, over the long-term it was ahead of the benchmark as outlined in the bottom table on page 131.
- Page 132 showed the performance of the managers against their specific benchmarks at the end of January 2022 (indicated in colours green and red). Mr Pearce explained that if Russell Investments are doing their job well over time by adding value all would be green. The range of colours in the chart showed the benefits of diversification as different styles add value at different times in the economic cycle.
- From the sector chart on page 133, the financials were overweight whereas in terms of regions, the US markets remain expensive so the WPP Global Opportunities Equity Fund was underweight the US market and therefore overweight to other regions, primarily emerging markets and Europe.
- In terms of manager research, all research analysts are spending at least a portion of their time explicitly focusing on ESG.
- Given the Clwyd Pension Fund's public commitment to have net-zero carbon emissions by 2045, the Russell funds have also signed up to a net-zero

carbon emissions target of 2050 and are therefore putting in place a framework for transparency and reporting on the progress of the solutions against net-zero targets.

- Page 138 outlined the exposure to carbon against the benchmark. Mr Pearce confirmed there was a specialist team that checked that the WPP funds continue to have significant less exposure to carbon going forward.

Mr Quinn noted the WPP Emerging Market Equity Sub-fund launch last year, which was dedicated to Emerging Markets only. He added the following key points:

- A China specialist was added to this sub-fund given the increasing weight in the market index and he believed there was a good opportunity in China in terms of growth and the domestic market.
- Page 142 displayed the latest position of the sub-fund from the end of October 2021 and the six managers with different styles including the China specialist. Despite the small weight to the China specialist, Mr Quinn was comfortable with the weight and believed it could grow overtime.
- An enhanced portfolio implementation (“EPI”) and decarbonisation summary was reflected on page 143 and proved this was working successfully for the WPP.
- Given the desire to have a sub-fund that achieved more than an investment return i.e. to be aligned with climate change targets, a new sub-fund was under construction as outlined on page 145. Mr Quinn said that a paper with more information would follow on this.

Mr Hibbert stated that he continued to be impressed with the operation of Russell investments and seeing the theory actually work in practice.

Regarding Russell Investments’ net-zero target of 2050, Mrs Fielder questioned whether there were clients with different targets within the WPP and how the company dealt with the different views. Mr Pearce said that he was currently analysing each client globally regarding what is in scope in terms of net-zero managers. He believed that the interim targets (net-zero by 2025 and 2030) were more important to focus on primarily and thereafter the overall target would come together in time.

In regards to the FRC Stewardship Code, Mr Dickson noticed that Russell Investments were not listed as a signatory to the Code and he asked what steps would be taken to achieve this. Mr Pearce explained that the Code had changed dramatically recently and Russell was working through the requirements. News would follow on this in the next few months.

As investment managers within a portfolio structure have a range of different styles, Mr Harkin asked how Russell Investments deals with different manager

views. He also asked whether they had the ability to suggest their own views given the likelihood of a strong dislocation in interest rates in the future, such as is the case in the US currently. Mr Pearce said that they have a team of specialists who work full-time as economists, analysing the market daily and in particular considering interest rates and unemployment. He added that one of their team members previously worked for the US Federal Reserve so is an expert on this matter. Russell's current view was that high inflationary numbers, such as 5% and above, will subside as the year goes on. In terms of the portfolio, given the continued levels of above average growth, inflation will therefore subside.

On page 147, Mr Quinn noted the Multi Asset Credit ("MAC") Fund launched in August 2020 and explained it had multiple underlying asset classes to it. BlueBay was a multi-sector specialist and had access to all the specialist managers.

Since inception, the performance of the sub-fund was within expectations i.e. a return of 5.47% against a net target of 4.11%, but over Q4 2021, the MAC Fund delivered a flat return, which was behind the target.

The performance of the MAC Fund over time was reflected on the graph on page 149. The orange dotted represented its target, which was cash + 4% whereas the black dotted lines reflected Russell Investments expectations through volatility. In addition, the blue line showed the expectations of the performance of the MAC Fund. From this, it could be seen that the MAC Fund had a good start since inception but more recently, the orange trend line was moving towards where it was expected to be.

Mr Quinn noted the review of the MAC Fund outlined on page 150. He confirmed that fund manager Man GLG and the emerging market debt manager had struggled slightly as an asset class given the concerns in China. Other emerging market countries also struggled such as Turkey and Russia. Mr Quinn said that he would keep a close eye on this manager to ensure they remained appropriate for the MAC Fund.

Mrs Fielder asked whether strategies within the MAC Fund could be adjusted as quickly and easily as it is to change investment managers. In terms of strategies, Mr Quinn said that they are broadly based on what you would expect. As loans struggled in March 2020, high yield also struggled. Despite this, all classes perform better at different times for different reasons, which is why he believed it was important to have different exposure to all of them. In regards to new strategies, the portfolio manager was looking into how to manage the MAC Fund duration and sensitivity to interest rates and discussions would be held on this in the coming months.

RESOLVED:

- (a) The Committee considered and noted the update.
- (b) The Committee received the presentation from the WPP Operator and Investment Manager.

180. **INVESTMENT AND FUNDING UPDATE**

Mrs Fielder introduced this paper and explained that since the Committee agenda pack was distributed, the DLUHC had published the Levelling Up Whitepaper, which outlined proposed expectations for LGPS Funds to have up to 5% of assets allocated to projects, which support local areas. Mrs Fielder explained that this was not new, as the Clwyd Pension Fund had already been supporting local areas for years with over £132 million worth of commitments agreed, which is already over the 5% target. Unfortunately, Mrs Fielder confirmed it was possible that the steps the Fund had previously taken would not be included in this 5% target but we need to wait for the consultation to understand how this will need to be implemented.

In paragraph 1.05, Mrs Fielder confirmed that the pressure group had moved on from fossil fuels and was now looking at livestock companies.

As alluded to at the last Committee, the Fund officers and advisers had been investigating more private market opportunities and this was well underway with more commitments outlined in the table in paragraph 1.12. This included Capital Dynamics and more details on this were explained in the next agenda item.

Regarding the exposure to industrial livestock companies in paragraph 1.05, Councillor Bateman explained he had received correspondence from a constituent who highlighted concerns about this. He asked whether Mrs Fielder was happy to respond to the letter he had received. Mrs Fielder confirmed she would respond to the request.

RESOLVED:

The Committee considered and noted the update.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 – TO CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded for the remainder of the meeting for the following items by virtue of exempt information under paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

181. **CLEAN ENERGY PROJECTS IN WALES – SEPARATE MANAGED ACCOUNT**

This item of the agenda was presented and discussed.

RESOLVED:

The Committee received a report and presentation from Capital Dynamics on the implementation of a Separate Managed Account for the Clwyd Pension Fund to invest in direct clean energy projects in Wales.

The Chairman thanked everyone for their attendance. The next formal Committee meeting is on 16 March 2022. The meeting finished at 12:15pm.

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Chairman



CLWYD PENSION FUND COMMITTEE

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| Date of Meeting | Wednesday, 16 th March 2022 |
| Report Subject | Business Plan 2022/23 to 2024/25 |
| Report Author | Head of Clwyd Pension Fund |

EXECUTIVE SUMMARY

The Committee approves a three-year Business Plan in February or March of every year and receives updates each quarter on progress. The purpose of this report is to present the proposed Business Plan for 2022/23 to 2024/25. The Business Plan includes information on business as usual, other tasks or projects, risks and an estimate of the financial resources required.

Looking ahead, the next few years will continue to be challenging for those involved in the governance, management and operation of the Fund for a number of reasons including:

- the remedy for the McCloud court case,
- implementing changes to meet and monitor the Fund's new targets in relation to climate risk
- a new Code of Practice being launched by The Pensions Regulator and
- integration with the National Pensions Dashboard.

In addition, the geopolitical crisis due to the Russian invasion of Ukraine, which has arisen subsequent to the development of the Business Plan, may impact the Fund's activity over 2022/23 to 2024/25.

The Fund's Business Plan covering the period from 2022/23 to 2024/25, which the Committee is asked to approve, has been prepared with a view to ensuring that our legal responsibilities and strategic objectives are being met, and all our known risks are being managed and resourced appropriately.

RECOMMENDATIONS

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| 1 | That the Committee approve the Business Plan in Appendix 1 relating to the period 2022/23 to 2024/25, including the budget for 2022/23 which includes some changes to the existing staffing structure as noted therein. |
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REPORT DETAILS

| 1.00 | REVIEW OF THE FUND'S BUSINESS PLAN |
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| 1.01 | <p>The updated Business Plan for the three years commencing 2022/23 is attached as Appendix 1. It includes business as usual, main tasks or projects with descriptions, a current risk assessment and an estimate of the financial resources required.</p> |
| 1.02 | <p>The business plan for 2020/21 was approved at the 23 March 2021 Pension Fund Committee. Despite the ongoing challenges presented by the pandemic, much of the business plan was delivered with a number of key achievements being accomplished including:</p> <ul style="list-style-type: none">• Updating of the Fund's Responsible Investment Policy to incorporate climate change targets, and continued work to implement this Policy.• Completion of the Interim Funding Review and initial review of the funding strategy.• Completion of an effectiveness survey for the committee.• Ongoing development of cyber security and business continuity strategies and processes.• Ensuring that the last employers are now providing data monthly using the i-Connect system.• Continuing the Fund's McCloud programme including data collection and initial testing of the administration system. <p>Perhaps of more importance is that business as usual services provided by the Clwyd Pension Fund Team again continued largely as planned with no impact due to the pandemic continuing during 2021/22.</p> |
| 1.03 | <p>There continues to be an exceptional amount of change which is being driven at a national level or by circumstances out of the control of administering authority. These have a major impact on the delivery of the Fund's objectives and the resources required. The following illustrates the main areas we are currently aware of, many of which are explicit in the proposed 2022/23 to 2024/25 business plan:</p> |

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| | <pre> graph TD G[Governance: TPR new Single Code Outcome of LGPS Scheme Advisory Board Good Governance review] --- GM[General matters: Managing cyber crime Geopolitical matters Climate change Covid pandemic and post pandemic changes Recruitment and retention Diversity and inclusion] GM --- AC[Administration / Communications: McCloud judgement National Pensions Dashboard Survivor benefit changes Cost management Fair deal Exit payment reform Increase in minimum retirement age] GM --- IF[Investments and Funding: LGPS Levelling-Up LGPS Asset Pooling Guidance LGPS TCFD UK Stewardship] </pre> |
| 1.04 | <p>Within the 2022/23 to 2024/25 business plan key tasks include:</p> <ul style="list-style-type: none"> • reviewing the funding strategy and carrying out the Actuarial Valuation of the Fund as at 31 March 2022 • reviewing the Fund’s investment strategy • implementing the remedy following the McCloud court case • implementing changes to meet and monitor the Fund's new targets in relation to climate risk • carrying out compliance checks against The Pension Regulator's New Code • implementing any governance changes as a result of the Scheme Advisory Board Good Governance review • integration with the National Pensions Dashboards • finalising the development of controls relating to cybercrime and business continuity. • developing and implementing a refreshed communications strategy. |
| 1.05 | <p>Looking ahead, 2022/23 will no doubt continue to be challenging for those involved in the governance, management and operation of the Clwyd</p> |

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| | Pension Fund. The Business Plan has been updated to ensure that all our known risks are being managed and resourced. |
| 1.06 | Unfortunately the proposed Business Plan from the Wales Pension Partnership (WPP) is not yet available for the Committee to consider. This is usually considered at the same meeting as the Clwyd Pension Fund Business Plan but due to the timing of the meetings it has not be possible to include it on the agenda for this meeting. It will instead be brought to the June Committee meeting, and information relating to costs and projects relating to WPP within the Clwyd Pension Fund Business Plan are based on the latest draft WPP Business Plan that has been seen by Fund officers. |
| 1.07 | The Committee are asked to consider and approved the proposed Clwyd Pension Fund Business Plan for 2022/23 to 2024/25, and the budget for 2022/23 included within it. |

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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | The resources required for managing the Fund and delivering this Business Plan are included in the budget section of the Business Plan and assume no vacancies in the current staffing structure and provision for an increase of 2 FTE members of staff during 2022/23 relating to additional staff members within the Employer Liaison Team (ELT) if required. It should be noted that these appointments will only be made if additional resource is required within the ELT to meet the needs of new or existing employers in relation to current responsibilities or the McCloud Programme. Costs relating to these employers will be recharged via the employer contribution rate set at the actuarial valuation. |

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

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| 4.00 | RISK MANAGEMENT |
| 4.01 | The key risks are considered as part of the business planning process and articulated within the draft Business Plan. |

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| 5.00 | APPENDICES |
| 5.01 | Appendix 1 – Business Plan 2022/23 to 2024/25 |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | <p>Previous Business Plans including Clwyd Pension Fund Business Plan 2021/22 to 2023/24 (March 2021 PFC agenda pack).</p> <p>Contact Officer: Phil Latham, Head of Clwyd Pension Fund Telephone: 01352 702264 E-mail: philip.latham@flintshire.gov.uk</p> |

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|-------------|--|
| 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) Committee or PFC – 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) Board, 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) SAB – The national Scheme Advisory Board – the national body responsible for providing direction and advice to LGPS administering authorities and to DLUHC.</p> <p>(g) DLUHC – Department of Levelling Up, Housing and Communities – the government department responsible for the LGPS legislation</p> <p>(h) TPR – The Pensions Regulator – TPR has responsibilities to protect UK's workplace pensions and make sure employers, scheme managers and pension specialists can fulfil their duties to scheme members. This includes oversight of public service pension schemes, including the LGPS. Specific areas of oversight are set out in legislation and also expanded on within TPR's Guidance and Codes of Practice.</p> <p>NB: Other terms used in the report and its appendix are explained within Appendix 1.</p> |

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Cronfa Bensiynau Clwyd
Clwyd Pension Fund

Gweinyddwyd gan
Administered by



Flintshire County Council

**Administering Authority for
Clwyd Pension Fund**

Business plan 2022/23 TO 2024/25

March 2022

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DRAFT

Introduction

This is the business plan for the Clwyd Pension Fund, which is managed and administered by Flintshire County Council. The business plan details our priorities and areas of key focus in relation to the Clwyd Pension Fund for 2022/23, 2023/24 and 2024/25. This business plan was approved at the Clwyd Pension Fund Committee meeting on 16 March 2022. The business plan is formally reviewed and agreed every year. However, throughout the year it is monitored, and the Pension Fund Committee may be asked to agree to changes to it.

The purpose of the business plan is to:

- explain the background to and objectives for the management of the Clwyd Pension Fund
- document the priorities and improvements to be implemented by the pension service during the next three years to help achieve those objectives
- enable progress and performance to be monitored in relation to those priorities
- provide staff, partners and customers with a clear vision for the next three years.

In addition, this business plan includes a budget for expected payments to and from the Clwyd Pension Fund during 2022/23 including the resources required to manage the Fund, as well as the expected cashflows over the period of this plan.

If you require further information about anything in or related to this business plan, please contact:

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Background to the Clwyd Pension Fund

The Clwyd Pension Fund ("CPF") is a £2.5bn¹ Local Government Pension Fund which provides death and retirement benefits for local government employees (other than teachers, police and firefighters) in North East Wales and employees of other qualifying bodies which provide similar services.

Total Fund membership is 49,079 (48,900²) with 17,730 (17,700) active contributors from 52 (48) contributing employers, 14,395 (13,900) retired and survivor members³, and 16,954 (17,300) deferred and other members.

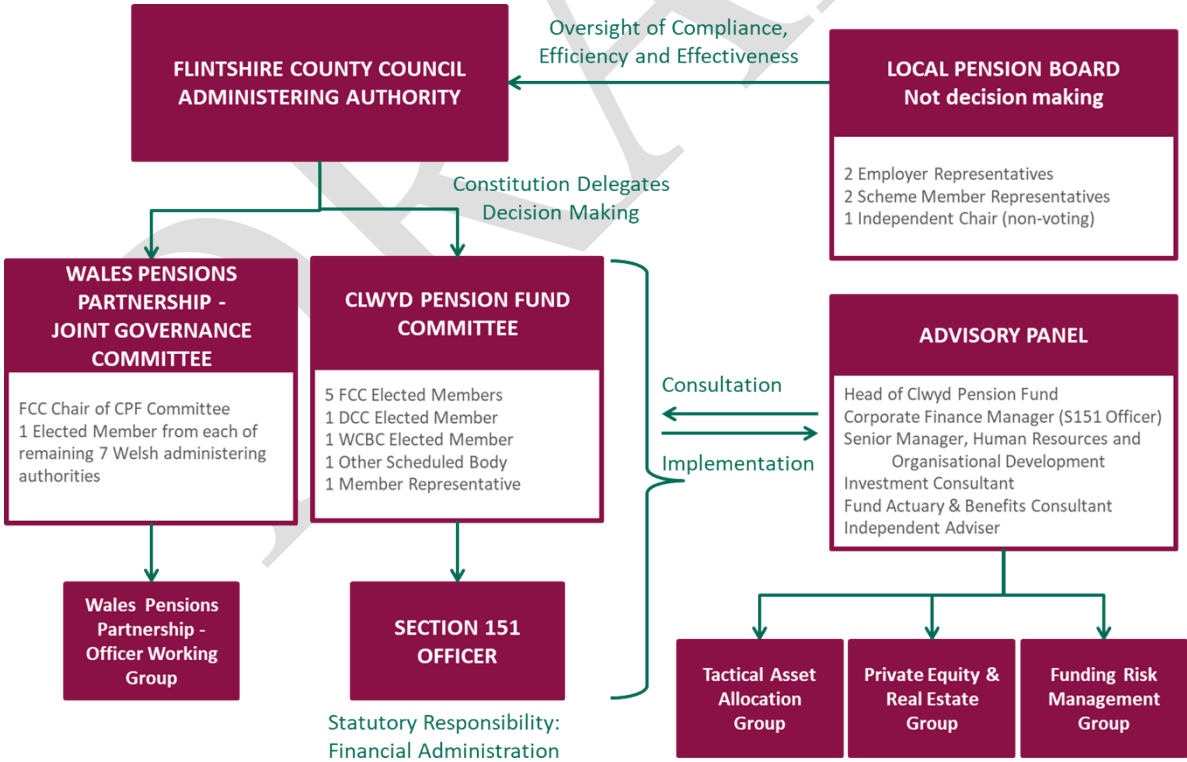
Governance and Management of the Fund

The key decision making and management of the Fund has been delegated by Flintshire County Council ("the Council") to a formal Pension Fund Committee ("PFC"), supported by a Pensions Advisory Panel ("AP"). The Corporate Finance Manager is the Section 151 Officer and therefore has a statutory responsibility for the proper financial affairs of the Council including Fund matters.

A Local Pension Board is in place to assist in:

- securing compliance of Fund matters and
- ensuring the efficient and effective governance and administration of the Fund.

This structure is illustrated below.



¹ Information correct as at 31 December 2021.

² The figures shown in brackets in this paragraph were as at 31 January 2021.

³ In additional approximately 1,150 teachers' compensation pensions are paid by the CPF team.

The Joint Governance Committee ("JGC") for the Wales Pension Partnership ("WPP" - the Wales asset pool) is a joint committee of the eight participating administering authorities as well as a non-voting scheme member representative. An inter-authority agreement has been agreed which delegates certain investment decisions to the JGC. The JGC will be advised by an Officer Working Group (OWG) on which each of the administering authorities are represented. The WPP has its own suppliers and advisers, and its own business plan.

The Pension Fund Management Team

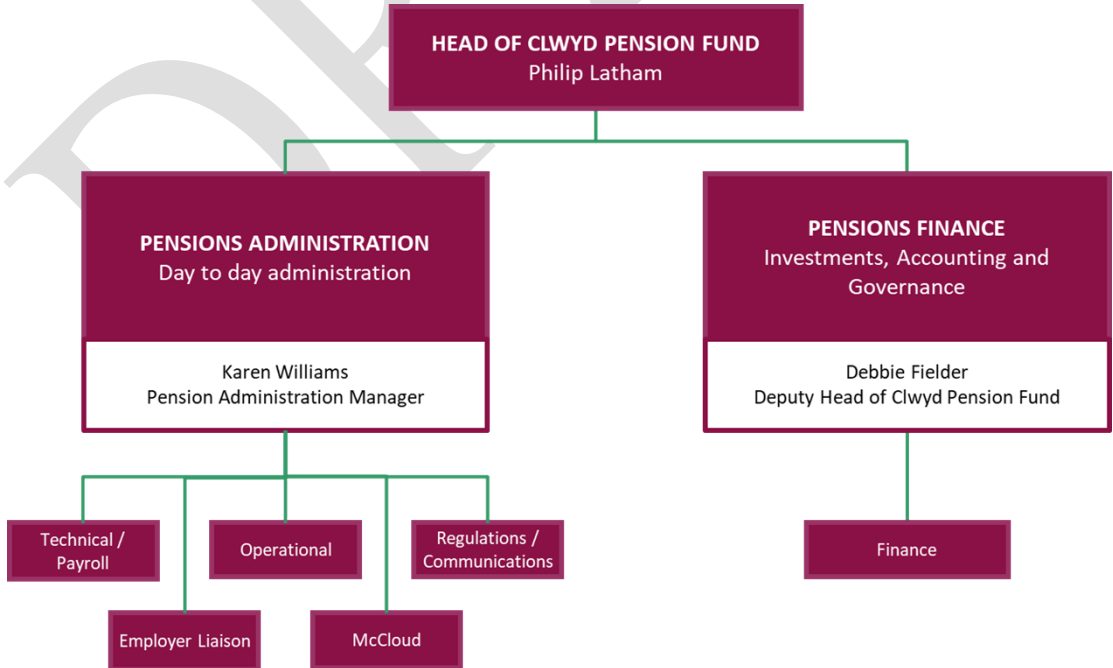
The day to day operations of the Fund are managed by the Head of Clwyd Pension Fund supported by the Deputy Head of Clwyd Pension Fund and the Pensions Administration Manager. There are two sections within the team:

- The Pensions Administration Section which is responsible for delivering the Fund's Administration and Communications Strategies. It is headed by the Pension Administration Manager and has 42.2 full time equivalent members of staff.
- Within the Pensions Administration Section there is an Employer Liaison Team that undertakes employer responsibilities which are recharged to the employer through their employer contribution rate. A number of the Fund's employers use this service.

The Pensions Finance Section is responsible for delivering the Fund's Investment and Funding Strategies, as well as accounting matters. It also has overall responsibility for ensuring all governance matters are delivered. It is headed by the Deputy Head of the Clwyd Pension Fund and has 7 full time equivalent members of staff.

More information about their day to day responsibilities is documented later in this Plan in the "Business as Usual".

The structure as at March 2022 is illustrated below.



The Pension Fund Management Team and Pension Fund Committee are assisted by a range of specialist consultants, suppliers and fund managers.

Aims and Objectives for the Management of the Fund

Our Mission Statement is:

- to be known as forward thinking, responsive, proactive and professional, providing an excellent customer focused, reputable and credible service to all customers.
- to have instilled a corporate culture of risk awareness, financial governance, and to provide the highest quality distinctive services within the resource budget.
- to work effectively with partners, being solution focused with a 'can do' approach.

Our key strategies and policies which guide the management of the Fund are listed below and most can be found on our website at <http://mss.clwydpensionfund.org.uk>

- Governance Policy and Compliance Statement;
- Knowledge and Skills Policy, Conflicts of Interest Policy, Risk Management Policy and Reporting, Business Continuity Policy, Recording Breaches of the Law Procedure,
- Investment Strategy Statement including Responsible Investment Policy,
- Funding Strategy Statement,
- Administration Strategy, Personal Data Retention Policy, Administering Authority Discretionary Policies, Voluntary Scheme Pays Policy, Policy on the Overpayment and Underpayment of Pension Scheme Benefits,
- Communications Strategy.

The key actions and areas of focus in our business plan (as shown in the appendix) are grouped into the areas of governance, funding and investments, administration, communications and employer liaison team to align with the key aims and objectives of these strategies and policies. These aims and objectives are summarised below.

Governance

- Act in the best interests of the Fund's members and employers
- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies
- Ensure the Pension Fund is managed, and its services delivered, by people who have the appropriate knowledge and expertise
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- Understand and monitor risk
- Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- Clearly articulate our objectives and how we intend to achieve those objectives through business planning, and continually measure and monitor success

- Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved.

Funding and Investments

- Achieve and maintain assets equal to 100% of liabilities within the 13-year average timeframe, whilst remaining within reasonable risk parameters
- Determine employer contribution requirements, whilst recognising the constraints on affordability and strength of employer covenant, with the aim being to maintain as predictable an employer contribution requirement as possible
- Recognising the constraints on affordability for employers, aim for sufficient excess investment returns relative to the growth of liabilities
- Strike the appropriate balance between long-term consistent investment performance and the funding objectives
- Manage employers' liabilities effectively through the adoption of employer specific funding objectives
- Ensure net cash outgoings can be met as/when required
- Minimise unrecoverable debt on employer termination
- Ensure that its future strategy, investment management actions, governance and reporting procedures take full account of longer-term risks and sustainability
- Ensure that the Fund's investment and return targets are aligned with the transition to a low carbon economy through a commitment to achieving a net zero carbon dioxide emission's target by 2045
- Promote acceptance of sustainability principles and work together with others to enhance the Fund's effectiveness in implementing these
- Aim to use the Wales Pensions Partnership as the first choice for investing the Fund's assets subject to it being able to meet the requirements of the Fund's investment strategy and objectives (including environmental, social and governance requirements), within acceptable long-term costs to deliver the expected benefits and subject to ongoing confidence in the governance of the Partnership.

Administration

- Provide a high quality, professional, proactive, timely and customer focussed administration service to the Fund's stakeholders
- Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS⁴ regulations and in the delivery of the administration functions of the Fund
- Ensure the correct benefits are paid to, and the correct income collected from, the correct people at the correct time

⁴ Local Government Pension Scheme.

- Maintain accurate records and ensure data is protected and has authorised use only.

Communications

- Promote the Scheme as a valuable benefit and provide sufficient information so members can make informed decisions about their benefits
- Communicate in a clear, concise manner
- Ensure we use the most appropriate means of communication, taking into account the different needs of different stakeholders, but with a default of using electronic communications where efficient and effective to do so
- Look for efficiencies and environmentally responsible ways in delivering communications through greater use of technology and partnership working
- Regularly evaluate the effectiveness of communications and shape future communications appropriately.

Employer Liaison Team

- Provide a high quality, professional, proactive, timely and customer focused service to the employer
- Provide the agreed service in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- Ensure the employer is aware of and understands their role and responsibilities under the LGPS regulations and the Fund's Administration Strategy
- Ensure that accurate member information is provided to the Fund, in the correct format, within the agreed timescales
- Ensure data is protected and has authorised use only.

Business as usual

The appendix to this business plan highlights what our key priorities are for the next three years. This focusses on areas of change and project-like tasks which are in addition to our day to day “business as usual” duties. On a day to day basis, our focus is on the following key elements of Fund management:

- Paying pension benefits to all our beneficiaries, as prescribed by the LGPS regulations
- Communicating with our scheme members about their membership of the Fund
- Ensuring we receive all the pension contributions paid by active members of the Fund, again as prescribed by the LGPS regulations
- Ensuring all the employers in the Fund pay their pension contributions
- Safeguarding the money in the Fund (the Fund’s assets)
- Investing any Fund assets that are not currently needed to pay benefits
- Working with the actuary so, every three years, they determine how much employers need to pay into the Fund to ensure we have enough money to pay pension benefits in the future.

Understanding the continuing pressure on resources and budgets for employers and the administering authority, an Employer Liaison team is available which can provide assistance to employers by carrying out a number of the employer responsibilities on the employers' behalf.

Managing the Fund on a day to day basis involves a wide range of processes and procedures, some of which are outlined below and all of which have been designed around achieving our Fund’s objectives as outlined in our strategies and policies. The management of the Fund is significant, complex and highly regulated. As such, these processes and procedures require expert knowledge and experience from both officers and external advisors in several diverse areas as illustrated below.

Governance

- Ensuring decisions relating to the management of the Fund are made in accordance with agreed delegated responsibilities
- Setting the agenda, reporting and presenting to the Pension Fund Committee, Local Pension Board and Advisory Panel, and ensuring those bodies carry out their delegated responsibilities
- Implementing and monitoring the achievement of other governance areas such as the training policy, conflict of interest policy, risk management policy, breaches of law procedure and The Pension Regulator’s Code of Practice
- Ensuring the Fund's business plan is regularly updated, agreed and delivered
- Ensuring we adhere to Council and legal requirements for procurement, health and safety and data protection
- Procurement of and payment for, advisers and other services
- Assisting internal and external audit in their role

- Replying to Freedom of Information requests
- Participation at the Joint Governance Committee and Officer Working Group of the WPP
- Ensuring business continuity arrangements are in place and regularly tested
- Managing the risk of cybercrime and ensuring our data and systems are safeguarded.

Accountancy

- Preparing and publishing the Fund's Annual Report
- Completing the Annual Accounts and assisting external auditors
- Preparing and quarterly monitoring of the Annual Budget
- Preparation of statutory and non-statutory returns as required
- Monthly bank reconciliations
- Quarterly cash flow and treasury management
- Monthly monitoring of income and expenditure including employer and scheme member contributions
- Quarterly invoicing of employers for pensions strain and added years.

Funding

- Agreeing the funding strategy with the actuary every three years, consulting with employers and monitoring continued appropriateness annually
- Assisting the actuary with the triennial Actuarial Valuation by providing membership data and presenting results and explanations to employers of future employer contributions and deficit payments
- Arranging through the Actuary, data required by the Government Actuary's Department ("GAD")
- Monitoring the employers' funding positions and covenants including their ability to pay contributions and managing any employers who wish to join or leave the Fund
- Review Additional Voluntary Contributions (AVCs) provision on a regular basis to ensure it continues to remain appropriate

Investments

- Carrying out a fundamental review of the investment strategy every three years
- Appointing, monitoring and dismissing of fund managers including within a pooling environment
- Quarterly monitoring and reporting on investment performance
- Monthly monitoring and reporting on the Fund's funding position and implementation of our cash and risk management strategy ("Flight-path") with annual 'health checks'
- Working with other LGPS funds in Wales and nationally to pool investments through our role within the Joint Governance Committee and Officer Working Group
- Monthly monitoring and implementation of the tactical asset allocation decisions

- Developing, implementing, and monitoring the Fund's approach to Responsible Investment
- Identifying sustainable investments that aim to make a positive social or environmental impact
- Monitoring of over 100 investments in private markets including cashflow deployment.
- Ensuring costs are fully disclosed in line with the LGPS Investment Code of Transparency
- Working with WPP to ensure that it can support the Fund in delivering its own Responsible Investment and Climate Change beliefs and requirements.

Administration

- Providing ongoing information to scheme members and their beneficiaries as they join, leave or change their status in the Fund
- Calculating and notifying entitlement to pension and death benefits
- Providing quotations of retirement benefits including any additional costs to employers
- Providing information on how scheme members can increase their pension benefits
- Maintaining scheme member records
- Providing a scheme members' help line for ad-hoc enquiries
- Administering the Fund's Internal Dispute Resolution Procedure.

Payroll

- Calculating and paying monthly pensions to all pensioners and beneficiaries
- Issuing payslips (where net pay has changed)
- Issuing P60s
- Investigating returned payments and dealing with any under or overpayment of pensions
- Updating and maintaining accuracy of pensioner member details.

Communication

- Providing Annual Benefit Statements to all active and deferred scheme members
- Providing information to members via one to ones, workshops and newsletters
- Maintaining the Fund's website and members' self-service facility
- Provide new employers with information about their Fund responsibilities
- Providing ongoing training and technical updates to employers
- Running an Annual Meeting for employers and members' representatives.

Technical

- Maintaining and updating the pensions software system, including overseeing the monthly employer returns
- Providing guidance on changes in processes following legislation updates

- Developing reporting to provide information on progress against key performance indicators and daily work management
- Providing reports and extracts for the Fund Actuary and GAD
- Reporting and making payments to HMRC
- Processing bulk updates to data such as annual pensions increases and year end employer returns.

Employer Liaison Team

- Providing notifications regarding new starters, personal/employment changes and leavers/retirements in the Fund
- Undertaking estimates of benefits for scheme members and the employer
- Undertake response to outstanding requests for information to cleanse the pension records
- Providing information to the Fund's actuary as required for new alternative delivery models for employer services
- Undertake work as necessary to clear outstanding year-end or other data queries.

The plan for the next three years

Key Challenges and Influences

The last decade saw an unprecedented number of external factors that impacted or could impact the management of the Fund on top of major changes that have been implemented to the Fund in recent years, such as:

- Implementation of a new governance structure, including creation of a Pension Fund Committee, Advisory Panel and Local Pension Board between 2014 and 2016.
- A fundamental review of the investment strategy in 2014/15, to ensure a closer relationship with the funding strategy through implementation of a flight-path risk management plan, which is annually reviewed.
- The implementation of the new LGPS Career Average Revalued Earnings (CARE) Scheme from April 2014 and each year introducing innovative ways of working within the Administration Section.
- Establishing and investing assets in the WPP since 2016/17
- Agreeing a number of key priorities relating to responsible investing, including a commitment to achieve a net-zero carbon dioxide emission's target by 2045.

This puts us in a strong position to meet the challenges ahead. The following are just some of the key areas of focus for the Fund over the next three years:

- Carrying out the Actuarial Valuation of the Fund as at 31 March 2022
- Implementing the remedy following the McCloud court case
- Implementing changes to meet and monitor the Fund's new targets in relation to climate risk
- Carrying out compliance checks against The Pension Regulator's New Code
- Implementing any governance changes as a result of the Scheme Advisory Board Good Governance review
- Integration with the National Pensions Dashboards
- Finalising the development of controls relating to cybercrime and business continuity.
- Developing and implementing a refreshed communications strategy

These, and other priorities for the next three years, are articulated in more detail in the appendix to this business plan, split into three sections;

- governance
- funding and investments
- administration, communications and employer liaison team.

Budget

All the costs associated with the management of the Fund are a charge to the Fund and not to the Council. The following shows the expected income and expenditure to the Fund (cash flow) as well as the expected operating costs.

Cash flow projection for 2022/23 to 2024/25

| | Estimated | Budget | Budget | Budget |
|---|------------------|------------------|------------------|------------------|
| | 2021/22 £000s | 2022/23 £000s | 2023/24 £000s | 2024/25 £000s |
| Opening Cash | (37,078) | (75,898) | (65,323) | (5,474) |
| Payments | | | | |
| Pensions | 66,808 | 68,400 | 70,000 | 72,000 |
| Lump Sums & Death Grants | 16,842 | 16,000 | 16,000 | 16,000 |
| Transfers Out | 5,016 | 6,000 | 6,000 | 6,000 |
| Expenses (excluding investments) | 4,427 | 6,800 | 5,800 | 5,800 |
| Tax Paid | 62 | 100 | 100 | 100 |
| Support Services | 180 | 200 | 200 | 200 |
| Total Payments | 93,335 | 97,500 | 98,100 | 100,100 |
| Income | | | | |
| Employer Contributions | (49,910) | (49,000) | (52,400) | (52,400) |
| Employee Contributions | (17,369) | (17,200) | (17,600) | (17,600) |
| Employer Deficit Payments | (14,383) | (15,000) | 0 | 0 |
| Transfers In | (7,538) | (6,000) | (6,000) | (6,000) |
| Pension Strain | (1,067) | (1,200) | (1,200) | (1,200) |
| Income | (37) | (40) | (40) | (40) |
| Total Income | (90,304) | (88,440) | (77,240) | (77,240) |
| | | | | |
| Cash-flow Net of Investment Income | 3,031 | 9,060 | 20,860 | 22,860 |
| | | | | |
| Investment Income | (11,334) | (8,000) | (8,000) | (8,000) |
| Investment expenses | 5,550 | 4,000 | 4,000 | 4,000 |
| Total Net of In House Investments | (2,753) | 5,060 | 16,860 | 18,860 |
| | | | | |
| In House Investments | | | | |
| Draw downs | 63,982 | 103,661 | 130,150 | 149,000 |
| Distributions | (110,246) | (98,146) | (87,161) | (78,302) |
| Net Expenditure /(Income) | (46,264) | 5,515 | 42,989 | 70,698 |
| | | | | |
| Total Net Cash-Flow | (49,017) | 10,575 | 59,849 | 89,558 |
| | | | | |
| Rebalancing Portfolio | 10,197 | | | (90,000) |
| Total Cash Flow | (38,820) | 10,575 | 59,849 | (442) |
| Closing Cash | (75,898) | (65,323) | (5,474) | (5,916) |

Operating Cost Budget 2022/23

| | Actual | Revised Budget | Estimate | Budget |
|--|---------------|----------------|---------------|---------------|
| | 2020/21 | 2021/22 | 2021/22 | 2022/23 |
| | £000s | £000s | £000s | £000s |
| Governance Expenses | | | | |
| Employee Costs (Direct) | 261 | 326 | 294 | 397 |
| Support & Services Costs (Administering Authority) | 22 | 24 | 24 | 24 |
| IT (Support & Services) | 1 | 5 | 2 | 5 |
| Other Supplies & Services | 54 | 97 | 65 | 95 |
| Audit Fees | 39 | 41 | 41 | 45 |
| Actuarial Fees | 504 | 696 | 483 | 879 |
| Investment Consultant Fees | 847 | 1,142 | 1,061 | 1,627 |
| Governance Advisor Fees ^a | 576 | 485 | 580 | 517 |
| Legal Fees | 16 | 40 | 84 | 100 |
| Pension Board ^a | 106 | 91 | 92 | 113 |
| Pooling (Host and Consultant Costs) | 101 | 130 | 140 | 197 |
| Total Governance Expenses | 2,527 | 3,077 | 2,865 | 3,999 |
| Investment Management Expenses | | | | |
| Fund Manager Fees | 16,924 | 19,915 | 15,500 | 16,275 |
| Custody Fees | 69 | 32 | 113 | 112 |
| Performance Monitoring Fees | 67 | 53 | 53 | 53 |
| Wales Pension Partnership Investment Costs | 304 | 636 | 500 | 500 |
| Total Investment Management Expenses | 17,364 | 20,636 | 16,166 | 16,940 |
| Administration Expenses | | | | |
| Employee Costs (Direct) ^a | 1,091 | 1,366 | 1,213 | 1,433 |
| Support & Services Costs (Administering Authority) | 156 | 158 | 158 | 158 |
| Outsourcing | 42 | 30 | 60 | 0 |
| IT (Support & Services) ^a | 426 | 515 | 477 | 715 |
| Other Supplies & Services) ^a | 119 | 134 | 103 | 146 |
| Total Administration Expenses | 1,834 | 2,203 | 2,011 | 2,451 |
| Employer Liaison Team | | | | |
| Employee Costs (Direct) ^a | 199 | 286 | 255 | 363 |
| Total Employer Liaison Team | 199 | 286 | 255 | 363 |
| Total Costs | 21,924 | 26,201 | 21,297 | 23,753 |

Notes relating to proposed budget:

- 1) Items marked "a" include estimates for additional costs relating to McCloud. Please see below for detail.

| McCloud Budget 20/21 | £000s |
|--|------------|
| Employee Costs (Direct) * | 270 |
| Governance Advisor Fees | 222 |
| Pension Board | 21 |
| IT (Support & Services) | 100 |
| Other Supplies & Services) | 10 |
| Total | 623 |
| * Of the employee costs £60k is allocated to ELT | |

- 2) The costs incurred by the Employer Liaison Team will be recovered from the participating employers making use of the service through their employer contribution rate.
- 3) The actuarial, consultancy and adviser costs include allowances for project work which will not be required in future years, for example Private Markets advice and impact of the 2022 Valuation.
- 4) The above estimates assume pay inflation of 3.5% where appropriate.
- 5) The Employer Liaison Team employee costs include £62k relating to two additional posts which may be required within the team, which were not in the 2021/22 budget.
- 6) Employee costs in Governance Expenses covers the approved establishment for the Governance and Finance Team. Given current recruitment and retention issues it is likely that some of this budget will be used on a temporary basis to cover the cost of external support.

Delivering the Business Plan

Monitoring and Reporting

In order to identify whether we are meeting our agreed business plan we will:

- continue to monitor progress of the key priorities and the agreed budgets on an ongoing basis within the Pension Fund Management Team and the Pension Fund Advisory Panel
- provide updates on progress against these key priorities on a quarterly basis to the Pension Fund Committee, which will be shared with the Pension Board
- as part of these quarterly updates:
 - highlight any areas where we are exceeding or failing to achieve our targets and the reasons why, and identify any changes to the planned priorities as a result of this
 - highlight any significant additional spend or underspend in relation to the agreed budget as it becomes apparent.

Current Significant Risks

The Clwyd Pension Fund has embedded risk management into the governance of the Fund. The Committee has approved a Risk Management Policy and a detailed Risk Register is maintained. Changes to the level of risk are reported at each Committee.

Given that many pension fund risks are outside of our control, our risk management focusses on measuring the **current** risk against the Fund's agreed **target** risk (which may still be relatively high) and identifying the further controls and actions that can be put in place. This risk management process is integral in identifying actions that are then included in the Fund's Business Plan.

Overall the next few years will be challenging for those involved in the governance, management and operation of the Fund. The risks discussed below are documented in the Risk Register which will continue to be updated at each Committee meeting as circumstances change. The risks shown are those risks which are currently identified as amber i.e. with moderate consequences that are considered a possible occurrence, or higher, and where we are not currently meeting the target risk exposure.

A further key risk currently being considered relates to geopolitical risk as a consequence of Russia's invasion of the Ukraine. This is not yet reflected in the Risk Register but action is being taken to mitigate this risk.

Key:

| Risk Exposure | Impact/Likelihood |
|---------------|--|
| Black | Catastrophic consequences, almost certain to happen |
| Red | Major consequences, likely to happen |
| Amber | Moderate consequences, possible occurrence |
| Yellow | Minor consequences, unlikely to happen |
| Green | Insignificant consequences, almost very unlikely to happen |

Governance

| Risk Description (if this happens) | Risk Overview (this will happen) | Current Risk Status | Target Risk Status | Further Action |
|---|--|---------------------|--------------------|---|
| Insufficient staff numbers (e.g. sickness, resignation, retirement, unable to recruit) - current issues include age profile, implementation of asset pools and local authority pay grades | Services are not being delivered to meet legal and policy objectives | | | <ul style="list-style-type: none"> 1 - Recruit to vacant governance and business role, Fund accountant and Trainee Fund Accountant 2 - Ongoing consideration of business continuity including succession planning 3 - Ongoing consideration of how to fill vacant administration posts 4 - Identify how services in Finance Team can be supported due to resignation of Fund Accountant |

Funding & Investment

| Risk Description (if this happens) | Risk Overview (this will happen) | Current Risk Status | Target Risk Status | Further Action |
|---|--|---------------------|--------------------|---|
| Market factors impact on inflation and interest rates | Value of liabilities increase due to market yields/inflation moving out of line from actuarial assumptions | | | <ul style="list-style-type: none"> 1 - Consider as part of Triennial Actuarial Valuation |

| Risk Description (if this happens) | Risk Overview (this will happen) | Current Risk Status | Target Risk Status | Further Action |
|---|--|---------------------|--------------------|---|
| <p>1. Responsible Investment (including Climate Change) is not properly considered within the Fund's long-term Investment Strategy meaning it is not sustainable and does not address all areas of being a Responsible Investor</p> <p>2. WPP does not provide CPF with the tools to enable implementation of RI policies</p> | The Fund's long-term Investment Strategy could fail to deliver appropriate returns | | | <p>1 - Implement Strategic RI Priorities, including ongoing analysis of the Fund's carbon Footprint. Identify sustainable investment opportunities and improve disclosure and reporting</p> <p>2 - Work with WPP to ensure the Fund is able to implement effectively via the Pool</p> |

Administration & Communication

| Risk Description (if this happens) | Risk Overview (this will happen) | Current Risk Status | Target Risk Status | Further Action |
|---|---|---------------------|--------------------|--|
| That there are poorly trained staff and/or we can't recruit/retain sufficient quality of staff, including potentially due to pay grades (including due to Covid-19) | Unable to meet legal and performance expectations (including inaccuracies and delays) due to staff issues | | | <p>1 - Continue discussions with HR about effective recruitment advertising</p> <p>2 - Use internal secondment to officer role and then backfill with new pension assistants</p> |

| Risk Description (if this happens) | Risk Overview (this will happen) | Current Risk Status | Target Risk Status | Further Action |
|---|--|---------------------|--------------------|---|
| Employers: - don't understand or meet their responsibilities - don't have access to efficient data transmission - don't allocate sufficient resources to pension matters (including due to Covid-19) | Unable to meet legal and performance expectations (including inaccuracies and delays) due to employer issues | Orange | Green | <ol style="list-style-type: none"> 1 - Consider need to roll out APP training - in house and employers 2 - Engage directly with employers on data issues |
| Systems are not kept up to date or not utilised appropriately, or other processes inefficient (including McCloud and potential exit cap) | High administration costs and/or errors | Orange | Green | <ol style="list-style-type: none"> 1 - Review of and update website during 2022/23 2 - Review of success of new website planned for 2022/23 3 - Carry out CPF tender for pension admin system 4 - If delays in system upgrades, look for alternative solutions to administer regulatory changes |
| System failure or unavailability, including as a result of cybercrime and Covid-19 | Service provision is interrupted | Orange | Green | <ol style="list-style-type: none"> 1 - Develop updated business continuity plan for CPF 2 - Review of cybercrime risk controls 3 - Develop post Covid-19 approach to working arrangements |

Training Plan

A Clwyd Pension Fund Training Policy has been established to aid Pension Fund Committee, Pension Board members and senior officers in performing and developing personally in their individual roles, with the aim of ensuring that Clwyd Pension Fund is managed by individuals who have the appropriate levels of knowledge and skills. The following training plan has been developed for 2022/23 to assist in meeting that aim.

| Title of session | Type of session | Training Content | Timescale | Audience |
|---|-----------------|--|------------------------------------|--|
| Myners Principles | Essential | To include reviewing the effectiveness of the PF Committee | March or June 2022 PFC possibly | Committee, Pensions Board and Officers |
| WPP Pooling Governance | Desirable | Cost Transparency / Good Governance | 22 March 2022 | Committee, Pensions Board and Officers |
| LGC Investment Seminar, Carden Park | Desirable | Various topical presentations. | 24 - 25 Mar 2022 | Committee, Pensions Board and Officers |
| The Communications Strategy | Essential | What's in the Communications Strategy, how it will be delivered and performance measures/assurances. | 8th June 2022 at 10am | Committee, Pensions Board and Officers |
| PLSA | Desirable | Local Authority Conference | 13-15 June 2022 | Committee, Pensions Board and Officers |
| The Actuarial valuation | Essential | Actuarial valuation and Funding Strategy Statement (FSS) | 24th August 2022 at 2.30pm | Committee, Pensions Board and Officers |
| Investment strategy review including asset classes | Essential | Setting the strategy and delivery of Investment objectives, including the risk and return characteristics of the asset classes | 5th October 2022 at 10am | Committee, Pensions Board and Officers |
| Governance update - Various | Essential | 1. The role and powers of The Pensions Regulator and Codes of Practice 2. MIFID2 knowledge and skills requirements and the impact on the Fund around investment restrictions 3. Changes to be introduced as a result of the national SAB good governance project | TBC | Committee, Pensions Board and Officers |
| £95k Exit Cap and wider reform | Essential | If applies to Wales, the new £95k cap and the impact on scheme members being given early retirement | TBC | Committee, Pensions Board and Officers |
| Goodwin Case | Essential | Overview of Goodwin court case affecting widowers' pension entitlements retrospectively to 2005 | TBC | Committee, Pensions Board and Officers |
| Private Market investments | Essential | All aspects of investing in Private Markets | TBC | Committee, Pensions Board and Officers |
| Private Market Allocators & Active Sustainable Equities | Desirable | Content to be set by Wales Pensions Partnership and their oversight advisor | TBC | Committee, Pensions Board and Officers |

| Title of session | Type of session | Training Content | Timescale | Audience |
|--|-----------------|---|-----------|--|
| Governance & Administration including Roles & Responsibilities | Desirable | Content to be set by Wales Pensions Partnership and their oversight advisor | TBC | Committee, Pensions Board and Officers |
| Stewardship Code & TCFD Reporting | Desirable | Content to be set by Wales Pensions Partnership and their oversight advisor | TBC | Committee, Pensions Board and Officers |
| Progress of the LGPS Pools & Collaboration Opportunities | Desirable | Content to be set by Wales Pensions Partnership and their oversight advisor | TBC | Committee, Pensions Board and Officers |

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Appendix - BUSINESS PLAN 2022/23 - 2024/25 – Key Tasks

Governance

| Ref | Key Action –Task | 2022/23 Period | | | | Later Years | |
|-----|--|----------------|----|----|----|-------------|-------------|
| | | Q1 | Q2 | Q3 | Q4 | 2023/ 24 | 2024/ 25 |
| G1 | Induction training (if required) | x | x | | | | |
| G2 | Develop business continuity arrangements including managing cyber risk | x | x | x | | | |
| G3 | Review against TPR new Single Code | x | x | x | x | | |
| G4 | Review appointment of Local Pension Board and Pension Fund Committee Members | | x | x | x | | |
| G5 | Outcome of Scheme Advisory Board good governance review | | | x | x | x | |
| G6 | Review/Tender Fund Actuary, Investment Consultancy and Independent Adviser Contracts | | | x | x | | x |
| G7 | Review of governance related policies | | | | x | x | x |

G1 – Induction training (if required)

What is it?

The Pension Fund Committee includes a number of elected members from Flintshire County Council, Denbighshire County Borough Council and Wrexham County Council. The Welsh local authority elections are taking place in May 2022. After those elections each Council will decide which elected members will be put forward as members of the Clwyd Pension Fund Committee.

Given the complexity of managing the Clwyd Pension Fund, it is always preferred that changes to the Committee are kept to as a minimum, but where this is unavoidable, it is important that any new members are given a full programme of induction training as soon as possible. Accordingly, if required, officers and advisers will put in place an induction programme which is likely to commence in June 2022.

Timescales and Stages

| | |
|--|------------------|
| Develop and deliver induction training | 2022/23 Q1 to Q2 |
|--|------------------|

Resource and Budget Implications

The estimated costs for delivering induction training is included within this year's budget. It is expected this will be led by the Head of Clwyd Pension Fund and the Independent Adviser, albeit other officers and advisers will be involved in the delivery of the training.

G2 – Develop business continuity arrangements including managing cyber risk

What is it?

The Fund has been carrying out a fundamental review of their business continuity arrangements, and this has included developing their cyber resilience given cybercrime is a key risk to the Fund. Although much of this will result in new or enhanced ongoing internal controls which will be part of the Fund’s business as usual activities, there are some key areas that are still being developed including:

- finalising the Fund’s new business continuity plan.
- developing a cyber specific incident response plan.
- creating a testing schedule (covering both general business incidents as well as cyber-attacks)
- documenting processes where gaps were identified as part of the Business Impact Analysis and developing a plan for further staff training.

Timescales and Stages

| | |
|---|------------------|
| Developing Business Continuity Plan | 2022/23 Q1 to Q2 |
| Develop cyber incident response plan | 2022/23 Q1 to Q2 |
| Document processes relating to gaps & identify ongoing training needs | 2022/23 Q1 to Q3 |
| Develop Testing Schedule | 2022/23 Q2 to Q3 |

Resource and Budget Implications

To be led by the Deputy Head of Clwyd Pension Fund and the Pensions Administration Manager with input from the Head of Clwyd Pension Fund and guidance from the Independent Adviser. All expected costs are included within the existing budgets.

G3 – Review against TPR new Single Code

What is it?

The Pensions Regulator (TPR) is expected to introduce a new Single Code during 2022; it is unlikely to be laid in Parliament before spring 2022 and therefore unlikely to be effective before summer 2022. This new Code will merge the existing 15 codes the Regulator has in place. The first iteration of the new Code will include Code of Practice No.14 (the relevant Code for Public Service Pension Schemes) as part of the merger of 10 of the 15 codes currently in place. This could result in changes to the requirements placed on Public Service Pension Schemes, including the LGPS. Work will be undertaken to review whether the Fund complies

with the requirements within the new Code. After the initial review, ongoing compliance checks will be carried out on a regular basis.

Timescales and Stages

| | |
|---|-----------------------------|
| Consider implications of the new Single Code once it is laid in Parliament and start working towards compliance | 2022/23 Q1 to 2 (estimated) |
| Start reporting the CPF's compliance and activity against the new Single Code from TPR | 2022/23 Q3 to 4 (estimated) |

Resource and Budget Implications

This work will be performed by the Deputy Head of Clwyd Pension Fund and Pensions Administration Manager working with the Independent Adviser. Estimated costs of the review are included within the budgets shown.

G4 – Review appointment of Local Pension Board and Pension Fund Committee Members

What is it?

The employer and scheme member representatives on the Local Board are appointed for a period of three years. This period may be extended to up to five years. The current appointments will be subject to review as follows:

- Scheme member representative (trade union) – October 2022 (five-year point)
- Scheme member representative (non-trade union) – February 2023 (three-year point)
- Two scheme employer representatives – July 2023 (three-year point)

For information, the representative members (for other scheme employers and scheme members) on the Pension Fund Committee are appointed for a period of not more than six years. The existing representative members were appointed in July 2020 and may be reappointed for further terms. Therefore, their existing appointments will need to be reviewed by July 2026 (which is outside the period of his business plan).

When considering Committee and Board appointments, the aspiration for diversity will be considered, albeit it is recognised that for elected members, this is largely out of the Fund’s control as (a) the Councils decide who are to be on the Committee and (b) pool of elected members is subject to local elections.

Timescales and Stages

| | |
|--|------------------|
| Appoint Pension Board representative (trade union scheme representative) | 2022/23 Q2 to Q3 |
| Review Pension Board scheme member representative (non-trade union) | 2022/23 Q3 to Q4 |

Resource and Budget Implications

It is expected this will mainly involve the Head of Clwyd Pension Fund taking advice from the Independent Adviser. All costs are being met from the existing budget.

G5 – Outcome of Scheme Advisory Board good governance review

What is it?

The national LGPS Scheme Advisory Board (SAB) carried out a project to help and assist with the successful management of potential conflict of interests arising between a pension fund and its parent local authority. It was originally investigating options for change regarding the separation of LGPS pension funds and their host authorities.

The review has now evolved to focus on the elements of good governance, rather than the structure of the organisation. A number of recommendations have been made including ensuring appropriate conflicts of interest management, knowledge and skills and having a designated LGPS lead officer in each administering authority. The SAB has now made a number of formal recommendations to DLUHC, including the request for DLUHC to issue statutory guidance relating to the areas of best practice identified by the project. SAB will also be undertaking a number of surveys to take forward some of the work and is expected to issue guidance in due course. The actual timescales are estimated and may be delayed due to other national priorities.

Timescales and Stages

| | |
|--|-----------------------------------|
| Expected period to review existing arrangements against new statutory guidance and/or guidance | 2022/23 Q3 to 2023/24 (estimated) |
|--|-----------------------------------|

Resource and Budget Implications

Estimated costs for this work are included within this year's budget although costs are uncertain at this time and may vary depending on the final guidance and requirements. It is expected this will mainly involve the Head of Clwyd Pension Fund taking advice from the Independent Adviser.

G6 – Review/Tender Fund Actuary, Investment Consultancy and Independent Adviser Contracts

What is it?

The Fund's actuary and benefits consultant contract reaches its initial break point on 31 March 2025 albeit, it can be extended by the Committee for 1 year.

The Fund's investment consultancy and independent adviser contracts reach their initial break point on 31 March 2023 albeit, they can be extended by the Committee for 2 years. The independent adviser can also be the Chair of the Pension Board and therefore that needs to be considered at the same point.

Timescales and Stages

| | |
|---|-----------------|
| Consider extension of investment consultancy and independent adviser contracts | 2022/23 Q3 & Q4 |
| Conduct tenders for investment consultancy services and independent adviser (assuming extensions have been applied) | 2024/25 |
| Consider extension of actuarial and benefits consultancy contract | 2024/25 |
| Conduct tender for actuarial and benefits consultancy services (assuming extension has been applied) | 2025/26 |

Resource and Budget Implications

To be led by the Deputy Head of Clwyd Pension Fund within existing budget.

G7 – Review of Governance Related Policies

What is it?

The Fund has several policies focussing on the good governance of the Fund, all of which are subject to a fundamental review, usually at least every three years. The only policy that is due for review in 2022/23 is the Governance Policy. Although it is not due for review until quarter 4, it may be done earlier due to changes that are expected to be made to the FCC Constitution as a result of the recent departure of Colin Everett as Chief Executive.

Timescales and Stages

| Policy | Last reviewed | Next review due | Timescales for review work |
|---|-----------------------|-----------------|----------------------------|
| Governance Policy and Compliance Statement | February 2020 | February 2023 | 2022/23 Q4 |
| Risk Policy | October 2020 | October 2023 | 2023/24 |
| Business Continuity Policy | March 2021 | March 2024 | 2023/24 |
| Conflicts of Interest Policy | September 2021 | September 2024 | 2024/25 |
| Knowledge and skills policy | September 2021 | September 2024 | 2024/25 |
| Procedure for Recording and Reporting Breaches of the Law | March 2022 (expected) | March 2025 | 2024/25 |
| Cyber Strategy | March 2022 (expected) | March 2025 | 2024/25 |

Resource and Budget Implications

It is expected this will mainly involve the Head of Clwyd Pension Fund taking advice from the Independent Adviser. Estimated costs are included in the budget.

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Funding and Investments (including accounting and audit)

| Ref | Key Action –Task | 2022/23 Period | | | | Later Years | |
|-----|---|----------------|----|----|----|-------------|-------------|
| | | Q1 | Q2 | Q3 | Q4 | 2023/ 24 | 2024/ 25 |
| F1 | Funding Strategy Statement Review and Triennial Actuarial Valuation | x | x | x | x | | |
| F2 | Review of Investment Strategy | | x | x | x | x | |
| F3 | Climate Change and TCFD | | x | x | | x | |
| F4 | UK Stewardship Code | x | x | x | | | |
| F5 | LGPS Investment Related Developments (later timescales unknown) | | x | x | | | |
| F4 | Interim Funding Review | | | | | | x |

F1 – Funding Strategy Statement Review and Triennial Actuarial Valuation

What is it?

The formal triennial actuarial valuation of the Fund is due to be undertaken as at 31 March 2022. This considers the solvency position and other financial metrics and is a legal requirement of the LGPS Regulations. It determines the contribution rates payable by the employers to fund the cost of benefits including the impact of any shortfall or surplus. These aspects are driven by the contents of the separate Funding Strategy Statement, which is reviewed and consulted on as part of the process.

This is considered in conjunction with the employer risk management framework implemented by the Fund. Employers will be required to provide financial statements and evidence of affordability and security before contributions can be agreed. Consideration will also be given as to the sustainability of any contribution reductions. The exercise will include cash flow projections to input into the Cash and Risk Management policy framework.

Timescales and Stages

| | |
|---|-----------------|
| Effective date | 31 March 2022 |
| Demographic Analysis including covid-19 impact | 2022/23 Q1 |
| Update risk management and monitoring framework | 2022/23 Q1 & Q2 |
| Initial whole Fund results (expected) | 2022/23 Q2 |
| Integration with climate change considerations | 2022/23 Q2 |
| Individual Employer results including review of McCloud allowances (expected) | 2022/23 Q2 & Q3 |
| Funding Strategy Statement review and consultation with employers | 2022/23 Q2 & Q3 |
| Funding Strategy Statement approval | 2022/23 Q4 |
| Deadline for agreement of all contributions and sign-off valuation report | 31 March 2023 |

Resource and Budget Implications

The exercise is led by the Deputy Head of Clwyd Pension Fund and will be performed by the Fund Actuary. It will involve considerable resource from the Administration and Finance teams over 2022/23. The Fund Actuary's costs in relation to this exercise are included in the 2022/23 budget.

F2 – Review of Investment Strategy

What is it?

This relates to the triennial review of the Investment Strategy having regard to the findings of the actuarial valuation and the review of the Funding Strategy.

The review will also have regard to DLUHC's recently published Levelling Up agenda and the requirement for LGPS Funds to draft a mandatory plan setting out an ambition as to how they will allocate at least 5% to "new" local investments (with local being defined as the UK). Note however that this is not a mandatory requirement in scale nor does it represent a ceiling. In addition, the review of investment strategy will incorporate strategic climate change scenario analysis modelling.

This is expected to take place concurrently with the review of the Funding Strategy Statement in 2022/23.

Timescales and Stages

| | |
|---|-----------------|
| Review of Investment Strategy | 2022/23 Q2 & Q3 |
| Approve Investment Strategy (with consultation if required) | 2022/23 Q4 |
| Implementation of any changes | 2023/24 |

Resource and Budget Implications

The work will be led by Deputy Head of Clwyd Pension Fund, working with the Fund's Investment Consultant. The Investment Consultant's estimated costs in relation to this exercise are included in the 2022/23 budget.

F3 – Climate Change and TCFD

What is it?

The Task Force on Climate-Related Financial Disclosures (TCFD) have released climate-related financial disclosure recommendations to help organisations provide better information to support informed capital allocation. The Fund will look to report on a TCFD basis to ensure transparency of the work the Fund is undertaking with respect to climate change. This will include reporting on the various commitments the Fund has made relating to meeting its net zero target.

As noted in F5, DLUHC will be launching a wide-ranging consultation in the summer of 2022, and this will include how TCFD should be adopted within the LGPS. The Fund will have regard to this whilst carrying out the development of their reporting.

| | |
|--|------------------|
| Design TCFD compliant reporting template | 2022/23 Q2 to Q3 |
| Review TCFD reporting template (if required) in line with LGPS requirement | 2023/24 |

Resource and Budget Implications

This work will be led by the Deputy Head of Clwyd Pension Fund, supported by the Investment Consultant. Estimated costs for the development of the reporting are contained within the 2022/23 budget.

F4 – UK Stewardship Code

What is it?

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

The UK Stewardship Code 2020 comprises a set of 12 'apply and explain' Principles for asset owners. As part of the Fund's desire to demonstrate its good governance and stewardship of

its assets, the Fund will look to become a signatory to the Code by submitting its report by October 2022. The WPP have already submitted its application to become a signatory of the Stewardship Code, and the Fund will need to use this submission to inform their application.

Timescales and Stages

| | |
|---|------------------|
| Develop Stewardship Code template | 2022/23 Q1 to Q2 |
| Stewardship Code submission (pre October 2022 deadline) | 2022/23 Q3 |

Resource and Budget Implications

This work will be led by the Deputy Head of Clwyd Pension Fund, supported by the Investment Consultant. Estimated costs for the development of the submission are contained within the 2022/23 budget.

F5 – LGPS Investment Related Developments

What is it?

The Government (DLUHC) will continue to produce guidance for the LGPS community. It is expected that, in summer 2022, the Fund will be asked to consider a significant single consultation exercise. The Fund intends to respond to the consultation in respect of all areas covered.

Further detail will be provided in due course but it is anticipated that it will encompass the following areas:

- Levelling up – as described in section F2 (will eventually result in the publication of a mandatory plan by the Fund)
- TCFD – as described in section F3
- Asset Pooling Guidance - DLUHC undertook an informal consultation on new asset pooling guidance during early 2019. DLUHC has since confirmed its intention to carry out a formal consultation in due course (and it will now be contained within this wider consultation)
- Competition and Markets Authority Order 2019 – covering the requirement to set strategic objectives for investment consultants.

Timescales and Stages

| | |
|------------------------------------|------------------|
| Respond to consultation (in full) | 2022/23 Q2 to Q3 |
| Respond to changes in requirements | Unclear |

Resource and Budget Implications

This work will be led by the Deputy Head of Clwyd Pension Fund, supported by the Investment Consultant. Estimated costs for the development of the reporting are contained within the 2022/23 budget albeit this may need revisited when the requirements are better understood.

F6 – Interim Funding Review

What is it?

In advance of the 2025 actuarial valuation, the Actuary will assess the funding position as at 31 March 2024 in order to prepare the Fund and employers for the potential contribution outcomes from the 2025 valuation.

The 2024 interim review will be carried out in the same way as a full actuarial valuation process. It would allow the Fund to update the contribution requirements in the same way as a statutory valuation for some employers where appropriate and permissible under the Funding Strategy Statement.

This analysis will assist the Fund to understand employer contribution affordability and budgets so that plans can be made considering the current funding position and the outlook for returns. It will also involve discussions with the Fund's employers.

Timescales and Stages

| | |
|---|---------|
| Carry out interim funding review | 2024/25 |
| Results and discussion with employers including via steering groups | 2024/25 |

Resource and Budget Implications

This exercise will be performed by the Fund Actuary. It will involve input from both the Clwyd Pension Fund Administration and Finance teams.

Administration, Communications and Employer Liaison Team

| Ref | Key Action -Task | 2022/23 Period | | | | Later Years | |
|---|---|----------------|----|----|----|-------------|-------------|
| | | Q1 | Q2 | Q3 | Q4 | 2023/ 24 | 2024/ 25 |
| Essential Regulatory Driven Areas | | | | | | | |
| A1 | Preparation of Member Data for Valuation and Funding Reviews | x | x | | | | |
| A2 | McCloud judgement | x | x | x | x | x | |
| A3 | National Pensions Dashboard | | | x | x | x | |
| A4 | Implement Survivor Benefits Changes (dates unknown) | | | | | | |
| A5 | Other Expected National Changes (dates unknown) | | | | | | |
| Priority Fund Driven Projects | | | | | | | |
| A6 | Review Administration & Communications Related Policies and Strategies | x | | | | | x |
| A7 | Review pensioner existence checking | x | x | x | | | |
| A8 | Conduct appropriate procurement and implementation (if necessary) for CPF administration system | x | x | x | x | x | |
| A9 | Develop and implement a refreshed communications strategy | x | x | x | x | x | x |
| Lower Priority Fund Driven Projects | | | | | | | |
| A10 | Trivial Commutation | | | x | x | x | |
| Employer Liaison Team (ELT) Projects | | | | | | | |
| E1 | McCloud ELT Services | x | x | x | x | x | |
| E2 | Expand ELT to more employers | | | | | x | |

Essential Regulatory Driven Areas

A1 – Preparation of Member Data for Valuation and Funding Reviews

What is it?

The triennial actuarial valuation as at 31 March 2022 requires the pension administration team to provide data to the actuary. This involves an additional year end cleansing exercise post 31 March 2022 to ensure the data is of sufficient quality for the valuation and to then rectify any anomalies discovered during the valuation process. The CPF data is expected to be more robust than in previous years due to ongoing work implementing i-Connect and dealing with backlogs. An interim valuation was completed during 2021/22 where some initial data validation has been completed already, which highlighted an area to investigate. As a result further work will be done working with employers to close down casual workers records where appropriate.

It is hoped that data can be submitted to the Fund actuary by early July with any data cleansing being investigated and responded to by 31 July 2022.

Timescales and Stages

| | |
|--|------------------|
| Preparation of data for 31 March 2022 valuation | 2022/23 Q1 to Q2 |
| Investigating and responding to data queries from Fund Actuary | 2022/23 Q2 |

Resource and Budget Implications

This will be carried out by the Technical Team in the main with assistance from the rest of the Operations Team depending on the requirements. All internal costs are being met from the existing budget. The work by the Fund Actuary is also included in proposed budget for 2022/23.

A2 – McCloud judgement

What is it?

The McCloud case has highlighted that the protections given to older members on the introduction of the new CARE schemes for Firefighters and Judges in April 2015 were unlawful age discrimination. This case impacts other public service pension schemes including the LGPS (where the new CARE scheme from April 2014 included a statutory underpin for older members). MHCLG (now DLUHC) issued a consultation setting out its proposals for implementing the McCloud judgement in the LGPS in July 2020. This focused on remedies which will result in changes to scheme benefits some of which will be retrospective. DLUHC's response to the consultation feedback is expected in Summer 2022, along with LGPS regulations. The primary legislation which will enable remedial changes to the LGPS is currently working its way through Parliament.

From an administrative perspective, the impact of the court case is expected to result in a change to how benefits are calculated for a large number of scheme members including members who have left. This is likely to significantly impact on administration processes and

systems as well as requiring a robust communication exercise with employers and scheme members. The additional resource requirements are significant. Whilst regulations are awaited, the focus is on:

- ensuring any existing backlogs or data cleansing are cleared
- fast-tracking training within the team to ensure wider and more senior work knowledge across the existing team members
- collecting data required to calculate the statutory underpin

The Fund has established the McCloud programme to implement the remedy for Clwyd Pension Fund. This includes some team members who will be 100% dedicated to this work for the duration of the programme.

Timescales and Stages

| | |
|--|----------------------|
| Data collection from all employers (commenced during 2020/21) | By 31/05/2022 |
| Validate data from all employers (commenced during 2020/21) | By 31/08/2022 |
| Use of interface to upload data / data cleansing | 2022/23 Q1 to Q3 |
| Load all data onto Altair | By 31/12/2022 |
| Final regulations come into force benefit recalculations can be made | Estimated 01/04/2023 |
| Verifying impact on members and benefit recalculations | By 30/04/2023 |

Resource and Budget Implications

Although the work is being led and managed by a separate CPF McCloud programme team, it will impact across all of the Administration Team. An estimated allowance for additional resource has been included in the 2022/23 budget, which assumes 7.5 FTE internal posts, 2 of which are within ELT and therefore will be recharged to employers using that service. There are also additional costs relating to consultancy (including programme management which has been outsourced), incidentals such as postage and printing, and system costs. The budget for 2022/23 is £623k in total.

A3 – National Pensions Dashboard

What is it?

The Pensions Dashboard is a Government initiative first announced in the Budget 2016. The idea behind the Dashboard is to allow all pension savers in the UK access to view the values of all of their pension pots, including state pension, through one central platform. A consultation was undertaken by Government in early 2019 which sought views on the potential phasing of the introduction of the pensions dashboards as well as how the architecture, funding and governance arrangements would work. The Pension Schemes Act 2021 provides the legal framework for implementing the dashboard. A consultation on regulations closes on 13 March 2022 and these draft regulations include more detail on the requirements to participate in the Pension Dashboard for schemes and clarify that public sector pension schemes will be expected to initially onboard between October 2023 and April

2024. The Pensions Administration Manager is participating in a PLSA working group on the development of the Dashboard. The CPF has also volunteered to be part of the testing of the pension dashboard enhancements being integrated into the administration software.

Timescales and Stages

| | |
|---|------------------------------|
| Development and testing of software (estimated) | 2022/23 Q3 to Q4 and 2023/24 |
| Likely launch period | 2023/24 |

Resource and Budget Implications

Resource and budget implications cannot be fully determined until more detail is available. Additional budget may be necessary if work is to commence in 2022/23.

**A4 – Implement Survivor Benefit Change:
Amendment LGPS Regulations & Elmes versus Essex High Court Ruling**

What is it?

The LGPS (Miscellaneous Amendment) Regulations 2018 (SI2018/1366) came into force with effect from 10 January 2019. These included changes that impact on the calculation of and entitlement to surviving partner pensions in respect of Civil Partners or same sex marriages. As a result, it is necessary for the Fund to carry out a major review to identify any members who are affected and to ensure the correct benefits are paid. In addition, LGPS Funds need to action the outcome of the Elmes versus Essex case where it has been ruled in the High Court that in respect of any LGPS members leaving the scheme between 1 April 2008 and 31 March 2014, and who subsequently died leaving a Cohabiting Partner, that partner could have a survivors pension paid to them even without a completed nomination form in place so long as they still meet the eligibility criteria. Any potential cohabiting partners need to be contacted and surviving partner pensions put into payment if applicable. Guidance is awaited from LGA to finalise the work on these changes.

Furthermore, a June 2020 Employment Tribunal ruling (the "Goodwin ruling") relating to the Teachers' Pension Scheme concluded that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The Chief Secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. It is expected that it will be necessary to contact any female dependant members who were previously in a Civil Partnership to recalculate their benefits.

It is possible there are other elements relating to the inequality of survivor benefits that need incorporated into amending legislation.

The work in relation to these changes commenced during 2019/20 but is now on hold awaiting Regulations.

Timescales and Stages

| | |
|--|---------|
| Tracing, contacting, verifying entitlement and recalculating affected surviving partners | Unclear |
|--|---------|

Resource and Budget Implications

This project is being absorbed by the Operations Team within Pensions Administration to ensure all surviving partners are reviewed and amended where applicable.

A5 - Other Expected National Changes

There are a number of further changes that are expected in due course but the final details of the impact of them and the timescales are not yet available. These include the following changes that are detailed below. These explanations are based on the situation in early 2022.

Cost Management

Public Sector Pension Schemes (including the LGPS) were designed to ensure sustainability for 25 years. The design included a cost management mechanism and at the 2016 valuations the lower threshold within that mechanism (i.e. the cost floor) was deemed to be breached which suggested member benefits would need to increase or their contributions reduce. Following the McCloud judgement, Government announced that any additional McCloud costs would fall to be deemed “member costs” within the cost management mechanism and it is not now expected that any changes to member benefits or contributions will be required on account of the 2016 exercise. The LGPS Scheme Advisory Board (SAB) has confirmed that no changes will be needed by virtue of its separate mechanism which applies to the LGPS in England and Wales in addition to the HMT mechanism which applies across all of the public service pension schemes. However, the SAB has set out its determination to revisit third tier ill health and contributions for the lowest paid members with the view to making recommendations in these areas separately to the cost management process. It should also be noted that the Trades Unions have applied for a Judicial Review of the decision to allocate McCloud costs to members as part of the 2016 cost management process. It is not yet known if the Judicial Review will go ahead, nor what the outcome will be if it does, but until the issue is resolved we cannot say with certainty that no changes will be required following the 2016 process.

In relation to the 2020 cost management process, on 24 June 2021 the Chief Secretary to the Treasury published a Written Ministerial Statement announcing publication of a consultation on proposed reforms to the cost control mechanism for Public Service Pension Schemes following the publication of the Government Actuary’s review of the mechanism. On 4 October 2021, HM Treasury released their response to the consultation confirming that there will be changes to the mechanism from the 2020 scheme valuation. In light of this, the LGPS SAB is also reviewing its cost management process for England and Wales. It is not yet known if any changes flowing from the 2020 cost management process will be required. The widening of the corridor in the HMT process is intended to reduce the likelihood that changes will be required, but the LGPS SAB process was originally intended to be far more sensitive to changes in cost.

From an administrative perspective, should there be changes to member benefits and/or contributions as a result of the 2016 or 2020 cost management process, this could have a significant impact on administration processes and systems as well as requiring a robust communication exercise with employers and scheme members.

Fair deal

In May 2016, DCLG (now DLUHC) initially proposed that the New Fair Deal be extended to the LGPS. This would mean that for any staff being outsourced they would remain in the LGPS and their 'new' employer would gain admission body status, rather than using the previous option of being able to offer a pension scheme that is broadly comparable to LGPS.

On 10 January 2019, a consultation document was published around the topic of Fair Deal – Strengthening Pension Protection. The consultation confirmed the 2016 proposal of service providers offering LGPS membership to individuals who have been compulsorily transferred from an LGPS employer, even if the contract is outsourced a second time (and removal of the option of a broadly comparable scheme). Within the 2019 consultation, there were also proposals about automatically transferring LGPS assets and liabilities when scheme employers are involved in a merger or takeover. This consultation closed on 4 April 2019. Final regulations are still to be made.

Exit Payment Reform

With effect from 4 November 2020 a £95k cap on exit payments made by public sector employers came into effect, this included the cost of early payment of LGPS pensions. However, in the face of legal challenge, HMT issued a direction to disapply the £95k exit cap with effect from 12 February 2021. HMT has confirmed it will bring forward proposals to tackle unjustified exit payments in the near future. DLUHC will also be carrying out a separate consultation on the impact on the LGPS. It is unclear at this stage whether this may also include wider reform on exit payments and conditions around how LGPS benefits are paid. Welsh Government might implement a different approach to meeting the exit cap requirements which would then impact on some of the employers in the CPF.

Increase in minimum retirement age

On 11 February 2021 HMT launched a consultation on implementing the increase in the normal minimum pension age from 55 to 57 in April 2028. The proposed change is designed to maintain a 10-year gap between minimum retirement age and state pension age as confirmed as part of Government's policy back in 2014. The proposals form part of the Finance Bill 2021-22 which is currently going through Parliament. Protections to retain the normal minimum pension age lower than age 57 are proposed for those:

- in a pension arrangement on or before 3 November 2021 and
- who are, or become, members of a scheme whose rules as at 11 February 2021 gave them an unqualified right to take their benefits between 55 and 57.

The proposals will require changes to the LGPS Regulations and (at the time of writing) the Bill is not yet an Act, noting that the proposals for protection have already been amended subsequent to the Government's original policy paper issued in July 2021. In the meantime, CPF needs to keep a note of any protected pension ages to which new members may be entitled, which will generally be due to existing scheme membership or a transfer-in from another pension arrangement.

Priority Fund Driven Projects

A6 - Review Administration and Communication Related Policies and Strategies

What is it?

The CPF Administration Strategy was last approved at the May 2021 PFC and the CPF Communications Strategy was last approved at the September 2019 PFC. The strategies state that they will be reviewed at least once every three years to ensure they remain relevant and up to date. The Communications Strategy is undergoing a more fundamental review and that work is included in A9 below.

There are a number of other administration and communications related policies that also need to be reviewed regularly as shown in the table below.

Timescales and Stages

| | |
|--|------------|
| Review of Administration Strategy (last approved May 2021) | 2024/25 Q1 |
| Review of Communications Strategy (last approved September 2019) | 2022/23 Q1 |
| Review of Scheme Pays Policy (last approved April 2019) | 2022/23 Q1 |
| Review of Administering Authority Discretionary Policy (last approved April 2019) | 2022/23 Q1 |
| Review of Under / Overpayment Policy (approved September 2021) | 2024/25 Q2 |
| Personal Data Retention Policy (assuming reviewed March 2022) | 2024/25 Q4 |
| Policy for Administration and Communications of Tax Allowances to Scheme Members (new policy – assuming approved March 2022) | 2024/25 Q4 |

Resource and Budget Implications

This will be led by the Pensions Administration Manager. All costs are being met from the existing budget other than the review of the Communications Strategy where Aon’s costs are included within the budget for 2022/23.

A7 – Review pensioner existence checking

What is it?

When a scheme member retires, a pension is put into payment following the retirement process being completed. Dependants’ pensions are often paid following the death of a pensioner. These pensions are paid continually until the Fund is notified of the pensioner’s/dependant’s death which could be by a relative, executor or another via another source, such as TellUsOnce or the member’s bank. As the Fund relies on notification of the pensioner’s/dependant’s death, there is a chance that pension payments could continue in error where the pensioner’s/dependant’s death is not notified or identified in a timely manner, either unintentionally or as a result of fraud from a person connected to the

pensioner/dependant. Whilst the Fund is confident that adequate reporting procedures are in place for UK residents through the National Fraud Initiative (NFI) and monthly mortality reporting via ATMOS, it is important that from time to time the Fund verifies that all overseas pensioners or dependants currently receiving a pension are still alive so that pensions for any person who cannot be verified do not continue to be paid. This exercise was last conducted in 2014 using a paper based verification exercise for all pensioner/dependants. There are now more efficient and effective ways to carry out pensioner existence checking through specialist providers. It is planned to review the appropriateness of the current processes in place to manage fraud in the event of death of pensioners/dependants, and put in place a fraud policy. This is likely to result in an additional process for overseas members by procuring an external provider to assist in pensioner existence screening (known as mortality screening).

Timescales and Stages

| | |
|--|-----------------|
| Review current processes and develop Fraud Policy | 2022/23 Q1 to 3 |
| Procurement of an external provider to assist with mortality screening | 2022/23 Q1 to 2 |

Resource and Budget Implications

To be led by Pension Administration Manager and Principal Pensions Officer - Technical. All internal costs are being met from the existing budget albeit there will be additional costs relating to the external provider which are not yet known – an allowance of £5k has been included in 2022/23 for this.

A8 - Conduct appropriate procurement and implementation (if necessary) for CPF administration system

What is it?

The Fund has a rolling one-year contract with Heywood Pension Technology in relation to their Altair administration system. It has not been subject to a full review through tender for a number of years and it would be good practice to carry this out in the near future. However, due to significant projects involving the administration system (e.g. 2019 actuarial valuation, implementing i-Connect and scheme/GMP reconciliation) and to tie in with end dates of existing add-on modules within Altair, it was agreed to defer this. Between 2019 and 2021 CPF worked with other founder authorities to develop a national framework for LGPS administration systems. Now that the framework is in place, it will be used for the Fund to carry out their own tender for an administration system. Should a new software supplier be appointed, there will be a significant amount of work required to migrate to the new system.

Timescales and Stages

| | |
|---|-----------------------|
| Conduct appropriate procurement for CPF administration system | 2022/23 Q1 to Q3 |
| Transition to new administration system if required | 2022/23 Q4 to 2023/24 |

Resource and Budget Implications

To be led by Pension Administration Manager and Principal Pensions Officer - Technical. The current year system costs will be higher than 2021/22 if the existing provider is maintained due to license fees. This has been incorporated into the existing budget as the minimum costs this year. If transition to a new system is required, there are likely to be significant transition costs and the ongoing cost of systems included in the budget will need to be increased appropriately.

A9 – Develop and implement a refreshed communications strategy

What is it?

Fund members often have questions, need information or require a process to be completed by the Fund; this can equally apply to the Fund's employers. For Fund members, these points of engagement are the key time to increase awareness of the benefits of the Fund and how it works, encourage members to take ownership of their pension and maintain and build positive member experiences wherever they are on their journey. They rely on efficient processes and data coming from employers and the Fund can also enhance efficiency through better use of technology in its communications.

The initial elements of this project will focus on communications with scheme members and will involve:

- Research into member preferences and effectiveness of new communications through focus groups, revised member/employer surveys and a review group to test proposed new communications.
- Creating a communication plan that ensures communication reaches members at the moments that matter to them, which will require a new approach such as segmenting communication by age and focussing on more visual and shorter digital communications.
- Developing messaging and branding for consistent use in all Fund communications ensuring all communications are recognisable, understandable, and accessible for scheme members, employers and other stakeholders.
- Creating a visual roadmap showing members 'moments that matter' to help them understand the value of their pensions and take key decisions.
- Developing a range of videos/webcasts (for loading on the Fund's website) for employers and scheme members relating to various subject matters.
- Reviewing the structure and content of the Fund's website.
- Driving greater use of online services, such as Member Self-Service, through phased promotion exercises and continuing to develop the range of online processes that are available.
- Continuing to focus on collecting email addresses through redesigning of all forms.
- Measuring against a new Fund's communications efficiency objective through monitoring time spent on member 1-2-1s and phone calls for all Administration Team members.

Any changes to how we engage with employers and other stakeholders, in line with the new Communications Strategy, will be considered in 2023/24.

Timescales and Stages

| | |
|--|--------------------|
| Approve revised Communications Strategy (as per A6 above) | 2022/23 Q1 |
| Recruit new Communications Officer | By 2022/23 Q1 |
| Run focus groups and establish test review group for new communications and plan approach to annual surveys (and run first survey) | 2022/23 Q1 & Q2 |
| Create a new communication plan | 2022/23 Q2 & Q3 |
| Develop messaging and branding guidelines | 2022/23 Q1 & Q2 |
| Review the structure and content of the Fund's website | 2022/23 Q1 to Q3 |
| Develop initial phase of videos and webcasts for the website | 2022/23 Q1 to Q4 |
| Drive greater use of MSS through promotion exercises and develop ongoing plan for promotion | 2022/23 Q1 to Q4 |
| Continue to develop the range of online processes | 2022/23 Q1 to Q4 |
| Finalise redesign of forms to collect email addresses | 2022/23 Q1 to Q4 |
| Ongoing development and delivery of communications relating to new communication plan | 2022/23 to 2024/25 |
| Measure efficiency improvements through logging 1-2-1s and telephone calls | 2022/23 to 2024/25 |
| Create and deliver a visual roadmap (the journey to retirement) | 2023/24 |
| Consider engagement with employers and other stakeholders | 2023/24 |

Resource and Budget Implications

These projects involve a mix of the various teams within the Administration Team with external support from Aon. Internal costs are being met from the existing budget and external consultancy costs are included within Aon's budget for 2022/23. The ability to deliver on these areas to these timescales may depend on resourcing within the Administration Team and in particular whether and when the vacant Communications Officer post is filled.

Lower Priority Fund Driven Projects

A10 - Trivial Commutation

What is it?

This is where a member who is entitled to a small pension can elect to give up the entirety of that pension and instead receive their benefit as a single lump sum payment. A project will be carried out to identify any pensioners and dependants who may be eligible for trivial

commutation and to offer it to them. This will reduce the administrative burden on the Fund paying a large number of very small pensions over a number of years as well as providing greater clarity from a funding perspective. The government has a limit for members to trivially commute their pension in relation to their single pension (£10,000 value – called a "small pot") and total benefits (£30,000 – called "trivial commutation"). As well as reducing the number of pensioner payments that require ongoing payment, this could also have a positive impact on the funding level as it removes the liabilities for these members. It will also be welcomed by a number of pensioners who would prefer a one-off lump sum payment rather than ongoing smaller payments of little value.

Timescales and Stages

Timescales below are indicative and subject to prioritisation of other administration work streams.

| | |
|---|-----------------------|
| Identify members eligible to commute under £10,000 | 2022/23 Q3 |
| Communicate with eligible members and pay lump sums | 2022/23 Q4 to 2023/24 |
| Identify members eligible to commute under £30,000 | To be determined |
| Communicate with eligible members and pay lump sums | To be determined |

Resource and Budget Implications

It is hoped that the first stage of this work (relating to the £10k cases) can be completed internally within the existing budget. This is likely to be led by the Technical and Payroll Team with some assistance from the Operational Team.

Employer Liaison Team Projects

Understanding the continuing pressure on resources and budgets for employers and the administering authority, the CPF offers assistance to Fund Employers in providing accurate and complete notifications to the Fund (and other Employer duties) in a timely manner. The Employer Liaison Team (ELT) mainly assists in providing notifications regarding new starters, personal/employment changes and leavers/retirements in the LGPS. It undertakes outstanding requests for information in order to cleanse the pension records. All ELT costs are recharged to employers using the ELT service through their employer contribution rate. Resources continue to be reviewed to meet demand depending on ongoing employer uptake. The total budget allocated for 2022/23 is £363k which includes £62k of staffing costs to allow for two new posts if required. £60k of this total budget relates to temporary McCloud services.

E1 – McCloud ELT Services

What is it?

Provide and continue developing ELT services in relation to data provision and other ongoing support to assist with the impact of the McCloud Judgement.

Timescales and Stages

| | |
|---|-----------------------------|
| Assisting employers with data collation for McCloud | 2022/23 Q1 to 4 and 2023/24 |
|---|-----------------------------|

E2 – Expand ELT to more employers

What is it?

Consider expanding the ELT service to a wider range of employers and generally making employers more aware of the facility that is available, particularly to those employers that are not meeting their KPIs.

Timescales and Stages

| | |
|--|---------|
| Start discussions with other employers | 2023/24 |
|--|---------|

DRAFT



CLWYD PENSION FUND COMMITTEE

| | |
|------------------------|--|
| Date of Meeting | Wednesday, 16 th March 2022 |
| Report Subject | Pension Fund Policies |
| Report Author | Pensions Administration Manager and Head of Clwyd Pension Fund |

EXECUTIVE SUMMARY

The Fund has many policies, strategies, and procedures articulating the Fund's objectives and how it will be managed. All of these are subject to regular review, usually at least every three years. In addition, updates can also take place between formal reviews, often after a national update in either guidance or regulations that changes the requirements placed on the Fund. The Fund may also need to develop new policies to take account of new situations or requirements, setting out the Fund's approach.

This report considers and includes recommendations to approve each of the following three documents:

- Policy for Administration and Communication of Tax Allowances to Scheme Members – this is a new policy for consideration
- Personal Data Retention Policy – this is an existing policy which has been updated
- Procedure for Recording and Reporting Breaches of the Law – this is an existing procedure which has been updated.

RECOMMENDATIONS

| | |
|---|---|
| 1 | That the Committee review and approve the newly created Policy for Administration and Communication of Tax Allowances to Scheme Members, including that future reviews and updates be made by the Pensions Administration Manager in consultation with the Head of Clwyd Pension Fund as outlined in the Policy and paragraph 1.04. |
| 2 | That the Committee review and approve the updated Personal Data Retention Policy, including that future reviews and updates be made by the Pensions Administration Manager in consultation with the Head of Clwyd Pension Fund as outlined in the Policy and paragraph 1.09. |
| 3 | That the Committee review and approve the updated Procedure for Recording and Reporting Breaches of the Law. |

REPORT DETAILS

| 1.00 | POLICIES AND PROCEDURES FOR APPROVAL |
|------|--|
| 1.01 | <p><i>Policy for Administration and Communication of Tax Allowances to Scheme Members (Appendix 1)</i></p> <p>This newly created policy for the Administration and Communication of Tax Allowances to Scheme Members clarifies how this complex area of pensions will be communicated to scheme members and how the Pensions Administration team will support the members of the Fund.</p> <p>The purpose of the policy is to provide a clear framework setting out how the Fund will communicate information relating to tax allowances to scheme members.</p> <p>The ultimate objectives of the Policy are to:</p> <ul style="list-style-type: none"> • provide regular information to all scheme members on the AA and LTA thresholds, including where further information may be found • identify specific groups of individuals who may be impacted by either of the thresholds in the near future, and highlight this risk to them • communicate with individuals where it appears that they have exceeded either of the thresholds, providing information beyond the minimum legal responsibilities to assist the scheme member in fully understanding the impact on them. |
| 1.02 | <p>The Annual Allowance (AA) and the Lifetime Allowance (LTA) thresholds were introduced by HMRC in 2004 (effective from April 2006) with a view to ensuring that pension scheme members would pay tax charges where they were to benefit from extremely large pension savings, either on an annual basis or at the point of retirement or another crystallisation.</p> <p>Originally very few pension scheme members were impacted by the thresholds, however the amount of the AA and LTA thresholds have decreased significantly. As a consequence, year on year, more members are brought into scope of a potential tax charge.</p> <p>Given the complexity of calculations and rules as to how benefits are compared with the thresholds, the Fund has developed this policy to clarify how this complex area of pensions will be communicated to scheme members and how the Pensions Administration team will support the members of the Fund.</p> |
| 1.03 | <p>The Policy outlines principles for how communications will be made to scheme members mainly focussed on the following three areas:</p> <ul style="list-style-type: none"> • Generic communications to all scheme members, via the website/newsletters/alerts and on Annual Benefit Statement (ABS) for all active members |

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| | <ul style="list-style-type: none"> Targeted communications for those members at risk of breaching an allowance including letters with the offer of workshops and one-to-one guidance sessions, and For those members that do exceed a threshold and therefore may be subject to a tax charge, the communications they will receive highlighting what has happened and how to deal with it. <p>The Policy clearly highlights that members of staff employed by the Fund are not financial advisers and they cannot provide financial advice.</p> |
| 1.04 | <p>Due to the nature of the Policy, it is suggested that the Committee do not need to be involved when it is regularly reviewed and it is therefore proposed as part of the Policy that <i>“It will be formally reviewed and updated by the Pensions Administration Manager in consultation with the Head of Clwyd Pension Fund at least every three years or sooner if the LTA/AA arrangements or other matters included within it merit reconsideration. Any proposed fundamental changes to this Policy will be highlighted to the Pension Fund Committee prior to its approval by the Pensions Administration Manager and Head of Clwyd Pension Fund to allow the Committee to highlight any concerns.”</i></p> |
| 1.05 | <p>The Committee are asked to approve this new Policy including the delegation for ongoing review.</p> |
| 1.06 | <p><i>Personal Data Retention Policy (Appendix 2)</i></p> <p>The Fund’s Personal Data Retention Policy was first created in October 2019 and it clarifies how the Fund will store members data and how long this will be stored for. Proposed changes to the existing policy are highlighted in the appendix.</p> <p>The purpose of the policy is to provide the technical detail to ensure that members data is stored correctly and destroyed after the appropriate period of time in accordance with data protection legislation.</p> |
| 1.07 | <p>As data controllers, the Fund is required by data protection legislation to comply with the principles of data minimisation and storage limitation. Personal data process by the Fund:</p> <ul style="list-style-type: none"> must be adequate, relevant and limited to what is necessary in relation to the purposes for which it is processed and must not be kept in a form which permits identification of a data subject for longer than is necessary for the purposes for which the personal data is processed. <p>However, it is necessary to retain certain records (whether in hard copy or electronic form) for various periods of time because:</p> <ul style="list-style-type: none"> there is a statutory obligation to do so, and/or the information contained in those records may be necessary |

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| | <p>for the future (for example, questions may arise about the calculation of benefits paid in the past, and data that may be relevant to a possible legal claim needs to be kept until the period within which that claim could be brought has expired).</p> |
| 1.08 | <p>The Policy outlines the retention periods and member's and beneficiary's rights, as well as the right of the Fund's members and beneficiaries to access data, obtain copies of data and ask for personal data to be corrected.</p> |
| 1.09 | <p>Due to the nature of the Policy, it is suggested that the Committee do not need to be involved when it is regularly reviewed and it is therefore proposed as part of the Policy that <i>"it will be formally reviewed and updated by the Pensions Administration Manager in consultation with the Head of Clwyd Pension Fund at least every three years. Any proposed fundamental changes to this Policy will be highlighted to the Pension Fund Committee prior to its approval by the Pensions Administration Manager and Head of Clwyd Pension Fund to allow the Committee to highlight any concerns."</i></p> |
| 1.10 | <p>The Committee are asked to approve the updated Policy including the delegation for ongoing review.</p> |
| 1.11 | <p><i>Procedure for Recording and Reporting Breaches of the Law (Appendix 3)</i></p> <p>Breaches of the law can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions</p> <p>This procedure has been developed to assist those individuals who have a legal responsibility to report certain breaches to The Pensions Regulator in determining whether a breach they have identified should be reported. It has also been developed to assist Flintshire County Council, in its role as Administering Authority, in ensuring it is aware of all breaches of the law in relation to the Clwyd Pension Fund and that these are appropriately recorded and then dealt with.</p> |
| 1.12 | <p>The Procedure for Recording and Reporting Breaches of the Law was originally approved in November 2015 and was last updated in September 2018. The Policy is therefore being reviewed as it has been 3 years since the last review. It is the view of the Head of Clwyd Pension Fund and the Fund's Independent Adviser that the Policy remains fit for purpose with some minor updates made which are highlighted in the appendix.</p> |
| 1.13 | <p>The Committee are asked to approve the updated Policy.</p> |

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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | None directly as a result of this report. |

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

| | |
|-------------|---|
| 4.00 | RISK MANAGEMENT |
| 4.01 | <p>The Personal Data Retention Policy and Procedure for Recording and Reporting Breaches of the Law are internal controls relating to Governance Risk 7 (Legal requirements and/or guidance are not complied with).</p> <p>The new Policy for Administration and Communication of Tax Allowances to Scheme Members provides an internal control relating to Administration and Communication Risks 4 (Scheme members do not understand or appreciate their benefits) and will assist the Fund in achieving its communications objectives.</p> |

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|-------------|--|
| 5.00 | APPENDICES |
| 5.01 | <p>Appendix 1 – Policy for Administration and Communication of Tax Allowances to Scheme Members</p> <p>Appendix 2 – Personal Data Retention Policy</p> <p>Appendix 3 – Procedure for Recording and Reporting Breaches of the Law</p> |

| | |
|-------------|---|
| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | <p>For Policy for Administration and Communication of Tax Allowances to Scheme Members and Personal Data Retention Policy:</p> <p>Contact Officer: Karen Williams, Pension Administration Manager</p> <p>Telephone: 01352 702963</p> <p>E-mail: karen.williams@flintshire.gov.uk</p> <p>For Procedure for Recording and Reporting Breaches of the Law:</p> <p>Contact Officer: Phil Latham, Head of Clwyd Pension Fund</p> <p>Telephone: 01352 702264</p> <p>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) Committee or PFC – 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) Board, 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) SAB – The national Scheme Advisory Board – the national body responsible for providing direction and advice to LGPS administering authorities and to DLUHC.</p> <p>(g) DLUHC – Department of Levelling Up, Housing and Communities – the government department responsible for the LGPS legislation</p> <p>(h) TPR – The Pensions Regulator – TPR has responsibilities to protect UK's workplace pensions and make sure employers, scheme managers and pension specialists can fulfil their duties to scheme members. This includes oversight of public service pension schemes, including the LGPS. Specific areas of oversight are set out in legislation and also expanded on within TPR's Guidance and Codes of Practice.</p> |

Cronfa Bensiynau Clwyd
Clwyd Pension Fund

Gweinyddwyd gan
Administered by



Flintshire County Council

**Administering Authority for
Clwyd Pension Fund**

**Policy for Administration and Communications of Tax
Allowances to Scheme Members**

March 2022

Introduction and Background

Flintshire County Council (the "administering authority") is responsible for the local administration of the Fund, which is part of the Local Government Pension Scheme ("the LGPS"). The Fund comprises around 50 employers with active members, and approximately 50,000 scheme members (including active, deferred and pensioner members).

The Annual Allowance (AA) and the Lifetime Allowance (LTA) thresholds were introduced by HMRC in 2004 (effective from April 2006) with a view to ensuring that pension scheme members would pay tax charges where they were to benefit from large pension savings, either on an annual basis or at the point of retirement or another crystallisation. These thresholds apply to all UK pension savings arrangements, including the Clwyd Pension Fund. Originally very few pension scheme members were impacted by the thresholds, and those that were impacted tended to be employees with high earning levels. For example, in the LGPS, this only tended to affect some of the higher paid Chief Executive officers. However, since then, the amount of the AA and LTA thresholds have decreased significantly so that situations such as a one-off job role promotion can now impact employees, particularly in a scheme such as the LGPS where there can be significant accrued benefits, with a link to salary growth, for long standing members.

The responsibility for ensuring that a scheme member identifies where a threshold has been exceeded, and therefore where a tax charge might be due, does not clearly lie with one party. Although much of the responsibility falls to the scheme member, there are a number of circumstances where the scheme manager or administering authority (e.g. Flintshire County Council) must notify the scheme member and/or HMRC where a threshold has been breached. There are many circumstances where the scheme member will not realise a breach has occurred unless they pro-actively ask the right questions. Similarly, there are several situations where a scheme manager/administering authority will not be aware of a scheme member breaching the thresholds, due to not having information relating to wider pension arrangements or income that the scheme member may have.

Given that the AA and LTA thresholds are now impacting a much wider audience, and the complexity of calculations and rules as to how benefits are compared with the thresholds, the Clwyd Pension Fund ("the Fund") has developed this policy to clarify how this complex area of pensions will be communicated to scheme members and how the Pensions Administration team will support the members of the Fund.

There are a number of terms that are used throughout this policy that are explained in the appendix.

There are a number of figures included in this policy and these are correct as at the date of publication of this policy. Where the figures relate to an AA or LTA threshold that subsequently changes, the figure should change proportionately.

Our Aims and Objectives

Mission Statement

The Clwyd Pension Fund Mission Statement is:

- to be known as forward thinking, responsive, proactive and professional, providing excellent customer focused, reputable and credible service to all customers.
- to have instilled a corporate culture of risk awareness, financial governance, and to provide the highest quality, distinctive services within the resource budget.
- to work effectively with partners, being solution focused with a 'can do' approach.

In addition, we have specific aims and objectives in relation to our communication responsibilities as set out below.

Communication Aims and Objectives

The Fund's Communications Policy has a number of specific objectives relating to how we communicate with our stakeholders, including;

- Promote the Scheme as a valuable benefit and provide sufficient information so members can make informed decisions about their benefits
- Communicate in a clear, concise manner
- Ensure we use the most appropriate means of communication, taking into account the different needs of different stakeholders, but with a default of using electronic communications where efficient and effective to do so.
- Look for efficiencies and environmentally responsible ways in delivering communications through greater use of technology and partnership working.
- Regularly evaluate the effectiveness of communications and shape future communications appropriately.

In applying these objectives to the specific area of pension tax communications, the Fund will aim to:

- provide regular information to all scheme members on the AA and LTA thresholds, including where further information may be found
- identify specific groups of individuals who may be impacted by either of the thresholds in the near future, and highlight this risk to them
- communicate with individuals where it appears that they have exceeded either of the thresholds, providing information beyond the minimum legal responsibilities to assist the scheme member in fully understanding the impact on them.

The following sections of this policy explain how these objectives will be met.

Generic communications to all scheme members

The purpose of the generic communications are to raise general awareness around the AA and LTA thresholds, and particularly to stress that scheme members with multiple pension schemes or taxable income from other sources need to consider whether they are impacted overall, even if they are not individually impacted by their benefits in CPF.

Annual benefit statements – active members

The information on annual benefit statements is estimated and the statement has a caveat highlighting this. The statement includes:

- A small paragraph explaining LTA and AA, including any changes to the threshold levels or any other recent changes, and where further information can be found
- The percent of the estimated benefits compared with the current LTA (or, where possible, any protected LTA)
- Clarity over whether a protected LTA is included in the calculation and reminding the member to let the Fund know if they do have any form of LTA protection.

Notification of Deferred Benefits – deferred (including pension credit and deferred pensioner) members

Generally speaking, as the CPF benefits are not being added to for a deferred benefit, there is less risk of AA and LTA thresholds being exceeded due to the growth in the deferred benefit in that year. However, as the deferred benefit could already be exceeding LTA or be part of a wider group of pension benefits, the information on the notification includes the percent of the actual deferred benefits compared with the LTA at date of leaving.

In addition a small paragraph explaining LTA and AA will be provided in the CPF's newsletter for deferred members which accompanies the Annual Benefit Statement. This will include any changes to the threshold levels or any other recent changes, and where further information can be found,

Notification of Pension Benefits – pensioner members

On retirement, all members receive notification of the percentage of the LTA their CPF benefits have used at the date of retirement (or other point of crystallisation).

Annual Lifetime Allowance Statement – pensioner members

In accordance with HMRC requirements, where a CPF pension commenced after 6 April 2006, the pensioner will be provided with an annual statement reminding them of the percentage of the LTA they have used up within the CPF. There are circumstances when this statement is no longer required, for example, when a member is age 75 or over for the whole tax year.

CPF website

Some basic information will be provided on the CPF website on both the AA and LTA. It will also provide:

- When and how the Fund will communicate with members
- Any specific situations where scheme members may need to consider further even if they don't hear from the Fund (e.g. members who may be subject to tapered AA due to other taxable income, or who have a number of pension arrangements)
- Where further information can be found (LGA and HMRC) including a link to any Fund specific information such as the Voluntary Scheme Pays Policy.

Any specific changes to AA and LTA rules (including changes in threshold levels) will be included as a rolling article on the home page, with a link taking members to the details of the change.

Other newsletters or alerts

Newsletters or other alerts to scheme members will also be utilised for communications relating to AA and LTA as follows:

- Any specific changes to the AA and LTA rules, including in all circumstances where there is a change to a threshold level, will be included in a newsletter or alert, unless it is already included in the annual benefit statement. A more significant change will be incorporated into a newsletter, whereas something quite simple like a change in threshold level will be included in an email alert. In all circumstances, the wording will include details of where further information can be found (including links).
- Where the Fund is issuing any newsletter or other alerts to scheme members that include a variety of information about the Fund, the Fund will aim to also remind members about the impact of AA and LTA and include where further information can be found.

In the circumstances above, it is assumed that a newsletter will be issued both electronically and as a hard copy (the latter for those who have opted out of electronic correspondence) whereas an email alert, containing a short update, will be issued purely to those who are registered to receive electronic communications. Updates will also be on the Fund's website. The Fund will consider to which category of member the information should be provided but it is expected that changes will be usually notified to all active and deferred members.

Targeted communications for at risk members

This section considers communications that will be delivered to specific groups of members who are more likely to exceed AA thresholds at some point during their membership of CPF. It is also a further opportunity to highlight the risk if the member has other pension arrangements which, when aggregated with the CPF benefits, might result in them exceeding the AA and/or LTA. The various target groups will be determined as follows:

LTA at risk – active members

These members will mainly be identified each year by calculating the % of LTA based on the accrued benefits and projected benefits on the annual benefit statement extract. All members who have a % of LTA that is 90% or greater based on accrued benefits will be identified as being at risk.

AA at risk – active members only

These members will mainly be identified each year as part of the annual allowance exercise for preparing the Pension Saving Statements. The process will be as follows:

- Process to commence after active annual benefit statement data has been finalised (i.e. so the year end CARE and final pay information has all been processed).
- Run the Altair bulk annual allowance calculation. Note it may be necessary to separately add on any AVCs and SCAVCs that have been paid (if these are not added in automatically by the bulk run) to obtain a final PIA.
- Then identify the following categories of member:
 - Those whose Pension Input Amount appears to have exceed the standard AA (e.g. £40k)
 - All members who have a Pension Input Amount of £35k or more
 - All members who have a final pay and/or CARE figure of £80k or more
 - All members who have previously had a PSS issued
 - Any member who has requested a PSS
 - Any member who has advised they have 'flexibly accessed' benefits from a separate money purchase pension arrangement (i.e. they are subject to the MPAA)
 - Any member who has previously advised the Fund that they have other pension benefits that could lead to exceeding the AA
 - Any member who has received a 'club' transfer in payment during the Pension Input Period and has been calculated to be at risk.

Some basic reasonableness checks will be done when extracting the members impacted by the above categories, for example, where a high Pension Input Amount is output but the pay rates appear extremely low in previous years, then it would be reasonable to check with the employer to ensure the pay rates are accurate.

Note more detailed calculations will be required for some of these categories of members but this is covered later in this policy.

AA at risk – deferred/pension credit members

Where a scheme member was a deferred member or pension credit member at the beginning of the tax year and the end (i.e. they have not had any pension growth beyond pensions increase

on their deferred/pension credit benefits), it is assumed that no additional communications are required for deferred/pension credit members (unless specifically requested by the member) as they should all be lower risk in relation to their ceased CPF membership.

However, where a scheme member has a period of active membership during the year (e.g. they leave and become deferred during the year) it is still possible for them to be impacted. Checks should therefore be done as per the active members above to determine if the member falls within any of the categories shown for active members.

AA at risk – pensioner members

Where a scheme member was a pensioner member at the beginning of the tax year and the end (i.e. they have not had any pension growth beyond pensions increase on their pension benefits), it is assumed that no additional communications are required for pensioner members (unless specifically requested by the member) as they should all be lower risk in relation to their ceased CPF membership.

However, where a scheme member has a period of active membership during the year (e.g. they leave and become a pensioner during the year) it is still possible for them to be impacted in particular where their retirement includes any enhancement to benefits (e.g. ill health or redundancy). AA and LTA will be checked at the point the member retires and if impacted they will be communicated with in accordance with the “communications for impacted members section”.

Communications for at-risk members

Further communications will be carried out as follows for these at-risk members (in addition to the generic communications):

a) Letters

All active at-risk members will be sent an appropriately worded letter explaining why they may be at risk, what they need to consider, and where they can obtain further information. This will include a general letter to everyone earning over £80k, who doesn't otherwise receive a PSS, advising them about annual allowance and what they need to consider.

b) Workshops

These will run at least once a year during the Autumn and will initially be run by the Fund's Benefit Consultants (who are Mercer at the time of writing). The workshops will include the following topics (as confirmed by the Fund's Benefit Consultants):

- Information on how the pensions tax regime works
- Worked examples of how the pension tax regime could affect individuals
- Explain how pension tax allowances work in relation to the LGPS Scheme mechanics
- The criteria in order to be affected, and to be eligible for any protections available

- How to calculate annual allowance tax charges
- How to determine which proportion of an annual allowance tax charge is subject to mandatory or voluntary scheme pays
- What affected employees should consider when deciding courses of action
- Where employees can obtain further information or advice.

Workshops can be set up at other times of the year as required. All at-risk members will be invited to the workshops, at least three weeks in advance. The invitations will be personalised and customised to explain why they have been invited (i.e. what category they appear to be in that highlights why this workshop may be relevant to them).

A scheme member can attend multiple workshops during their membership of the CPF.

c) One-to-one guidance sessions

All members who attend a workshop will be offered a one-to-one guidance session with a specialist from the Fund's Benefit Consultants (30-45 minutes) where they can ask questions of a generic nature, if they feel they require further information. This option will be made available by the Fund's Benefit Consultants at the workshop. The one-to-one sessions can also be provided to other at risk or affected members.

To enable members to get the most effective use of the time in these sessions, the Fund's Benefit Consultants can undertake various calculations in advance of the meeting and will be provided with certain information including:

- Relevant information from the Fund to be aware of the member's AA/LTA position. The Fund's Benefit Consultants would ask each member to sign a letter of authority allowing them to obtain the information from the Fund.
- In order to determine the member's potential current AA/LTA position, the Fund's Benefit Consultants will require personal information from the member (e.g. details of other income etc). The Fund's Benefit Consultants would ask each member to complete a very short questionnaire providing only information in relation to help calculate their AA/LTA.

Whilst these sessions would look more accurately at the individual's personal circumstances e.g. income/carry forward analysis, these sessions will be for education purposes only and no formal advice upon which the member could rely would be provided. The sessions would be limited to:

- showing how individuals might be impacted and explain the options open to them,
- appraising them of the issues to take into account when considering each option, and
- raising implications for self-assessment tax returns and mandatory/voluntary scheme pays.

Due to the cost in providing these one-to-one sessions, the Fund will automatically pay for no more than three one-to-one sessions per member in total. If a member wishes to attend further sessions, this is at the discretion of the Fund and the costs may be passed onto the member.

Individual Financial Advice

Any members wishing to obtain authorised and regulated individual financial advice can do so to supplement these sessions, and source these themselves. Any cost of obtaining this formal advice that members can rely upon in making any decisions will also need to be met by the member.

Communications for impacted members

This section considers communications that will be delivered to members who are at risk of exceeding the AA threshold. In addition to the communications highlighted below, all impacted members will automatically be added to the invitation list for the workshops highlighted above and the one-to-one sessions will also be made available to them.

Pension Savings Statements (PSS) – exceeding AA threshold – active members

Legally a scheme member must automatically be issued with a PSS where:

- their Pension Input Amount exceeds the standard annual allowance (£40k at time of writing) or
- the Fund believes the individual has flexibly accessed a money purchase arrangement and they exceed the MPAA (£4k at the time of writing) or
- a scheme member has requested a PSS (or the information that would be in a PSS) even though they don't meet the criteria above.

The statements must be issued by 6th October, or if later, three months following the date of receipt of the information required to provide the statement, or the date of request in the case of the final bullet above.

The statement must include:

- the total of the Pension Input Amounts for the member for all their arrangements under the scheme for the relevant tax year
- the amount of the Annual Allowance for the tax year concerned
- the total of the Pension Input Amounts for the member for all their arrangements under the scheme for the previous three tax years
- the amount of the Annual Allowance for the previous three tax years.

Note that statements must be issued even if it appears the member won't be subject to a tax charge because they have sufficient carry forward from previous years.

In carrying out this exercise, the Fund will:

- carry out detailed calculations of the Pension Input Amounts for all members who appear to have exceeded the Pension Input Amount. This is because the information that would have originally been produced via the Altair bulk annual run will have been based on pay to 31st March and also pays that may be different than what should be used for Annual Allowance purposes.
- as a minimum, these detailed calculations will be carried out for all members where the Altair bulk annual allowance run has suggested a Pensions Input Amount of £38k or more (based on the £40k AA threshold)
- detailed checks will also need to be carried out in relation to the previous three years, to ensure accuracy of carry forward information.
- provide more than the minimum legal information required in the PSS. It will include (with appropriate caveats about this just relating to CPF pensionable employments):
 - full information relating to what AA is, and how PIA and tax are calculated,
 - estimated carry forward in relation to the previous three years,
 - the responsibilities for the scheme member in completing their tax return and guidance on how to complete it,
 - options in relation to scheme pays if there is likely to be a tax charge (mandatory and/or voluntary as appropriate) together with how a member can request further information, how they elect for scheme pays and the appropriate deadlines for elections,
 - general information (although no calculations) about the tapered annual allowance (see below) and what the member needs to consider to determine if they are affected.

This may be provided by utilising central LGPS resources such as the LGA guides, customised as appropriate.

Pension Savings Statements (PSS) – tapered AA

One of the more complex situations relates to what is called the tapered annual allowance. This applies where an individual has a threshold income (i.e. allowing for certain reliefs including pension contributions) of more than £200k per annum and an “adjusted income” of above £240k (from all sources including the PIA). Although there is no legal requirement to issue a PSS to a member who has PIA below £40k but who may exceed a tapered annual allowance, it can be relatively easy to identify a group of individuals who are likely to have a tapered annual allowance

based on their individual pay rates in the CPF. Therefore all individuals who have a taxable pay (after deducting member pension contributions) of £200k or more will automatically be checked to see if they are impacted by the tapered AA based on their CPF employment and scheme membership. This will generally be done at an individual post level so it should be noted that there is a risk that a person with multiple posts involving taxable pay over £200k may not automatically be picked up.

If they appear to be affected by the taper in relation to CPF employment, the information to be provided will be as per the standard PSS but with clarity as to why it is being issued, and with a tapered AA calculated assuming the taxable income that is available via the CPF employment. This will be appropriately caveated that the information will need to be recalculated by the member if there is any further taxable income and/or any further pension arrangements.

Pension Savings Statements (PSS) – exceeding AA threshold – other circumstances

Annual Allowance should also be checked at the point a member leaves the scheme (especially if a retirement includes enhancement i.e. ill health or redundancy with augmentation). It should also be checked when a member has a Club transfer in – when calculating Annual Allowance the service/pension credit awarded from the transfer is ignored but any increase in benefit as a result of the transfer is included so a Club transfer where there is a reasonable pay rise could have an impact.

The Fund will have processes in place for these checks to be carried out at retirement/leaving and transfer in, and ensure PSS are issued as required, in accordance with the standards mentioned for active members being sent a PSS.

Lifetime Allowance exceeded – on retirement

The main situation where the Lifetime Allowance will impact a scheme member is on their retirement. It is important that a number of steps are taken to ensure the process is as simple as possible and that the scheme member fully appreciates all their options. The process will be as follows:

- Assuming early notification of the retirement is received, the Fund will issue a retirement pack asking for various forms to be completed, including the Lifetime Allowance Declaration confirming if there are any other pension benefits. At this stage, if it has been spotted that they are likely to be impacted by the LTA, they should also be asked to confirm if they have any lifetime allowance protection in place and, if so, provide full details (including any reference and a copy of the HMRC letter/certificate).
- Once forms are returned by the scheme member (duly completed), and the final pay information is received from the employer, the Fund will calculate the potential benefits that can be paid, including options to commute pension to lump sum. At this stage, if the lifetime allowance has been exceeded, further calculations will be done and provided showing all three options of paying the tax charge (scheme pays, commuting pension for further taxable lump sum, pay tax immediately from lump sum), all of which are

calculated with and without maximum commutation. Therefore most scheme members will be provided with six different scenarios.

It is important that any potential annual allowance charge due at retirement in relation to the current tax year is also picked up at this point so the scheme member is provided with information in relation to all charges that may be due.

The member will be provided with the information. They will also be asked to provide confirmation of any lifetime protection that they have, unless that has already been provided

- Once the member has returned the appropriate elections, the benefits will be calculated, the tax charge will be paid by the scheme, and the member will be advised appropriately including highlighting their ongoing responsibilities (i.e. including the information as part of self-assessment and how to do this).

Note that should a scheme member contact the Fund before retirement, the various calculations and options can be provided at an earlier stage in the process, subject to pay information being available. Again, it is important that the Fund asks the member if they have any LTA protection in place.

General points

The information within this policy is focussed on proactive action that will be taken by the Fund. However we would expect scheme members to often request information relating to the AA or LTA. Where doing so, we will follow the objectives of this policy in trying to ensure the scheme member obtains sufficient information for them to make their decisions.

In delivering this policy, the Fund will follow the following principles:

- The Fund will proactively highlight in communications that, should a member want to consider ways of managing tax charges as a result of the AA and LTA thresholds, there are the options to move to the 50/50 Section or opt out, and members may switch between the Main Section, 50/50 Section and opting out as they wish.
- The Fund will encourage the use of Member Self-Service where it is possible to carry out calculations to a reasonable level for scheme members affected by AA and LTA. However, as it is quite unlikely that Member Self-Service will work for all such scenarios, the Fund will carry out specific quotations and estimates as are reasonably requested by the scheme member, including but not limited to:
 - Different scenarios of being in the Main Section, 50/50 Section or opting out
 - Different dates of retirement (being at least three months apart)
 - Different types of retirement
 - Different assumptions for future inflation

- For AA calculations, assuming different future pay awards.
- However, it is expected that a scheme member should not be requesting more than five different scenarios in any one-year period. The Fund may offer to provide further calculations at a cost to be paid by the scheme member, which may include consultant's fees where the calculations are carried out by one of the Fund's consultants.
- Members of staff employed by the Fund are not financial advisers. They cannot and will not provide financial advice to any member.
- The Fund will encourage members to take formal Independent Financial advice provided by FCA authorised advisors. Where a member wishes to do so, the Fund will not pay any of the costs associated with obtaining this advice. The Fund will not endorse any specific financial adviser but appreciate that some members may wish to use advice from the Fund's Benefit Consultants.
- Where deemed necessary, due to the need to tap into wider knowledge or greater resource, the Fund will use consultants to assist in delivering this policy.

Approval, Review & Consultation

This Policy Statement was initially approved by the Pension Fund Committee on 16 March 2022. It will be formally reviewed and updated by the Pensions Administration Manager in consultation with the Head of Clwyd Pension Fund at least every three years or sooner if the LTA/AA arrangements or other matters included within it merit reconsideration. Any proposed fundamental changes to this Policy will be highlighted to the Pension Fund Committee prior to its approval by the Pensions Administration Manager and Head of Clwyd Pension Fund to allow the Committee to highlight any concerns.

Although it is intended as an internal document, it could be provided to a scheme member on request.

Further Information

Any enquiries in relation to the information in this policy should be directed to:

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e-mail – karen.williams@flintshire.gov.uk

Telephone - 01352 702963

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Appendix – Interpretation

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|--|--|
| Annual Allowance (AA) | The amount that an individual can save in all pension arrangements in any one tax year |
| Adjusted income | <p>Broadly total UK taxable income plus the value of pension savings made in the year (including those made by the employer).</p> <p>As the LGPS can cover both Defined Contribution and Defined Benefit arrangements the total pension savings are potentially a combination of:</p> <ul style="list-style-type: none"> – the total value of any AVC contributions paid; and/or – the value HMRC place on the increase of a defined benefit (i.e. main LGPS) pension each year allowing for inflation (calculated as 16 times the increase in your pension net of inflation). |
| Carry forward | Individuals are entitled to carry forward any unused AA for up to three years to offset against a breach of the threshold, to avoid or reduce a tax charge |
| Lifetime Allowance (LTA) | The amount that an individual can save in all pension arrangements across their lifetime |
| Mandatory Scheme Pays | The circumstances in which a pension arrangement must offer the Scheme Pays mechanism to a member |
| Money Purchase Annual Allowance (MPAA) | The AA that applies to an individual who has 'flexibly accessed' any pension benefits from a money purchase pension arrangement |
| Pension Input Amount (PIA) | The increase in value of an individual's pension benefits across the tax year, that is compared to the standard AA to determine if the threshold has been exceeded |

| | |
|----------------------------------|--|
| Pension Input Period (PIP) | The period in which pension growth is assessed against the AA. For all schemes, this is now the tax year |
| Pensions Savings Statement (PSS) | The document that a pension arrangement must issue to a member who has exceeded the AA in a tax year |
| Post alignment period | The second part of the 2015/16 PIP, where the dates became aligned with the tax year. Runs from 9 July 2015 – 5 April 2016 |
| Pre alignment period | The first part of the 2015/16 PIP, where the dates became aligned with the tax year. Runs from 1 April – 8 July 2015 |
| Scheme Pays | A mechanism for a pension arrangement to pay the tax due, with a corresponding reduction to the member's benefits |
| Tapered member | An individual who is affected by the tapered AA |
| Tapered Annual Allowance | A personal AA lower than the standard as a result of exceeding the pay thresholds |
| Tax charge | The amount of tax that an individual may be required to pay as a result of exceeding either the AA or LTA |
| Threshold income | Broadly UK taxable income, including employment income (e.g. salary, cash bonus, taxable benefits like car or medical plans) and income from other sources, for example, rental property income, pensions in payment, savings and dividend income. |
| Voluntary Scheme Pays | The circumstances in which there is no legal obligation for a pension arrangement to offer the Scheme Pays mechanism to a member, but is free to do so at its discretion |

Cronfa Bensiynau Clwyd
Clwyd Pension Fund

Gweinyddwyd gan
Administered by



Flintshire County Council

Administering Authority for Clwyd Pension Fund

Personal Data Retention Policy

October 2019 - March 2022 - version 2

Personal Data Retention Policy

The Clwyd Pension Fund (the "Fund")

This document has been prepared by Flintshire County Council (the "**Administering Authority**", or "**we**") in its capacity as the administering authority of the Fund and sets out the Fund's policy on the retention of personal data in accordance with data protection legislation applicable to the Administering Authority when processing personal data.

This policy document can also be accessed via the following link:

<https://mss.clwydpensionfund.org.uk/home/investments-and-governance/>

It should be read in conjunction with the Fund's privacy notice, which can be accessed via the following link:

<https://mss.clwydpensionfund.org.uk/home/privacy-notice/>

Introduction

As data controllers, we are required by data protection legislation to comply with the principles of data minimisation and storage limitation. Personal data we process:

- must be adequate, relevant and limited to what is necessary in relation to the purposes for which it is processed; and
- must not be kept in a form which permits identification of a data subject for longer than is necessary for the purposes for which the personal data is processed.

We are obliged to retain certain records (whether in hard copy or electronic form) for various periods of time because:

- we have a statutory obligation to do so; and/or
- the information contained in those records may be necessary for the future (for example, questions may arise about the calculation of benefits paid in the past, and data that may be relevant to a possible legal claim needs to be kept until the period within which that claim could be brought has expired).

This policy document sets out the measures adopted by the Fund to comply with the principles of data minimisation and storage limitation in relation to personal data that it holds.

Types of personal data we hold

We hold and process the following types of personal data in relation to Members of the Fund:

- Contact details, including name, address, telephone numbers and email address
- Identifying details, including date of birth, national insurance number and employee and membership numbers
- Information that is used to calculate and assess eligibility for benefits, for example, length of service or membership and salary information
- Financial information relevant to the calculation or payment of benefits, for example, bank account and tax details
- Information about the Member's family, dependents or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death
- Information about the Member's health, for example, to assess eligibility for benefits payable on ill health, or where the Member's health is relevant to a claim for benefits following the death of a Member of the Fund
- Information about a criminal conviction if this has resulted in the Member owing money to the Member's employer or the Fund and the employer or Fund may be reimbursed from the Member's benefits.

We hold and process the following types of personal data in relation to Beneficiaries of the Fund:

- Contact details, including name, address, telephone numbers and email address
- Identifying details, including date of birth, national insurance number
- Information about the Beneficiary's family, dependents or personal circumstances, for example, marital status and information relevant to the distribution and allocation of any balance of benefits payable on the related Beneficiary's death
- Information that is used to calculate and assess eligibility for benefits, for example, length of service or membership and salary information (including relating to the related Member)
- Financial information relevant to the calculation or payment of benefits, for example, bank account and tax details.

Retention periods for personal data

In compiling our policy on the retention of personal data, we have taken into account the guidelines on the retention of personal data as set out by / in:

- Information and Records Management Society;

- The National Archives;
- HMRC compliance handbook manual CH15400;
- Lord Chancellor's Code of Practice on the Management of Records issued under Section 46 of the Freedom of Information Act 2000;
- Information Commissioner's Office's guidance on storage ICO's retention policy;
- EU Article 29 Working Party guidance; and
- The Pensions Regulator's code of practice 14 for public service pension schemes.

Data protection legislation requires that we retain personal data for no longer than is necessary in order to fulfil the purpose(s) for which it is processed. Given the long term nature of pensions, we need to ensure that personal data is retained to:

- comply with our legal and regulatory obligations regarding the payment of pensions from the Fund; and
- deal with any questions or complaints that we may receive about our administration of the Fund

We will retain personal data for **the greater of:**

- such period as the Member (or any beneficiary who receives benefits after the Member's death) are entitled to benefits from the Fund and for a period of 15 years after those benefits stop being paid;
- 100 years from the Member's date of birth;
- 100 years from the date of birth of any beneficiary who received benefits from the Fund after the Member's death

During any period when we retain personal data, we will keep that personal data up to date and take all reasonable steps to ensure that inaccurate data is either erased or rectified without delay. We will periodically review the personal data that we retain and consider whether it is still required; any personal data that we no longer require will be destroyed.

Member's and Beneficiary's rights

Beneficiaries form a wider category of people who receive benefits from the Fund, for example the active/deferred/pensioner Member's spouse / child(ren) / dependents who may receive benefits from the Fund following a Member's death. Members of the Fund and Beneficiaries have a right to access and obtain a copy of the personal data that we hold about them and to ask us to correct personal data if there are any errors or it is out of date or incomplete.

In certain circumstances a Member / Beneficiary has the right to:

- object to the processing of their personal data;

- require us to restrict the processing of their personal data until any errors are corrected;
- require us to transfer their personal data; or
- require us to erase their personal data.

If the exercise of the Member's / Beneficiary's rights would prevent us from paying or continuing to pay a pension from the Fund, we will consider retaining a minimised version of that Member's / Beneficiary's personal data in order to fulfil our legal and regulatory obligations.

Participating Employers

This policy applies to Flintshire County Council in its capacity as the administering authority of the Fund. We have produced separate guidance for other participating employers in the Fund about our expectations for the retention by them of personal data we may require to administer the Fund. That guidance includes a suggested data retention policy that employers can each adopt in relation to their participation in the Fund.

Review

~~This policy will be reviewed by the Clwyd pension Fund October 2021.~~

This version of this policy was agreed by Clwyd Pension Fund Committee on 16 March 2022 and it will be formally reviewed and updated by the Pensions Administration Manager in consultation with the Head of Clwyd Pension Fund at least every three years. Any proposed fundamental changes to this Policy will be highlighted to the Pension Fund Committee prior to its approval by the Pensions Administration Manager and Head of Clwyd Pension Fund to allow the Committee to highlight any concerns.

Further Information

Any enquiries in relation to the information in this policy should be directed to:

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Cronfa Bensiynau Clwyd
Clwyd Pension Fund

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Administered by



Flintshire County Council

**Administering Authority for
Clwyd Pension Fund**

**Procedure for Recording and Reporting Breaches of
the Law**

March 2022

Introduction

This document sets out the procedures to be followed by certain persons involved with the Clwyd Pension Fund, which is managed and administered by Flintshire County Council, in relation to identifying, recording and potentially reporting breaches of the law to The Pensions Regulator.

Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions

This procedure has been developed to assist those individuals who have a legal responsibility to report certain breaches to The Pensions Regulator in determining whether a breach they have identified should be reported. It has also been developed to assist Flintshire County Council, in its role as Administering Authority, in ensuring it is aware of all breaches of the law in relation to the Clwyd Pension Fund and that these are appropriately recorded and then dealt with.

Flintshire County Council, as Administering Authority, has delegated responsibility for the implementation of these procedures to the **Head of Clwyd Pension Fund Manager**.

The following persons, or any other person who has responsibility to report breaches of the law in relation to the Clwyd Pension Fund, are strongly encouraged to follow this procedure should they identify such a breach:

- all members of the Pension Fund Committee and the Pension Board
- all officers involved in the management or administration of the Pension Fund including staff members in the Flintshire County Council Pension Fund Team, **the Chief Executive and the Chief Finance Office (Section 151 Officer) and the Corporate Manager, People and Organisational Development**.
- any professional advisers including external auditors, actuaries, legal advisers and fund managers¹
- officers of employers participating in the Clwyd Pension Fund who are responsible for pension matters.
- any other person otherwise involved in advising the managers of the Fund, including Flintshire County Council's Monitoring Officer and staff members of the Internal Audit function.

Throughout this procedure, any person to whom this procedure applies, as a result of them identifying a breach or potential breach, will be referred to as the "individual".

The next section clarifies the full extent of the legal requirements and to whom they apply.

¹ However, these advisors should note that the application of this Procedure relates to the reporting of legal breaches relating to the administration of the Pension Fund, rather than any breaches relating to their role and responsibilities that do not affect the administration of the Fund. For example, if a fund manager has breached the investment association guidelines, then this would not be reportable under this Clwyd Pension Fund Procedure for Reporting Breaches (albeit the Administering Authority would still expect this information to be recorded separately and notified to Flintshire County Council).

Requirements

Pensions Act 2004

Section 70 of the Pensions Act 2004 (the Act) imposes a requirement on the following persons:

- a trustee or manager of an occupational or personal pension scheme
- a member of the pension board of a public service pension scheme
- a person who is otherwise involved in the administration of an occupational or personal pension scheme
- the employer in relation to an occupational pension scheme
- a professional adviser in relation to such a scheme
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme,

to report a matter to The Pensions Regulator as soon as is reasonably practicable where that person has reasonable cause to believe that:

- (a) a legal duty relating to the administration of the scheme has not been or is not being complied with, and
- (b) the failure to comply is likely to be of material significance to The Pensions Regulator.

The Act states that a person can be subject to a civil penalty if he or she fails to comply with this requirement without a reasonable excuse.

The duty to report breaches under the Act overrides any other duties the individuals listed above may have. However the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

The Pension Regulator's Code of Practice

Practical guidance in relation to this legal requirement is provided in The Pension Regulator's Code of Practice including in the following areas:

- implementing adequate procedures to consider and record breaches
- judging whether a breach must be reported
- submitting a report to The Pensions Regulator
- whistleblowing protection and confidentiality.

Application to the Clwyd Pension Fund

Flintshire County Council has developed this procedure in relation to Clwyd Pension Fund. This document sets out how the Council will strive to achieve best practice through use of a formal reporting breaches procedure. It reflects the guidance contained in The Pension Regulator's Code of Practice.

Training on reporting breaches and related statutory duties, and the use of this procedure is provided to Pension Fund Committee members, Pension Board members and key officers involved with the management of the Clwyd Pension Fund on a

regular basis. Further training can be provided on request to the Clwyd Pension Fund Manager.

Other Administering Authority or Organisational Requirements

In addition to the requirements of this Procedure, there may be other policies and procedures which may be in place relating to areas such as fraud or whistleblowing that apply to the individuals covered by this Procedure for reporting and recording breaches in relation to Clwyd Pension Fund matters. For example, Flintshire County Council has in place the following:

- Corporate Anti-fraud and Corruption Strategy – applies to all employees and members of Flintshire County Council, partner organisations, Council suppliers, contractors and consultants, and the general public
- Fraud and Irregularity Response Plan – guidance for employees and management of Flintshire County Council
- Whistleblowing Policy – setting out how someone working with or within Flintshire County Council can raise an issue in confidence.

This Procedure should be followed in addition to any existing procedures or policies that may be in place, such as those listed above. In particular, individuals are reminded that there is a legal requirement to report breaches of the law in relation to the Clwyd Pension Fund that could be considered significant to The Pensions Regulator. The Council's Monitoring Officer (contact details at the end of this procedure document) can assist if an individual is uncertain how to deal with the interaction between this Procedure and any other organisation's policy or procedure that may be in place.

The Clwyd Pension Fund Breaches Procedure

The following procedure details how individuals responsible for reporting and whistleblowing can identify, assess, record and report (if appropriate) a breach of law relating to the Clwyd Pension Fund.

It aims to ensure individuals responsible are able to meet their legal obligations and avoid placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk. There are four key steps to this procedure:

1. Understanding the law and what is a breach
2. Determining whether a suspected breach is an actual breach
3. Determining whether the breach is likely to be of material significance and so should be reported to The Pensions Regulator
4. Recording the breach, even if it is not reported

These steps are explained below:

1. Understanding the law and what is a breach

Individuals may need to refer to regulations and guidance when considering whether or not there has been a breach of the law. Some of the key provisions are shown below:

- Section 70(1) and 70(2) of the Pensions Act 2004:
www.legislation.gov.uk/ukpga/2004/35/contents
 - Employment Rights Act 1996:
www.legislation.gov.uk/ukpga/1996/18/contents
 - Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (Disclosure Regulations):
www.legislation.gov.uk/uksi/2013/2734/contents/made
 - Public Service Pension Schemes Act 2013:
www.legislation.gov.uk/ukpga/2013/25/contents
 - Local Government Pension Scheme Regulations (various):
<http://www.lgpsregs.org/timelineregs/Default.html> (pre 2014 schemes)
<http://www.lgpsregs.org/index.php/regs-legislation> (2014 scheme)
 - The Pensions Regulator's Code of Practice:
<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>
- In particular, individuals should refer to the section on 'Reporting breaches of the law', and for information about reporting late payments of employee or employer contributions, the section of the Code on 'Maintaining contributions'.

Further guidance and assistance can be provided by the **Head of Clwyd Pension Fund Manager**, provided that requesting this assistance will not result in alerting those responsible for any serious offence (where the breach is in relation to such an offence). Some examples of potential breaches are also included in Appendix A.

2. Determining whether a suspected breach is an actual breach

Individuals then need to have reasonable cause to believe that a breach of the relevant legal provision has occurred, not just a suspicion. Where a breach is suspected the individual should carry out further checks to confirm the breach has occurred.

Where the individual does not know the facts or events, it will usually be appropriate to check with the **Head of Clwyd Pension Fund Manager** at Flintshire County Council, a member of the Pension Fund Committee or Pension Board or others who are able to explain what has happened. However there are some instances where it would not be appropriate to make further checks, for example, if the individual has become aware of theft, suspected fraud or another serious offence and they are also aware that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or a regulatory authority. In these cases The Pensions Regulator should be contacted without delay.

3. Determining whether the breach is likely to be of material significance

Should an individual have reasonable cause to believe that breach of the law has occurred, they must decide whether that breach is likely to be of material significance to The Pensions Regulator, and therefore should be reported to The Pensions Regulator. To do this, an individual should consider the following, both separately and collectively:

- cause of the breach (what made it happen)
- effect of the breach (the consequence(s) of the breach)
- reaction to the breach
- wider implications of the breach.

Individuals may also request the most recent breaches report from the **Head of Clwyd Pension Fund Manager**, as there may be details on other breaches which may provide a useful precedent on the appropriate action to take.

Further details on the above four considerations are provided in Appendix B to this procedure.

The individual should use the traffic light framework described in Appendix C to help assess the material significance of each breach and to formally support and document their decision.

It should be noted that the Pensions Regulator's role is in relation to requirements under the Pensions Act 2004. As such, it is possible that some breaches of the law do not fall within the Regulator's remit. However, given the complex nature of the law, including the wide ranging responsibilities covered by the Pensions Act 2004, Flintshire County Council encourages reporting of any breach that is considered to be materially significant regardless of the specific area of the law that has been breached. The Pensions Regulator can then determine whether it is a matter they have jurisdiction over or not.

The **Head of Clwyd Pension Fund Manager** can assist with determining whether the breach should be reported and can also assist in completing the document to report the breach. However the individual is ultimately responsible for determining what should be included in the report and for submitting the report to The Pensions Regulator.

5. Recording the breach, even if it is not reported

The record of past breaches may be relevant in deciding whether to report a breach (for example it may reveal a systemic issue). The **Head of Clwyd Pension Fund Manager** will maintain a record of all breaches identified. Therefore individuals should provide the following information to the **Head of Clwyd Pension Fund Manager** so that all identified breaches can be recorded:

- copies of reports submitted to The Pensions Regulator
- copies of information relating to any other breach the individual has identified.

The information should be provided to the **Head of Clwyd Pension Fund Manager** as soon as reasonably practicable and certainly no later than within 20 working days of the decision made to report or not. The record of all breaches (reported or otherwise) will be included in the Governance Update Report at each Pension Fund Committee meeting, and this will also be shared with the Pension Board.

Assistance for individuals in following this procedure

The following information is provided to assist individuals in following this procedure.

Referral to a level of seniority for assistance

Flintshire County Council has designated an officer (the **Head of Clwyd Pension Fund Manager**) to assist any individual with following this procedure. The **Head of Clwyd Pension Fund Manager** is considered to have appropriate experience to help investigate whether there is reasonable cause to believe a breach has occurred, to check the law and facts of the case, to maintain records of all breaches and to assist in any reporting to The Pensions Regulator, where appropriate.

Individuals must bear in mind, however, that the involvement of the **Head of Clwyd Pension Fund Manager** is to help clarify the individual's thought process and to ensure this procedure is followed. The individual remains responsible for the final decision as to whether a matter should be reported to The Pensions Regulator and for completing the reporting procedure.

The matter should **not** be referred to the **Head of Clwyd Pension Fund Manager** if doing so would alert any person responsible for a possible serious offence to the investigation (as highlighted in step 2 above). If that is the case, the individual may instead refer the matter to the Council's Monitoring Officer. Otherwise, the individual should report the matter to The Pensions Regulator setting out the reasons for reporting, including any uncertainty – a telephone call to The Pensions Regulator before the submission may be appropriate, particularly in the case of a more serious breach.

Dealing with complex cases

The **Head of Clwyd Pension Fund Manager** may be able to provide guidance on particularly complex cases. Guidance may also be obtained by reference to previous cases, information on which will be retained by Flintshire County Council, or via discussions with those responsible for maintaining the records. Information may also be available from national resources such as the Scheme Advisory Board (www.lgpsboard.org) or the **Local Government Association LGPC Secretariat (part of the LG Group)** (<http://www.lgpsregs.org/>).

If timescales allow, legal advice or other professional advice can be sought and the case can be discussed at the next Committee or Board meeting.

Timescales for reporting

The Pensions Act and The Pension Regulator's Code require that, if an individual decides to report a breach, the report must be made in writing as soon as reasonably practicable. Individuals should not wait for others to report and nor is it necessary for an individual to gather all the evidence which The Pensions Regulator may require before taking action. A delay in reporting may exacerbate or increase the **consequences risk** of the breach. The time taken to reach the judgements on "reasonable cause to believe" and on "material significance" should be consistent with the speed implied by "as soon as reasonably practicable". In particular, the time taken should reflect the seriousness of the suspected breach.

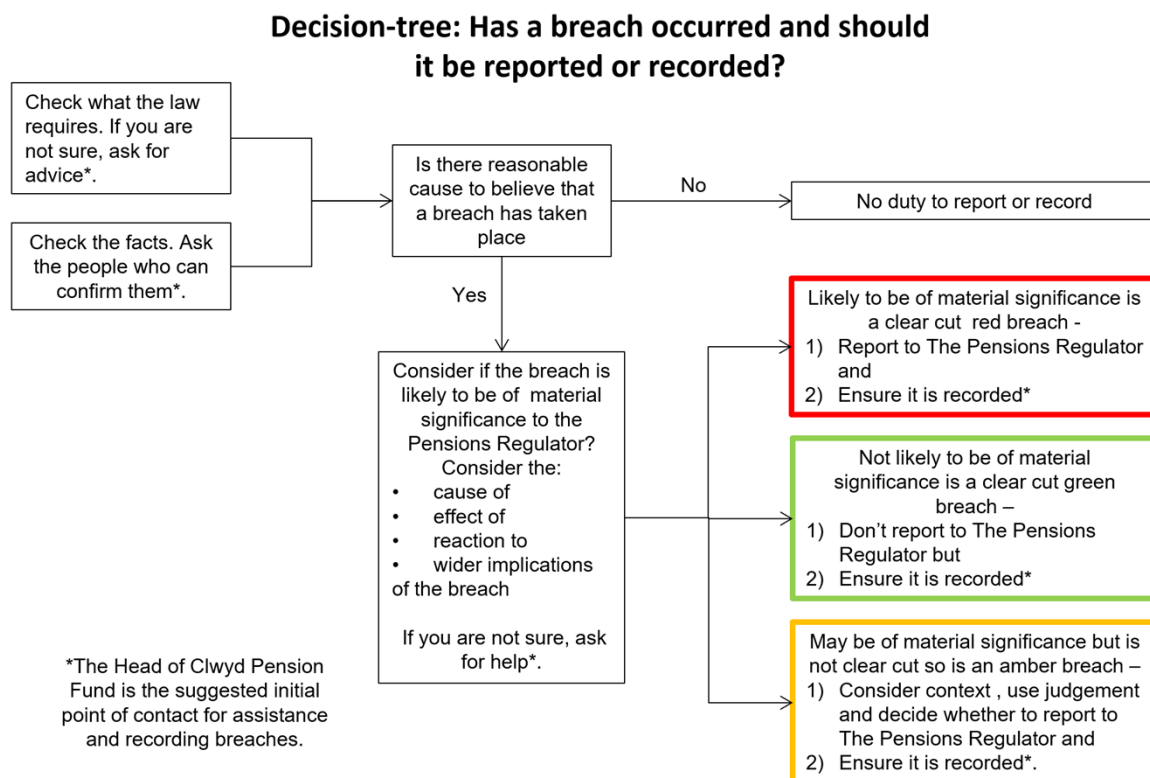
Early identification of very serious breaches

In cases of immediate risk to the scheme, for instance, where there is any indication of dishonesty, The Pensions Regulator does not expect individuals to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary.

The more serious the potential breach and its consequences, the more urgently individuals should make these necessary checks. In cases of potential dishonesty the individual should avoid, where possible, checks which might alert those implicated. In serious cases, individuals should use the quickest means possible to alert The Pensions Regulator to the breach.

Decision tree

A decision tree is provided below which summarises the process for deciding whether or not a breach has taken place, whether it is materially significant to The Pensions Regulator and therefore needs to be reported, and then ensuring it is recorded.



Reporting a breach to The Pensions Regulator

Reports must be submitted in writing via The Pensions Regulator's online system at <https://login.thepensionsregulator.gov.uk>, or by post, email or fax, and should be marked urgent if appropriate. If necessary a written report can be preceded by a telephone call.

The individual should ensure they receive an acknowledgement for any report they send to The Pensions Regulator. The Pensions Regulator will acknowledge receipt of all reports within five working days and may contact the individual to request further

information. The individual will not usually be informed of any actions taken by The Pensions Regulator due to restrictions on the disclosure of information.

As a minimum, individuals reporting should provide:

- full scheme name (Clwyd Pension Fund)
- description of breach(es)
- any relevant dates
- name, position and contact details
- role in connection to the scheme
- employer name or name of scheme manager (the latter is Flintshire County Council).

If possible, individuals should also indicate:

- the reason why the breach is thought to be of material significance to The Pensions Regulator
- scheme address (provided at the end of this procedures document)
- scheme manager contact details (provided at the end of this procedures document)
- pension scheme registry number (PSR – 00329655RN)
- whether the breach has been reported before.

The individual should provide further information or reports of further breaches if this may help The Pensions Regulator in the exercise of its functions. The Pensions Regulator may make contact to request further information.

Confidentiality

If requested, The Pensions Regulator will do its best to protect the identity of an individual who has reported a breach and will not disclose information except where it is lawfully required to do so.

An employee may also have protection under the Employment Rights Act 1996 if they make a report in good faith in relation to their employer.

Reporting to Pension Fund Committee

A report will be presented to the Pension Fund Committee on a quarterly basis setting out:

- all breaches, including those reported to The Pensions Regulator and those not reported, with the associated dates.
- in relation to each breach, details of what action was taken and the result of any action (where not confidential)
- any future actions for the prevention of the breach in question being repeated
- new breaches which have arisen since the previous meeting.

This information will also be provided upon request by any other individual or organisation (excluding sensitive/confidential cases or ongoing cases where discussion may influence the proceedings).

An example of the information to be included in the quarterly reports is provided in Appendix D to this procedure.

Approval and Review

This Reporting Breaches Procedure was originally reviewed and approved at the Clwyd Pension Fund Committee on 16 March 2022 ~~26 November 2015~~ and then ~~amendments approved using officer delegations in September 2018~~. It will be kept under review and updated as considered appropriate. After any update it will be sent to all individuals who, or key contacts at organisations which, are considered to be subject to the procedure.

Further Information

If you require further information about reporting breaches or this procedure or wish to discuss reporting a breach, please contact:

Philip Latham,

Head of Clwyd Pension Fund Manager, Flintshire County Council

E-mail - Philip.latham@flintshire.gov.uk

Telephone - 01352 702264

Alternative designated officer contact details:

Gareth Owens,

Monitoring Officer, Flintshire County Council

E-mail - gareth.legal@flintshire.gov.uk

Telephone - 01352 702344

Appendix A – Example breaches of the law

In this appendix we provide just some examples of breaches of the law. This is not an exhaustive list given there are many sets of legislation that must be followed and some of these are extremely lengthy and complex. It should, however, provide a useful indication of the range of potential breaches that may arise.

Investments outside statutory limits

Regulations 14, 15 and Schedule 1 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, as amended, details limits and requirements in relation to the proportion of fund money which may be invested in particular categories of investments, for example, a limit of 15% relating to unlisted securities of companies subject to requirements such as taking proper advice. A breach of the law by the Administering Authority would arise if a fund invested more than is permitted in that table or didn't follow the requirements.

Not consulting on the Funding Strategy Statement in line with LGPS Regulations and CIPFA guidance Funding strategy not having regard to CIPFA guidance

Regulation 58 of the Local Government Pension Scheme Regulations 2013, as amended, requires the administering authority to prepare, maintain and publish a statement setting out its funding strategy and, in doing so, to consult with such persons as it considers appropriate. In doing this, the Administering Authority must also have regard to CIPFA guidance on preparing and maintaining a Funding Strategy Statement which clearly states employers should be consulted. The Funding Strategy impacts on the employers of the Fund and therefore a breach of the law by the Administering Authority is likely to have arisen if a statement was prepared which impacts on employers without first consulting with those employers.

Late notification of benefits

Various regulations dictate timescales for notifying scheme benefits, some of which are summarised below. Most of these requirements are included in more general pensions legislation i.e. not the Local Government Pension Scheme Regulations. A breach would arise every time one of these timescales was not met. All of the breaches would relate to the Administering Authority apart from the last one which would be a breach by an employer in the Fund. However, the first five listed could have been a result of delayed or incorrect information from an employer, which could be a separate and additional breach of the law by that employer.

| Process | Legal Requirement |
|---|---|
| To provide new starters with information about the scheme | Two 2 months from date of joining (provide information about the scheme in this timeframe, or within 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled) |
| To inform members who leave the scheme of their leaver rights and options | As soon as is practicable, and no more than 2 months from date of initial notification (from employer or scheme member) |
| To notify the amount of retirement benefits | One 4 month from date of retirement if on or after Normal Pension Age Two 2 months from date of retirement if before Normal Pension Age |
| To notify dependant(s) the amount of death benefits | As soon as possible but in any event no more than 2 months from date of becoming aware of the death, or from date of request |
| Provide annual benefit statements to active members | 31st August in the same calendar year |
| Receipt of employee contributions from employers | 19th of the month following their deduction or 22 nd if paid electronically. |

Errors in benefit calculations

The Local Government Pension Scheme Regulations 2013, as amended, and previous LGPS legislation relating to historical service or leaves, dictate how benefits should be calculated. This includes elements such as what fraction of pay is used to calculate a pension and what counts as pay for LGPS purposes. A breach of the law by the Administering Authority would arise in the situation that any calculation was carried out that was not in accordance with those provisions.

Errors in deducting contributions

Regulation 20 of the Local Government Pension Scheme Regulations 2013, as amended, states which elements of pay should be treated as pensionable and therefore should have pension contributions deducted from them and should be used for calculating benefits from 1 April 2014. Regulation 4 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, as amended, is the equivalent provision for pre 1 April 2014 scheme membership and therefore it details how pensionable pay should be calculated by an employer for benefits accruing prior to 1 April 2014. Under these provisions, non-contractual overtime is pensionable from 1 April 2014 but not classed as pensionable for benefits accruing before 1 April 2014. A breach of the law by an employer would arise if any of the following happened:

- an employer **did not** deduct pension contributions from non-contractual overtime since 1 April 2014
- an employer **did not** include non-contractual overtime in the amount of any pensionable pay notified to the Administering Authority for membership from 1 April 2014
- an employer **did** include non-contractual overtime in the amount of final pay notified to the Administering Authority to be used to calculate benefits accrued prior to 1 April 2014.

Late notifications from year-end information by an employer

Regulation 80 of the Local Government Pension Scheme Regulations 2013 require each employer to provide to the Administering Authority a list of specific information for each scheme member, such as pensionable pay, by 30 June each year. A breach of the law by an employer would arise if they failed to provide this year end information list to the administering authority by 30 June or if the information was incomplete or inaccurate.

Inadequate knowledge of a Pension Board member

Section 248A of the Pensions Act 2004 requires every Pension Board member to be conversant with the LGPS rules and Pension Fund policies as well having knowledge and understanding of pension matters at a degree appropriate for the purpose of them exercising their Pension Board functions. Where a Pension Board member has failed to attend training or demonstrate that they already have the required level of knowledge, it is possible that a breach of the law will have occurred by that Pension Board member.

Appendix B – Determining whether a breach is likely to be of material significance

To decide whether a breach is likely to be of material significance individuals should consider the following elements, both separately and collectively:

- cause of the breach (what made it happen)
- effect of the breach (the consequence(s) of the breach)
- reaction to the breach
- wider implications of the breach

The cause of the breach

Examples of causes which are likely to be of concern to The Pensions Regulator are provided below:

- Acting, or failing to act, in deliberate contravention of the law.
- Dishonesty.
- Incomplete or inaccurate advice.
- Poor administration, i.e. failure to implement adequate administration procedures.
- Poor governance.
- Slow or inappropriate decision-making practices.

When deciding whether a cause is likely to be of material significance individuals should also consider:

- whether the breach has been caused by an isolated incident such as a power outage, fire, flood or a genuine one-off mistake
- whether there have been any other breaches (reported to The Pensions Regulator or not) which when taken together may become materially significant

The effect of the breach

Examples of the possible effects (with possible causes) of breaches which are considered likely to be of material significance to The Pensions Regulator in the context of the LGPS are given below:

- Committee/Board members not having enough knowledge and understanding, resulting in pension boards not fulfilling their roles, the scheme not being properly governed and administered and/or scheme managers breaching other legal requirements
- Conflicts of interest of Committee or Board members, resulting in them being prejudiced in the way in which they carry out their role and/or the ineffective governance and administration of the scheme and/or scheme managers breaching legal requirements
- Poor internal controls, leading to schemes not being run in accordance with their scheme regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the scheme at the right time
- Inaccurate or incomplete information about benefits and scheme information provided to members, resulting in members not being able to effectively plan or make decisions about their retirement

- Poor member records held, resulting in member benefits being calculated incorrectly and/or not being paid to the right person at the right time
- Misappropriation of assets, resulting in scheme assets not being safeguarded
- Other breaches which result in the scheme being poorly governed, managed or administered

The reaction to the breach

A breach is likely to be of concern and material significance to The Pensions Regulator where a breach has been identified and those involved:

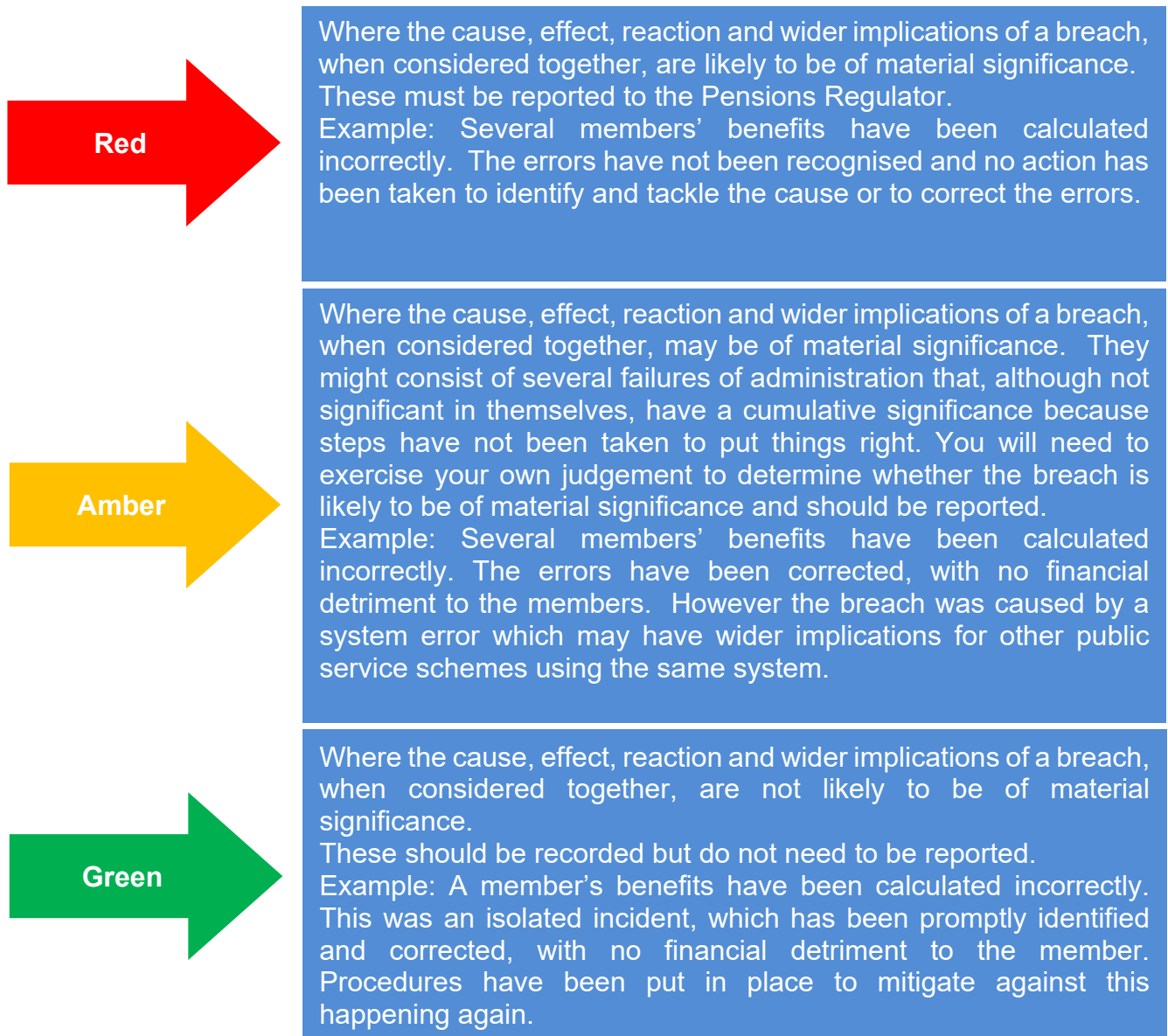
- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence
- are not pursuing corrective action to a proper conclusion, or
- fail to notify affected scheme members where it would have been appropriate to do so.

The wider implications of the breach

Reporters should also consider the wider implications when deciding whether a breach must be reported. The breach is likely to be of material significance to The Pensions Regulator where the fact that a breach has occurred makes it more likely that further breaches will occur within the Fund or, if due to maladministration by a third party, further breaches will occur in other pension schemes.

Appendix C - Traffic light framework for deciding whether or not to report

Flintshire County Council recommends those responsible for reporting to use the traffic light framework when deciding whether to report to The Pensions Regulator. This is illustrated below:



All breaches should be recorded even if the decision is not to report.

When using the traffic light framework individuals should consider the content of the red, amber and green sections for each of the cause, effect, reaction and wider implications of the breach, before you consider the four together. Some useful examples of this is framework is provided by The Pensions Regulator at the following link

[http:// www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx](http://www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx)

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CLWYD PENSION FUND COMMITTEE

| | |
|------------------------|--|
| Date of Meeting | Wednesday, 16 th March 2022 |
| Report Subject | Governance Update |
| Report Author | Head of Clwyd Pension Fund |

EXECUTIVE SUMMARY

On each Committee agenda LGPS governance matters and the impact on the Clwyd Pension Fund (CPF) are provided for discussion along with updates on the Clwyd Pension Fund's governance strategy and policies for information. The last update report was provided at the November 2021 Committee meeting and therefore this update report includes developments since that report.

This update includes matters that are mainly for noting, albeit comments are clearly welcome.

The report includes updates on:

- The results of the Pension Fund Committee effectiveness survey
- A number of national LGPS developments
- Monitoring of the Pension Fund's objectives as set out in the governance related policies
- Changes to the governance risks on the Fund's risk register since the last meeting
- The latest changes to our breaches of the law register
- Forthcoming training and events, some of which is essential for Members.

The report also includes some updates on national investment matters given there is no investment or funding update at this meeting.

RECOMMENDATIONS

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|---|--|
| 1 | That the Committee consider the update and provide any comments. |
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REPORT DETAILS

| | |
|-------------|--|
| 1.00 | GOVERNANCE RELATED MATTERS |
| 1.01 | <p>Business Plan Update</p> <p>Appendix 1 shows progress with the work to date for the governance tasks in the 2021/22 Business Plan. Good progress is being made in many areas although some actions have been deferred due to delays at a national level. The Committee should note the following and are asked to approve the changes to the business plan timing for G1 and G5:</p> <ul style="list-style-type: none">• G1: Review against new TPR Single Modular Code – The business plan timings have previously been updated to recognise that this work cannot yet commence. This item is included in the 2022/23 business plan.• G2: Develop business continuity arrangements – Work is continuing with the Fund's business impact analysis. Following this, the business continuity plan and testing schedule will be developed.• G3: Ensure appropriate cyber-security is in place – The data and asset mapping work has now been completed. The ongoing approach for managing cyber risk as part of business as usual is outlined in the proposed CPF Cyber Security Strategy included in a separate agenda item.• G4: Review of governance related policies – The Procedure for Recording and Reporting Breaches of the Law has been reviewed and is included as part of a separate agenda item for approval. Therefore all items under this point are complete for 2022/23.• G5: Outcome of Scheme Advisory Board good governance review – The business plan timings have previously been updated to recognise that this work cannot yet commence. This item is included in the 2022/23 business plan.• G6: Effectiveness survey – Members were asked to complete a survey and the initial analysis of the results is considered later in this report. |
| 1.02 | <p>Current Developments and News</p> <p><i>Pension Board update</i></p> <p>The Clwyd Pension Board met on 17 February. Full minutes are not yet available but the main items of discussion were as follows:</p> <ul style="list-style-type: none">• officers provided a verbal update about the ongoing workforce resource issues within the Fund. This focused on the difficulties surrounding the finance section and the plans being made to manage the risk this presents over the summer period when the accounts will be prepared. The discussion recognised the difficulty in retaining and recruiting due to pay levels.• the results of the internal audit of the pensions administration section. |

- the latest update on administration where the Board noted the excellent level of information and progress, particularly around cases levels, employer monitoring and member self-service take up, and were provided with a presentation on the work that has been completed on cyber and business continuity; officers highlighted how useful it has been in identifying any gaps in written processes that could impact business continuity arrangements.
- asset pooling, where the focus was on the WPP operator and the changes to their business. It was discussed that there are some uncertainties from the ongoing situation with the operator. The Chair also agreed to ask about ongoing reporting relating to stock lending at the next WPP Pension Board Chairs' meeting.
- potential changes to the Board Protocol as a result of Mr Everett leaving, where the Board agreed the principles of their preferred approach to the changes being made.
- The Committee effectiveness survey, where the Board received a presentation on the results of the survey and considered how they might review the Board's effectiveness.
- consideration of the proposed budget for 2022/23, for recommending to the Committee.

The next meeting is on 28 June 2022.

1.03 *Pension Fund Committee Effectiveness Survey*

It is good practice to regularly consider how effective governance arrangements are, and this is also an expectation within CIPFA's Principles for Investment Decision Making and Disclosure in the LGPS (based on the "Myners principles") where it states that "Administering Authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body".

As part of this, it is important to understand the views of the individuals involved in those governance arrangements. Committee Members will recall that they were recently asked to complete a survey to establish the Members' views on the effectiveness of the Fund's governance including the Committee arrangements.

The survey was completed by six of the nine Members of the Committee. The anonymised results are included in Appendix 2. The key findings of the survey included:

- in the main, the survey results are extremely positive about how the Members find the Pension Fund Committee operates.
- The principal area for further consideration relates to virtual meetings, where all but one member do not feel are as effective as face to face meetings. Most Members also preferred face to face training.
- Some or all Members find their role on the Committee to be difficult, time-consuming and stressful some or all of the time (albeit all found it to be interesting and enjoyable).

| | |
|------|---|
| | <ul style="list-style-type: none"> Nearly all elements of diversity were highlighted by most Members as being important for the Committee. <p>The results will be considered in more detail by the Advisory Panel with a view to agreeing any changes to ensure the needs of Members are best met.</p> |
| 1.04 | <p><i>LGPS Scheme Advisory Board (SAB) meetings</i></p> <p>The LGPS SAB met on 13 December and considered the following points:</p> <ul style="list-style-type: none"> Concerns relating to the Prudential’s ongoing AVC service Cost Transparency New Compliance and Reporting Committee Letter from Michael Lynk SAB/Committee Membership SAB Annual Report Investment Committee report. <p>The summary of these meeting is attached as Appendix 3.</p> <p>The next meeting was on 7 March 2022 and the meeting papers can be viewed here - https://lgpsboard.org/index.php/about-the-board/prev-meetings. The key agenda items are as follows, some of which are explained further in the next sections of this report:</p> <ul style="list-style-type: none"> Levelling Up White Paper Sharia Compliant Investments New Clause 1 – PSPJO Bill SAB/Committee Membership SAB Budget, Workplan and Forward Look Update Cost Management Committee report Investment Committee report. |
| 1.05 | <p><i>Levelling up White Paper</i></p> <p>As mentioned at the last meeting, a whitepaper on Levelling Up was issued by the government on 2 February. It included the following references relevant to LGPS funds:</p> <p><i>“There is huge potential for institutional investment to support levelling up, across infrastructure, housing, regeneration and SME finance. Institutional investors currently hold UK pension assets of over £3.5tn. Within that, the Local Government Pension Scheme (LGPS) has total investments of over £330bn, making it the largest pension scheme in the UK. Only a tiny fraction of these funds are currently allocated to Local Government Pension Scheme local projects. If all LGPS funds were to allocate 5% to local investing, this would unlock £16bn new investment”</i></p> |

“Infrastructure investment by the LGPS has grown from under £1bn in 2016 to £21bn in 2021. To build on this established capacity and expertise, and ensure that all LGPS funds play their full part, the UK Government is asking LGPS funds, working with the LGPS asset pools, to publish plans for increasing local investment, including setting an ambition of up to 5% of assets invested in projects which support local areas having plans for up to 5% of assets to be allocated to projects which support local areas.”

As is outlined in the SAB paper for the March meeting, SAB secretariat have sought clarification on expectations from DLUHC officials and the following clarifications were received:

- The “up to 5%” quoted is an ambition and is neither mandatory in scale nor a ceiling not to be breached. It will however be mandatory to have a levelling up plan to achieve that ambition.
- “Local” in this context is not restricted to the backyard of the fund. Therefore, investments anywhere in the UK could be included in a levelling up plan.
- The White Paper makes references to ‘increasing investment’. It would appear that government is not looking for LGPS funds to include existing investments in this area. The plan should rather set out how new investments will seek to achieve the ambition in this area
- In the matter of fiduciary duty there does not appear to be any expectation that LGPS funds should put intervention outcomes above return considerations. Instead, the intention would seem to be for funds to actively seek opportunities in this space which contribute to the levelling up agenda while at the same time providing expected levels of return.

Further details are expected to emerge over the next few months. The SAB are currently expecting this to be included in the wider DLUHC summer consultation on LGPS investment matters.

1.06 *Amendments to Public Service Pensions and Judicial Offices Bill – UK Foreign and Defence Policy*

Members may recall that previous LGPS investment guidance was overturned by the Supreme Court following challenge by the Palestine Solidarity campaign. It was considered government were acting beyond their powers in providing guidance to LGPS administering authorities stating that it was inappropriate for LGPS administering authorities to pursue boycotts, divestment and sanctions “against foreign nations and UK defence industries”, other than where formal government sanctions and the like were in place.

The latest development is that an amendment to the Public Service Pensions and Judicial Offices Bill was passed in February to include a power for the Secretary of State to make guidance in this area. The Bill must now receive royal assent to become an Act (expected in March), albeit it could be amended further as the amendments are considered further between the Lords and Commons (“ping pong”).

| | |
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| | <p>If the amendment is retained, this opens the door for the Secretary of State to issue investment guidance which may include matters such as what administering authorities can or cannot consider in relation to foreign policy and divestment beyond those where specific government sanctions are in place. Any such guidance should be subject to consultation and given it would be statutory guidance, it could still be subject to challenge. There is a lot of uncertainty in relation to the impact of this amendment and the LGPS Scheme Advisory Board are working with DLUHC and HMT to obtain clarity.</p> |
| 1.07 | <p><i>Letter from Michael Lynk</i></p> <p>On 22nd November Mr Michael Lynk (United Nations Special Rapporteur on the Palestinian Territories) sent a letter to all LGPS pension committee chairs, which was copied to LAPFF and the Board. The letter asks a number of questions of LGPS funds regarding their investments.</p> <p>The Chair of the LAPFF and SAB Secretary met with Michael Lynk on 11th January to discuss this letter. The discussion was productive and it was agreed to follow up with another call in a month or so. It was made clear that LGPS funds' primary objective in investment is to ensure pensions are paid but they do take human rights issues seriously in their decisions and through LAPFF are actively engaging with many of the companies listed on the database. In that respect Mr Lynk will provide further information on the database in particular the process for removing companies from it.</p> |
| 1.08 | <p>Policy and Strategy Implementation and Monitoring</p> <p><i>Knowledge and Skills Policy and Training Plan</i> <u>Policy requirements</u></p> <p>The Clwyd Pension Fund Knowledge and Skills 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 (“hot topic” training) and • attend at least one day each year of general awareness training or events. <p><u>Training undertaken</u> - Appendix 4 sets out the Training Plan for the Fund. Recent events included:</p> <ul style="list-style-type: none"> • WPP Progress of Pools / Collaboration Opportunities on 19 January 2022 • Essential CPF training on cyber (15 December 2021) and tax considerations for scheme members (19 January 2022) • LGA Annual Conference on 20-21 January 2022. <p>A summary of the attendance at the Fund's hot topic training sessions this year is included below:</p> |

| | Date | Number of Committee attending (Proportion of total) | Number of Board attending (Proportion of total) |
|--|--------|--|--|
| Hot Topic Sessions – Target attendance is 75% | | | |
| Funding / Flightpath 1 | Apr-21 | 7 (78%) | 1 (25%) |
| Fossil Fuel and Divestment | May-21 | 8 (89%) | 3 (75%) |
| RI Roadmap | May-21 | 8 (89%) | 2 (50%) |
| Funding / Flightpath 2 | Jul-21 | 3 (33%) | 2 (50%) |
| Conflicts of Interest | Nov-21 | 7 (78%) | 4 (100%) |
| Cyber | Dec-21 | 8 (89%) | 4 (100%) |
| Tax / Annual Allowance | Jan-22 | 7 (78%) | 4 (100%) |

As can be seen, attendance at the most recent hot topic sessions has been good and has met the target attendance levels.

Future training and events

Officers will continue to be in touch with information as further training sessions and events become available. In the meantime, if any Committee or Board members wish to attend any of the following optional events please contact the Deputy Head of Clwyd Pension Fund:

- 22 March 2022 - WPP Good Governance/ Cost Transparency
- 24 to 25 March 2022 - LGC Investment Summit (Carden Park).
- 13 to 15 June 2022 - PLSA Annual Conference.

Committee members should however note the following training sessions which are classed as essential for all Committee and Board members and senior officers:

- 8 June 2022 at 10am - Communications strategy
- 24 August 2022 at 2.30pm - Funding strategy
- 5 October 2022 at 10am – Investment strategy and asset classes.

1.09

Recording and Reporting Breaches Procedure

The Fund's procedure requires that the Head of Clwyd Pension Fund maintains a record of all breaches of the law identified in relation to the management of the Fund. Appendix 5 details the current breaches that have been identified.

The new breaches that have been added since the last Committee (F35 onwards) all relate to late pension contributions or remittance advices. All but one are now resolved due to the outstanding contributions and remittance advices having been received. Unfortunately these include ongoing late contributions and remittances from Hafan Deg, and these relate to one Fund member. Given these problems have gone on for a

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| | number of months now, Fund officers are looking at ways to ensure the ongoing problems are resolved. |
| 1.10 | <p>Delegated Responsibilities</p> <p>The Pension Fund Committee has delegated a number of responsibilities to officers or individuals. There have been no uses of delegated powers for governance matters since the last update report.</p> |
| 1.11 | <p>Calendar of Future Events</p> <p>Appendix 6 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. Key dates to note are:</p> <ul style="list-style-type: none"> • The next Committee meeting is on 15 June 2022. • The Fund's Annual Joint Consultative Meeting will take place on 13 December 2022. |

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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | Although there are no resource implications directly as a result of this report, Members should note governance risk 6 in appendix 7, and considered in paragraph 4.01, which highlights concerns following the resignation of the Pension Fund's Accountant. |

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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | None. |

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| 4.00 | RISK MANAGEMENT |
| 4.01 | <p>Appendix 7 provides the dashboard showing current risks relating to the Fund as a whole, as well as the extract of governance risks. The risk register has been updated since it was last presented to the Committee in November.</p> <p>The main change this month relate to:</p> <ul style="list-style-type: none"> • Governance Risk 2 - Governance is poor including due to short appointments or poor knowledge at PFC, resulting in inappropriate or no decisions being made – the likelihood of this has been changed from Very Low to Low, recognising there could be change in the Committee as a result of the Welsh local authority elections. It is hoped that this will not be the case but continuity of membership would be extremely beneficial in managing this risk. |

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| | <ul style="list-style-type: none"> • Governance Risk 6 – Insufficient staff numbers (e.g. resignations), resulting in services are not being delivered to meet legal and policy objectives – the impact of this has been increased from Marginal to Critical to recognise that a key member of the Finance Team (the Fund Accountant) has resigned. An additional action has been added to identify how services in the team can be supported until recruitment is possible, noting that there is already another long-term vacancy in that team. |
|--|--|

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| 5.00 | APPENDICES |
| 5.01 | <p>Appendix 1 – Business plan progress 2021/22</p> <p>Appendix 2 – Effectiveness survey results</p> <p>Appendix 3 – SAB meeting summary for 13 December 2021</p> <p>Appendix 4 – Training plan</p> <p>Appendix 5 – Breaches log</p> <p>Appendix 6 – Calendar of future events</p> <p>Appendix 7 – Risk Register</p> |

| | |
|-------------|--|
| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | <p>Report to March 2021 Pension Fund Committee - 2021/22 Business Plan</p> <p>Report to March 2022 Pension Fund Committee – 2022/23 Business Plan</p> <p>Contact Officer: Philip Latham, Head of Clwyd Pension Fund</p> <p>Telephone: 01352 702264</p> <p>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) Committee or PFC – 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> |

- (d) **Board, 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.
- (e) **LGPS – Local Government Pension Scheme** – the national scheme, which Clwyd Pension Fund is part of.
- (f) **SAB – The national Scheme Advisory Board** – the national body responsible for providing direction and advice to LGPS administering authorities and to DLUHC.
- (g) **DLUHC – Department of Levelling Up, Housing and Communities** – the government department responsible for the LGPS legislation.
- (h) **JGC – Joint Governance Committee** – the joint committee established for the Wales Pension Partnership asset pooling arrangement.
- (i) **CIPFA – Chartered Institute of Public Finance and Accountancy** - a UK-based international accountancy membership and standard-setting body. They set the local government accounting standard and also provide a range of technical guidance and support, as well as advisory and consultancy services. They also provide education and learning in accountancy and financial management.
- (j) **TPR – The Pensions Regulator** – TPR has responsibilities to protect UK's workplace pensions and make sure employers, scheme managers and pension specialists can fulfil their duties to scheme members. This includes oversight of public service pension schemes, including the LGPS. Specific areas of oversight are set out in legislation and also expanded on within TPR's Guidance and Codes of Practice.
- (k) **PLSA - Pensions and Lifetime Savings Association** – PLSA aims to bring together the industry and other parties to raise standards, share best practice and support its members. It works collaboratively with members, government, parliament, regulators and other stakeholders to help build sustainable policies and regulation which deliver a better income in retirement.
- (l) **HMT – Her Majesty's Treasury** – HMT has a responsibility to approve all LGPS legislation before it is made.

Business Plan 2021/22 to 2023/24 – Q4 Update

Governance

Cashflow projections

| | 2019/20 £000s | 2020/21 £000s | 2021/22 £000s | | | |
|--|-----------------|-----------------|-----------------|-----------------|-------------------------|-------------------|
| | Actual | Actual | Budget | Actual | Projected for full year | Final under/ over |
| Opening Cash | (5,764) | (20,237) | (29,760) | (37,078) | | |
| Payments | | | | | | |
| Pensions | 63,182 | 64,908 | 66,600 | 50,005 | 66,808 | 208 |
| Lump Sums & Death Grants | 15,486 | 12,475 | 16,000 | 13,626 | 16,842 | 842 |
| Transfers Out | 4,447 | 5,901 | 6,000 | 3,405 | 5,016 | (984) |
| Expenses | 3,863 | 5,073 | 5,480 | 3,350 | 4,427 | (1,053) |
| Tax Paid | 107 | 174 | 100 | 62 | 62 | (38) |
| Support Services | 161 | 173 | 180 | 0 | 180 | 0 |
| Total Payments | 87,246 | 88,704 | 94,360 | 70,448 | 93,335 | (1,025) |
| Income | | | | | | |
| Employer Contributions | (41,665) | (49,282) | (49,000) | (36,908) | (49,910) | (910) |
| Employee Contributions | (15,363) | (17,518) | (17,000) | (12,980) | (17,369) | (369) |
| Employer Deficit Payments | (19,244) | (14,977) | (15,000) | (14,422) | (14,383) | 617 |
| Transfers In | (5,976) | (3,393) | (6,000) | (5,438) | (7,538) | (1,538) |
| Pension Strain | (1,558) | (107) | (1,200) | (1,067) | (1,067) | 133 |
| Income | (92) | (30) | (40) | (37) | (37) | 3 |
| Total Income | (83,898) | (85,307) | (88,240) | (70,852) | (90,304) | (2,064) |
| Cashflow Net of Investment Income | 3,348 | 3,397 | 6,120 | (404) | 3,031 | (3,089) |
| Investment Income | (9,464) | (10,270) | (8,000) | (9,234) | (11,334) | (3,334) |
| Investment Expenses | 3,800 | 3,918 | 4,000 | 4,875 | 5,550 | 1,550 |
| Total Net of In House Investments | (2,316) | (2,955) | 2,120 | (4,763) | (2,753) | (4,873) |
| In House Investments | | | | | | |
| Draw downs | 115,114 | 43,927 | 66,175 | 54,152 | 63,982 | (2,193) |
| Distributions | (55,270) | (63,533) | (69,203) | (96,452) | (110,246) | (41,043) |
| Net Expenditure /(Income) | 59,844 | (19,606) | (3,028) | (42,300) | (46,264) | (43,236) |
| Total Net Cash Flow | 57,528 | (22,561) | (908) | (47,063) | (49,017) | (48,109) |
| Rebalancing Portfolio | (72,001) | 5,720 | | 10,197 | 10,197 | 10,197 |
| Total Cash Flow | (14,473) | (16,841) | (908) | (36,866) | (38,820) | |
| Closing Cash | (20,237) | (37,078) | (30,668) | (73,944) | (75,898) | |

Operating Costs

| | 2019/20 | 2020/21 | 2021/22 | | | |
|---|---------------|---------------|----------------|--------------|-------------------------|----------------------|
| | Actual | Actual | Revised Budget | Actual | Projected for full year | Projected under/over |
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Governance Expenses | | | | | | |
| Employee Costs (Direct) | 283 | 261 | 326 | 220 | 294 | (32) |
| Support & Services Costs (Internal Recharges) | 20 | 22 | 24 | 0 | 24 | 0 |
| IT (Support & Services) | 2 | 1 | 5 | 0 | 2 | (3) |
| Other Supplies & Services) | 102 | 54 | 97 | 37 | 65 | (32) |
| Audit Fees | 38 | 39 | 41 | 7 | 41 | 0 |
| Actuarial Fees | 465 | 536 | 696 | 281 | 483 | (212) |
| Consultant Fees | 641 | 815 | 1,142 | 604 | 1,061 | (81) |
| Advisor Fees | 220 | 576 | 485 | 354 | 580 | 94 |
| Legal Fees | 20 | 16 | 40 | 14 | 84 | 44 |
| Pension Board | 53 | 106 | 91 | 44 | 92 | 1 |
| Pooling (Consultants & Host Authority) | 79 | 101 | 130 | 51 | 140 | 10 |
| Total Governance Expenses | 1,923 | 2,527 | 3,077 | 1,611 | 2,865 | (211) |
| Investment Management Expenses | | | | | | |
| Fund Manager Fees* | 20,030 | 16,924 | 19,915 | 4,940 | 15,500 | (4,415) |
| Custody Fees | 31 | 69 | 32 | 23 | 113 | 81 |
| Performance Monitoring Fees | 76 | 67 | 53 | 16 | 53 | 0 |
| Pooling (Operator / Manager) | 292 | 304 | 636 | 0 | 500 | (136) |
| Total Investment Management Expenses | 20,429 | 17,364 | 20,636 | 4,979 | 16,166 | (4,470) |
| Administration Expenses | | | | | | |
| Employee Costs (Direct) | 935 | 1,091 | 1366 | 942 | 1,213 | (153) |
| Support & Services Costs (Internal Recharges) | 151 | 150 | 158 | 0 | 158 | 0 |
| Outsourcing | 197 | 6 | 30 | 34 | 60 | 30 |
| IT (Support & Services) | 408 | 426 | 515 | 436 | 477 | (38) |
| Other Supplies & Services) | 112 | 119 | 134 | 61 | 103 | (31) |
| Miscellaneous Income | 0 | 42 | 0 | 0 | 0 | 0 |
| Total Administration Expenses | 1,803 | 1,834 | 2,203 | 1,474 | 2,011 | (192) |
| Employer Liaison Team | | | | | | |
| Employee Costs (Direct) | 222 | 199 | 286 | 113 | 255 | (31) |
| Total Costs | 24,377 | 21,924 | 26,201 | 8,177 | 21,297 | (4,904) |

Key Tasks

Key:

| | |
|----|--|
| | Complete |
| | On target or ahead of schedule |
| | Commenced but behind schedule |
| | Not commenced |
| xN | Item added since original business plan |
| xM | Period moved since original business plan due to change of plan /circumstances |
| x | Original item where the period has been moved or task deleted since original business plan |

Governance Tasks

| Ref | Key Action –Task | 2021/22 Period | | | | Later Years | |
|-----|---|----------------|----|----|----|-------------|-------------|
| | | Q1 | Q2 | Q3 | Q4 | 2022/ 23 | 2023/ 24 |
| G1 | Review against new TPR Single Modular Code | x | | x | x | xM | |
| G2 | Develop business continuity arrangements | x | x | x | x | | |
| G3 | Ensure appropriate cyber-security is in place | x | x | x | | | |
| G4 | Review of governance related policies | | | x | | x | x |
| G5 | Outcome of Scheme Advisory Board good governance review | | x | x | x | x | |
| G6 | Effectiveness survey | | | x | | | |

Governance Task Descriptions

G1 – Review against new TPR Single Modular Code

What is it?

The Pensions Regulator (TPR) is expected to introduce a new Single Modular Code in Autumn 2021 (subject to consultation in Spring 2021). This new Code will merge the existing 15 codes the Regulator has in place. The first iteration of the new Code will include Code of Practice No.14 (the relevant Code for Public Service Pension Schemes) as part of the merger of 10 of the 15 codes currently in place. This could result in changes to the requirements placed on Public Service Pension Schemes, including the LGPS. Work will be undertaken to review whether the Fund complies with the requirements within the new Code. After the initial review, ongoing compliance checks will be carried out on a regular basis.

Timescales and Stages

| | |
|---|----------------|
| Respond to Single Modular Code consultation | 2021/22 Q1 |
| Review and report the CPF's activity against the new Single Modular Code from TPR (estimated) | 2021/22 Q3 & 4 |

Resource and Budget Implications

This review will be performed by the Deputy Head of Clwyd Pension Fund and Pensions Administration Manager working with the Independent Adviser. Estimated costs of the review are included within the budgets shown.

G2 – Develop business continuity arrangements

What is it?

The Fund has carried out a number of tests in recent years to ensure services can continue to be maintained in various scenarios, such as an office fire. Given the COVID-19 pandemic and the like changes to working methods going forward, a review of the Fund's business continuity plans and processes is taking place. This will include:

- development of a high level Business Continuity Policy (to will be considered by the Committee in March 2021)
- a Business Impact Analysis - considering the key business processes, priorities, recovery times and risks
- developing appropriate business continuity plans
- creating a testing schedule
- ongoing work to minimise risks, including documenting processes where gaps were identified as part of the Business Impact Analysis and developing a plan for further staff training.

Timescales and Stages

| | |
|---|------------------|
| Develop Business Continuity Policy | 2020/21 Q4 |
| Carry out Business Impact Analysis | 2021/22 Q1 to Q2 |
| Developing Business Continuity Plan | 2021/22 Q2 to Q4 |
| Document processes relating to gaps & identify ongoing training needs | 2021/22 Q2 to Q4 |
| Develop Testing Schedule | 2021/22 Q3 to Q4 |

Resource and Budget Implications

To be led by the Deputy Head of Clwyd Pension Fund and the Pensions Administration Manager with input from the Head of Clwyd Pension Fund and guidance from the Independent Adviser. All expected costs are included within the existing budgets.

G3 – Ensure appropriate cyber-security is in place

What is it?

Cyber risk is considered a key risk to the Fund, as it is to most organisations nowadays. In line with TPR's requirements, work will continue in this area to better understand how cyber risk is being managed in relation to the Fund's member data, assets and other procedures. The Fund has performed some initial investigations around how external suppliers intend to manage cyber risk. It is now completing the data and asset mapping to categorise risks and help the Fund plan out further work in this area focussing on the areas of key risk. Following this a process will also be put in place to ensure that ongoing checks are carried out.

Timescales and Stages

| | |
|--|------------------|
| Finalise data and asset mapping | 2021/22 Q1 to Q2 |
| Establish a programme for completing ongoing work to embed this in business as usual | 2021/22 Q3 |

Resource and Budget Implications

To be led by the Deputy Head of Clwyd Pension Fund, the Pensions Administration Manager with input from the Head of Clwyd Pension Fund and assistance from the Independent Adviser. All expected costs are included within the existing budgets.

G4 – Review of Governance Related Policies

What is it?

The Fund has several policies focussing on the good governance of the Fund, all of which are subject to a fundamental review, usually at least every three years. The policies and the due dates for their reviews are as follows:

| Policy | Last reviewed | Next review due |
|---|----------------|-----------------|
| Governance Policy and Compliance Statement* | February 2020 | February 2023 |
| Risk Policy | October 2020 | October 2023 |
| Conflicts of Interest Policy | September 2018 | September 2021 |
| Procedure for Recording and Reporting Breaches of the Law | November 2018 | November 2021 |
| Training Policy | November 2015 | Due now* |

*CIPFA are due to issue an updated Code of Practice relating to LGPS Knowledge and Skills, which is currently expected in April 2021. It seems appropriate that any changes are incorporated into the review if the Training Policy, which will therefore continue to be deferred until the updated CIPFA Code is issued.

Timescales and Stages

| | |
|---|-----------------|
| Training Policy | 2021/22 Q2 & Q3 |
| Conflicts of Interest Policy | 2021/22 Q2 & Q3 |
| Procedure for Recording and Reporting Breaches of the Law | 2021/22 Q2 & Q3 |
| Governance Policy and Compliance Statement* | 2022/23 |
| Risk Policy | 2023/24 |

*The requirements relating to this are currently under national review, so it is possible this may need to be reviewed at an earlier stage due to national changes.

Resource and Budget Implications

It is expected this will mainly involve the Head of Clwyd Pension Fund taking advice from the Independent Adviser. Estimated costs are included in the budget.

G5 – Outcome of Scheme Advisory Board good governance review

What is it?

The national LGPS Scheme Advisory Board (SAB) carried out a project to help and assist with the successful management of potential conflict of interests arising between a pension fund and its parent local authority. It was originally investigating options for change regarding the separation of LGPS pension funds and their host authorities.

The review has now evolved to focus on the elements of good governance, rather than the structure of the organisation. A number of recommendations have been made including ensuring appropriate conflicts of interest management, knowledge and skills and having a designated LGPS lead officer in each administering authority. The SAB has now made a number of formal recommendations to MHCLG, including the request for MHCLG to issue statutory guidance relating to the areas of best practice identified by the project. SAB will also be undertaking a number of surveys to take forward some of the work and is expected to issue guidance in due course. The actual timescales are estimated and may be delayed due to other national priorities.

Timescales and Stages

| | |
|--|------------------------------|
| Expected period to review existing arrangements against new statutory guidance and/or guidance | 2021/22 Q2 to Q4 and 2022/23 |
|--|------------------------------|

Resource and Budget Implications

Estimated costs for this work are included within this year's budget although costs are uncertain at this time and may vary depending on the final guidance and requirements. It is expected this will mainly involve the Head of Clwyd Pension Fund taking advice from the Independent Adviser.

G6 – Effectiveness Survey

What is it?

It is generally accepted that the effectiveness of governance arrangements should be considered regularly given the impact these can have on the management of the Fund (financially and otherwise). The Fund's Independent Adviser provides an annual report on the effectiveness of the Fund's governance arrangements. Feedback is also received through other routes including from the Pensions Board. However Myners' Principles highlight the need for self-assessment by both officers and members of a Committee. Accordingly, an effectiveness survey of the Committee, Board members and key officers will be undertaken. This will provide members with an opportunity to share their views on the governance arrangements for the Fund. This will also be timely given the requirements from the SAB good governance review.

Timescales and Stages

| | |
|-----------------------------------|------------|
| Undertake an effectiveness survey | 2021/22 Q3 |
|-----------------------------------|------------|

Resource and Budget Implications

This review will be performed by the Independent Adviser. Costs of the review will be included within the relevant year's budget.

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Summary of Effectiveness Survey

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Clwyd Pension Fund



Prepared for: Pension Fund Committee

Prepared by: Aon

Date: 16 March 2022

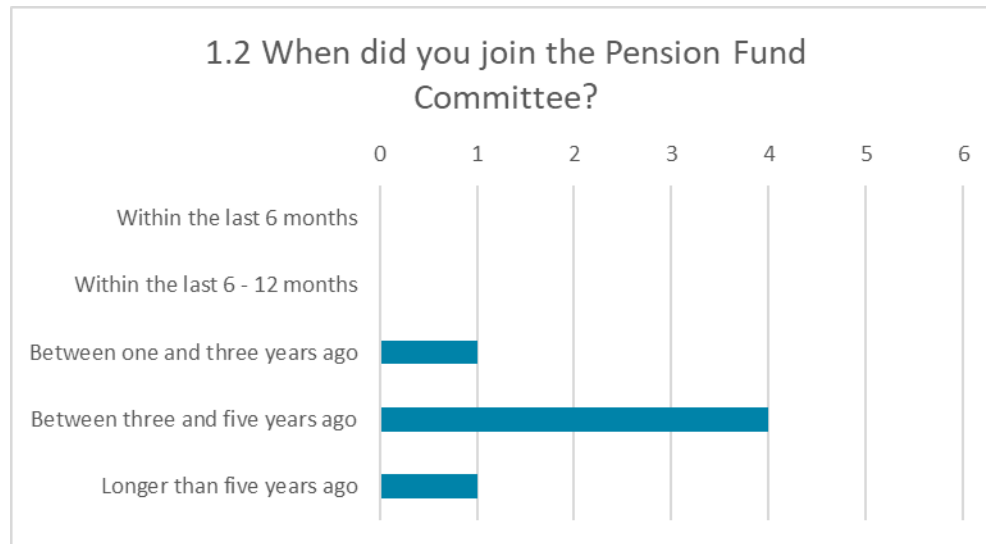
Summary of Members' key concerns

Summary

- Generally the survey results are positive about how the members find the Pension Fund Committee operates.
- In most areas the members have no or very little concern, however we have shown the areas where at least two members raised concerns.
- The biggest area of concern is around virtual meetings and training sessions, which the majority of members do not feel work as well as face to face meetings.

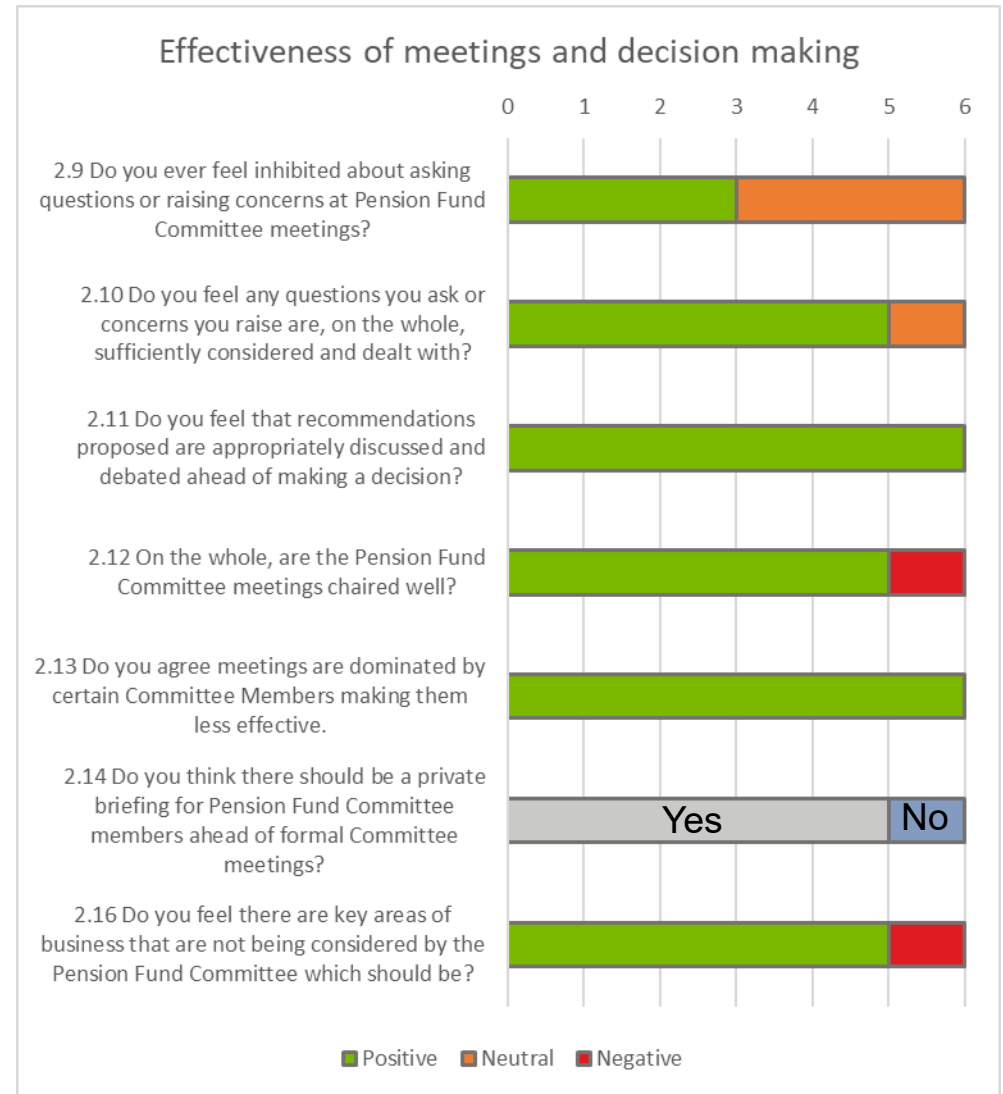
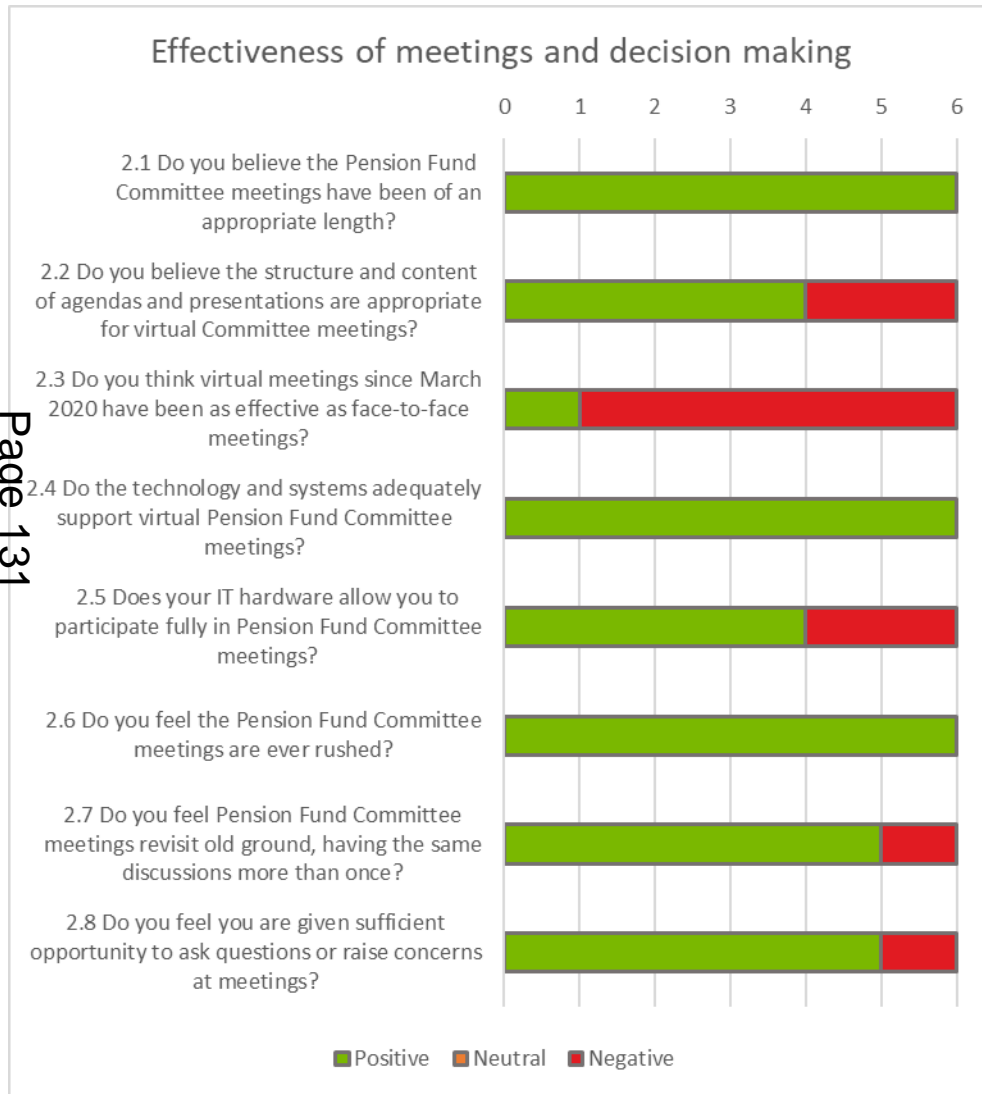
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The answers shown here were supplemented by written comments; these have helped to explain the thoughts underlying the members' answers.



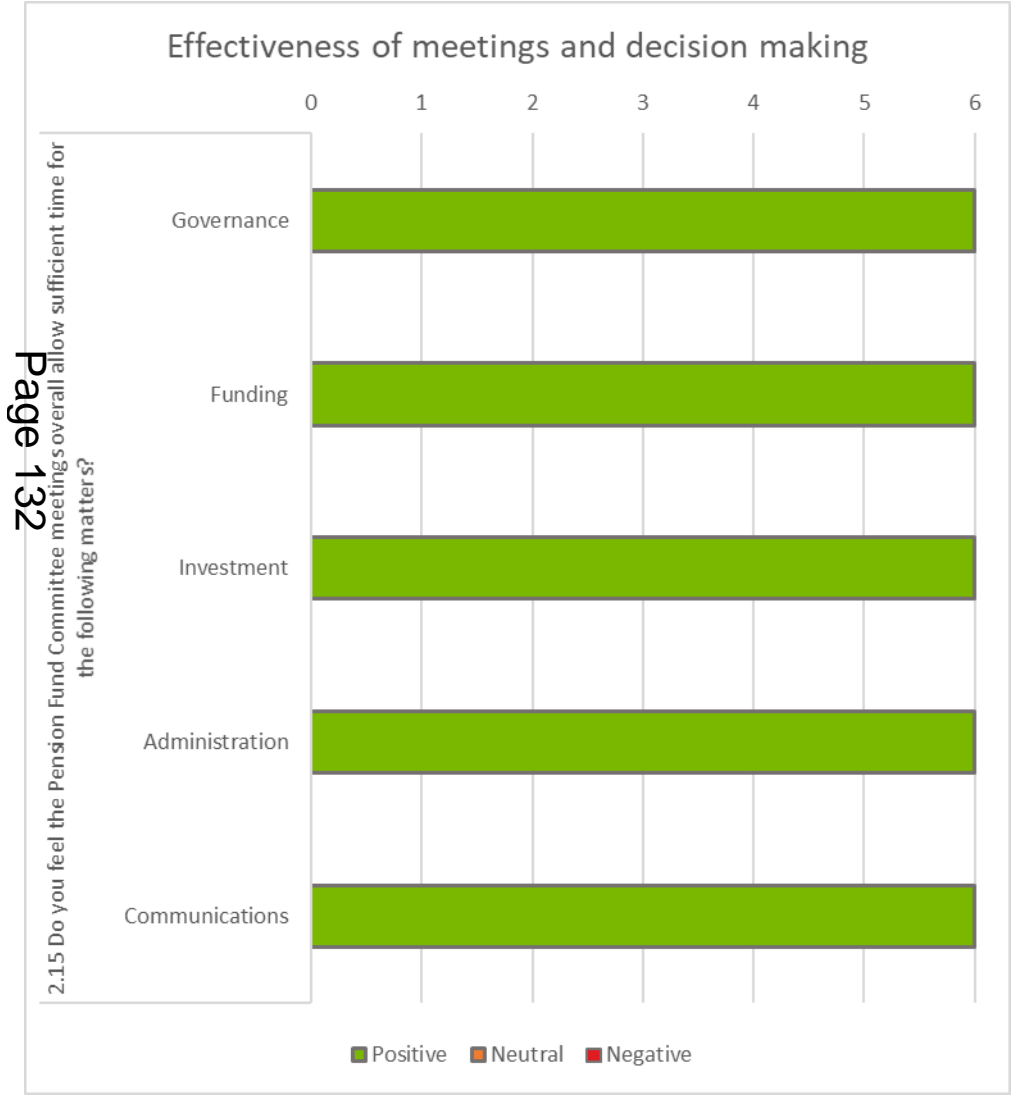
Effectiveness of meetings and decision making

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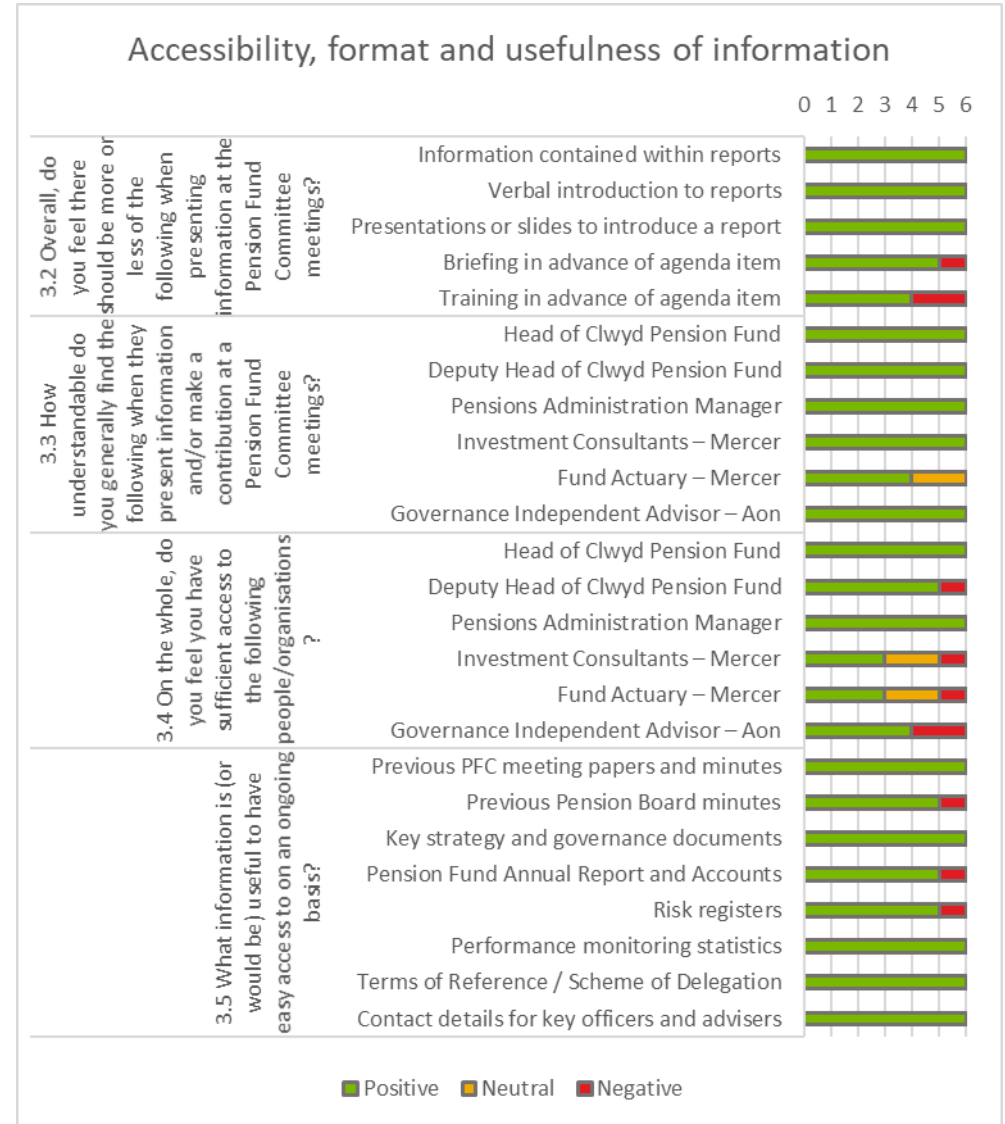
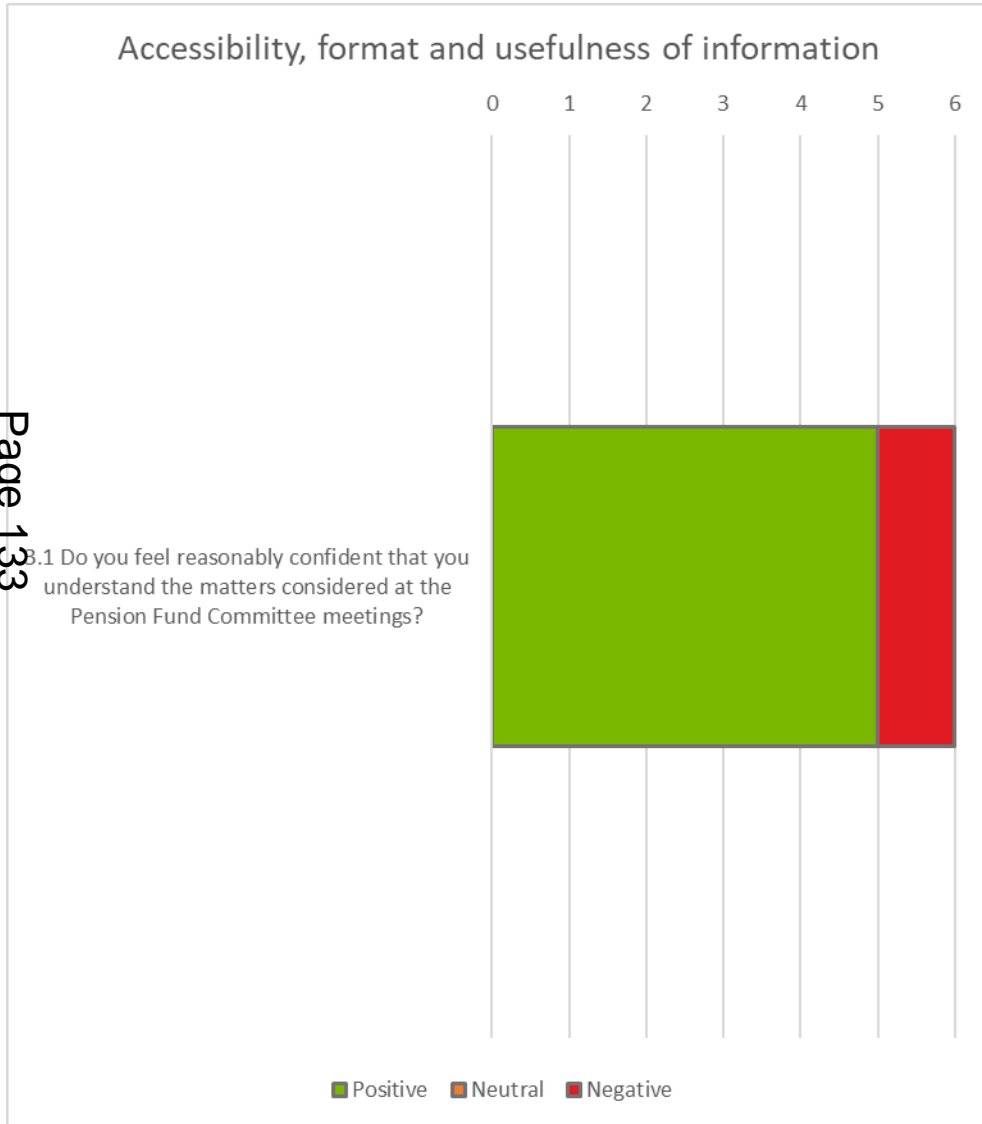
Note: Question 2.14 is asking for an opinion of members and so cannot be assessed as either a positive or negative answer. We have shown the actual answers given by the members instead. Overall the view was that the current approach with a written briefing circulated in advance was suitable.

Effectiveness of meetings and decision making



Accessibility, format and usefulness of information

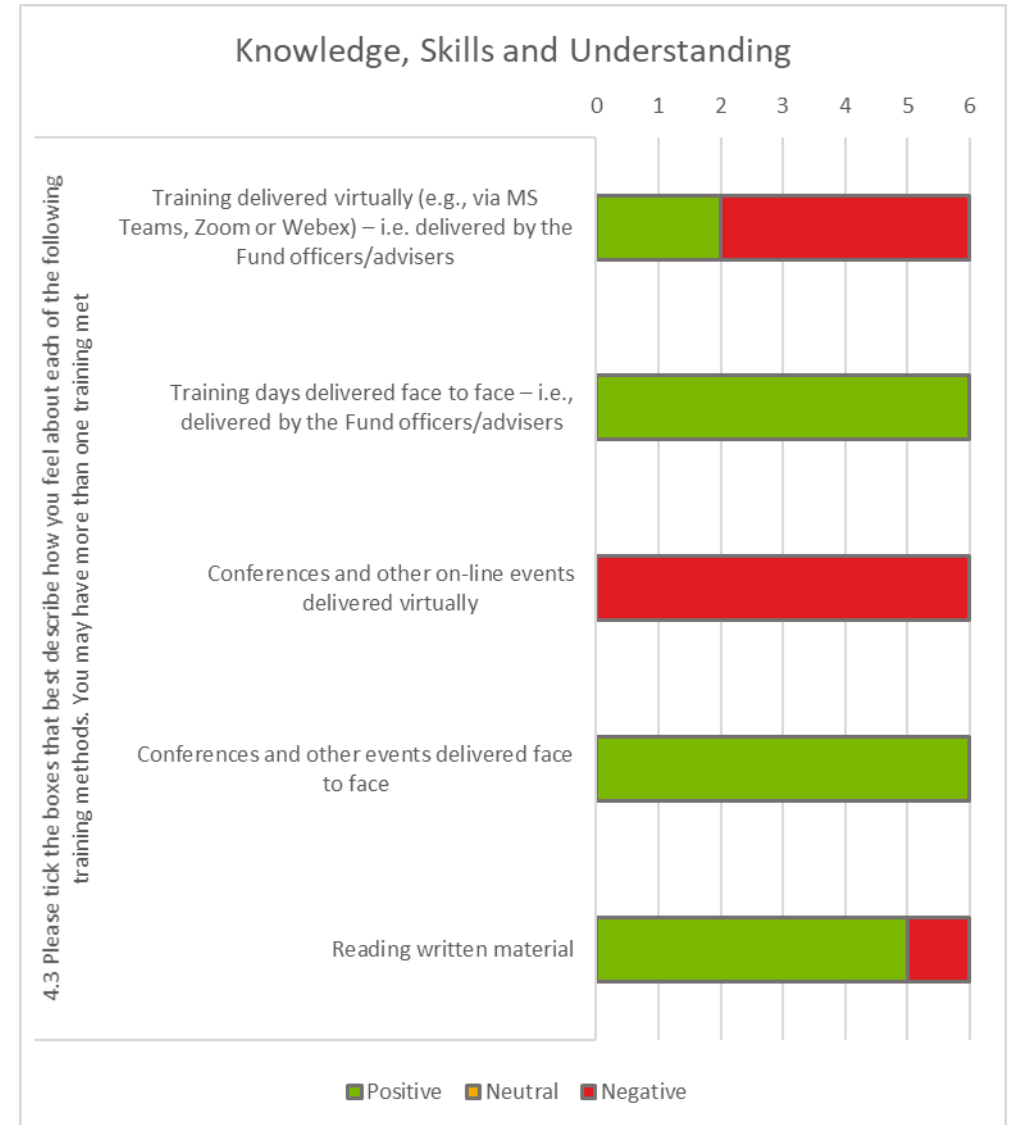
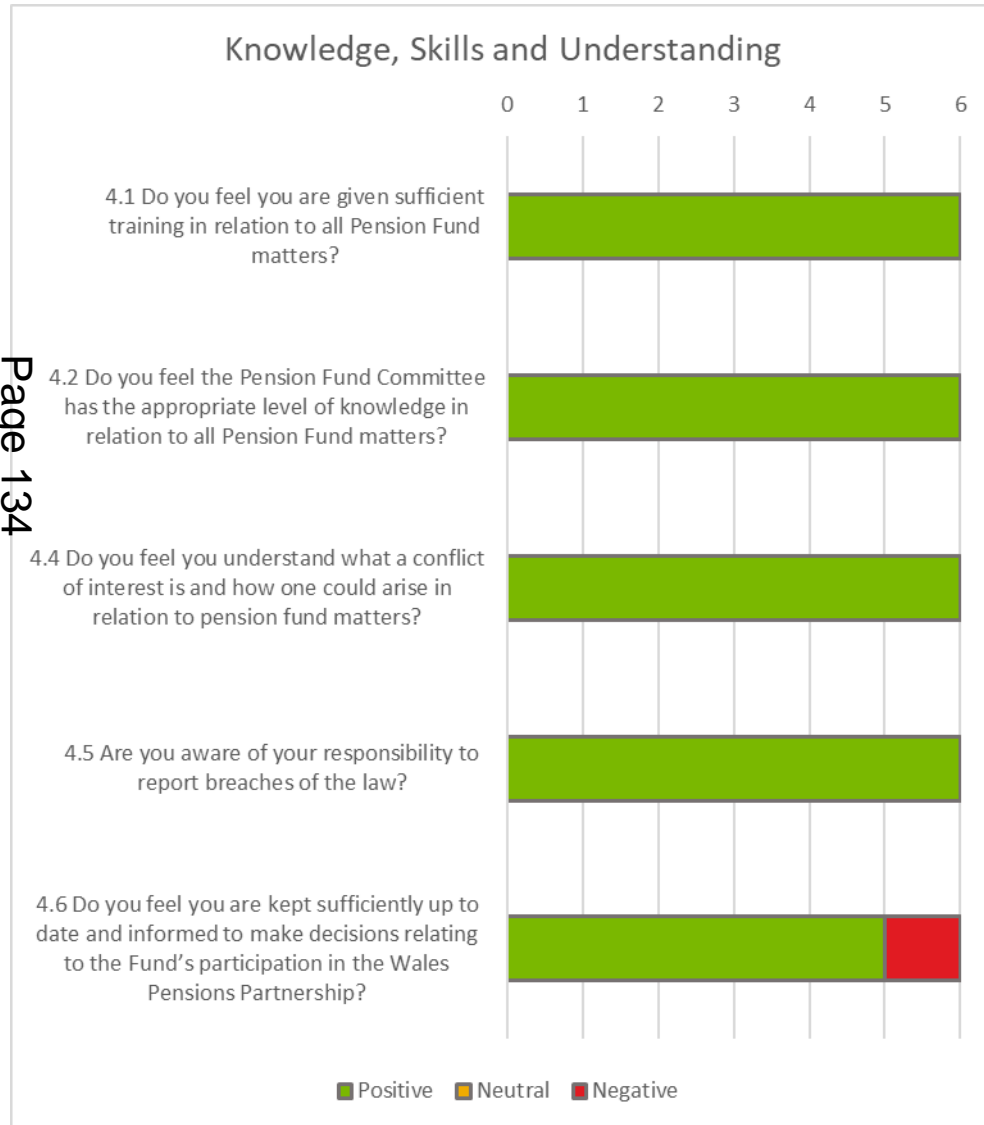
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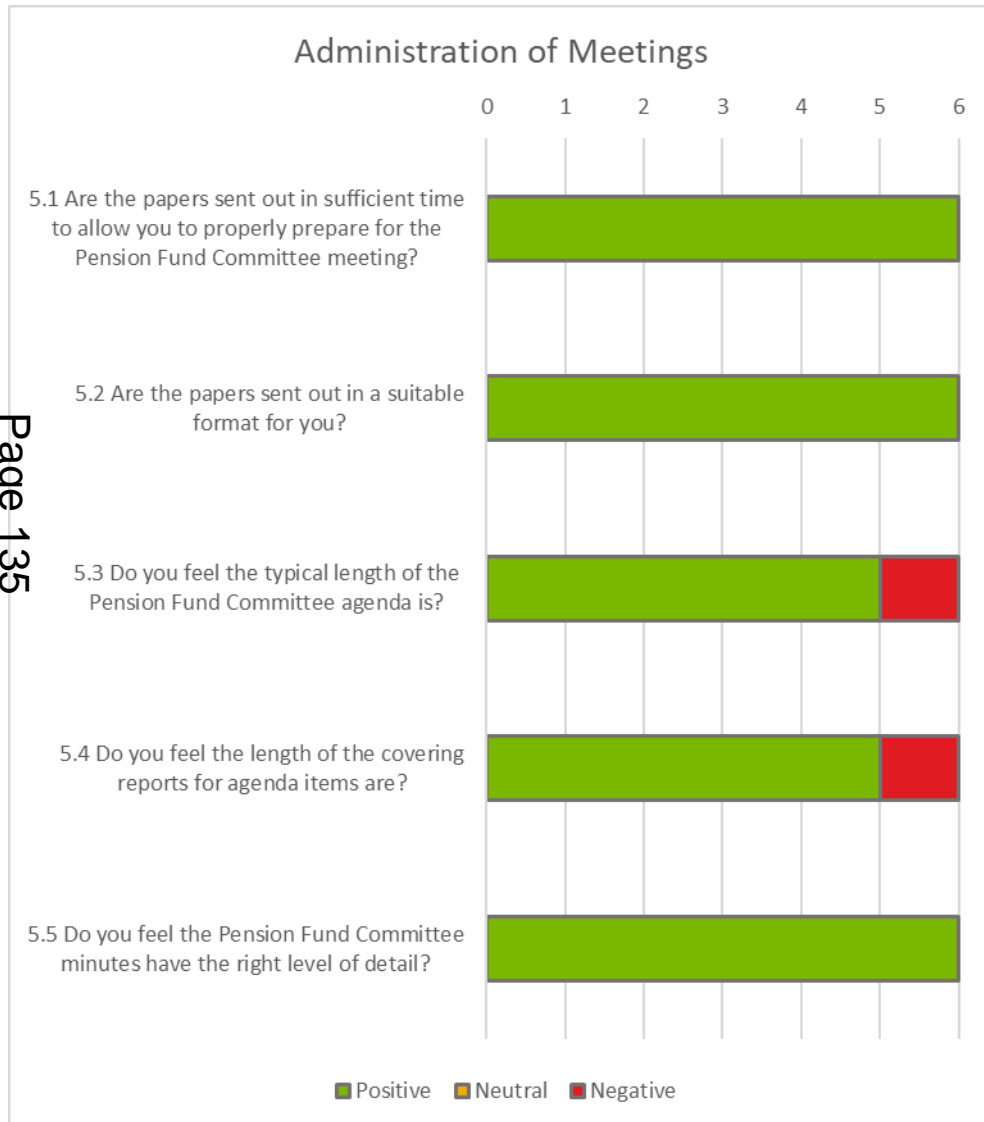
Note: Question 3.2 shows different wording to the summary slide. The question shown here is the question asked in the survey, where the only positive answer was “It’s about right”. The negative answers indicated that “more” work could be done in advance of the PFC.

Knowledge, Skills and Understanding

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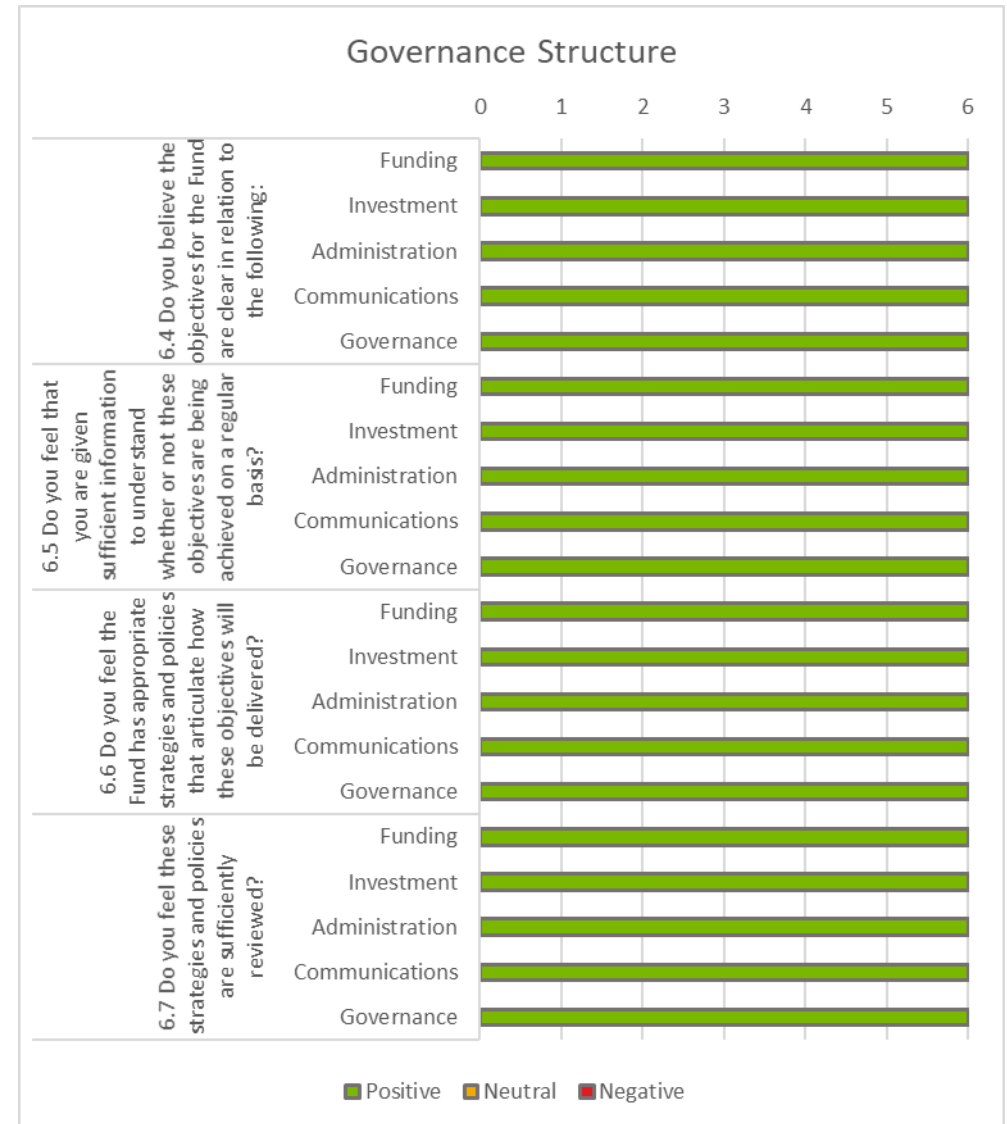
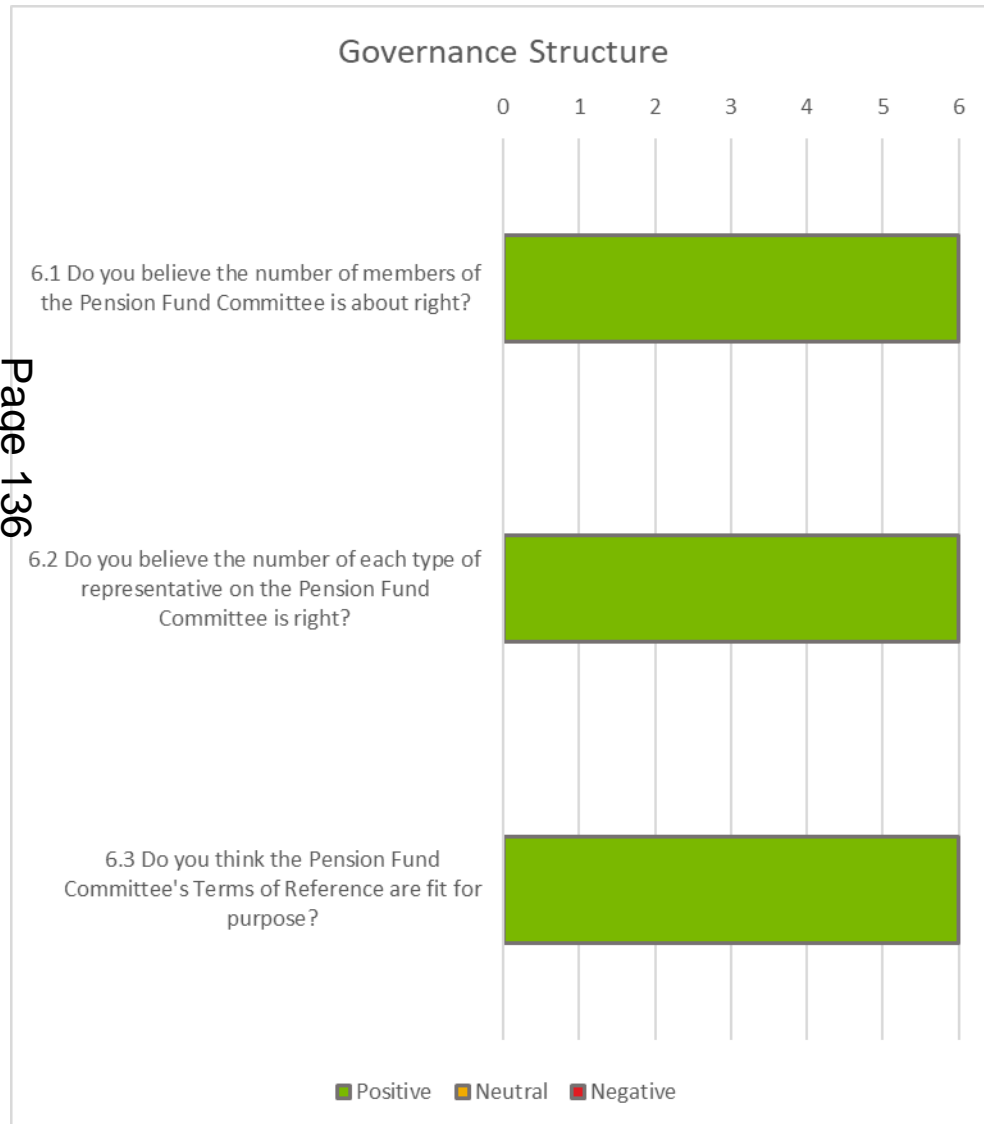


Administration of Meeting



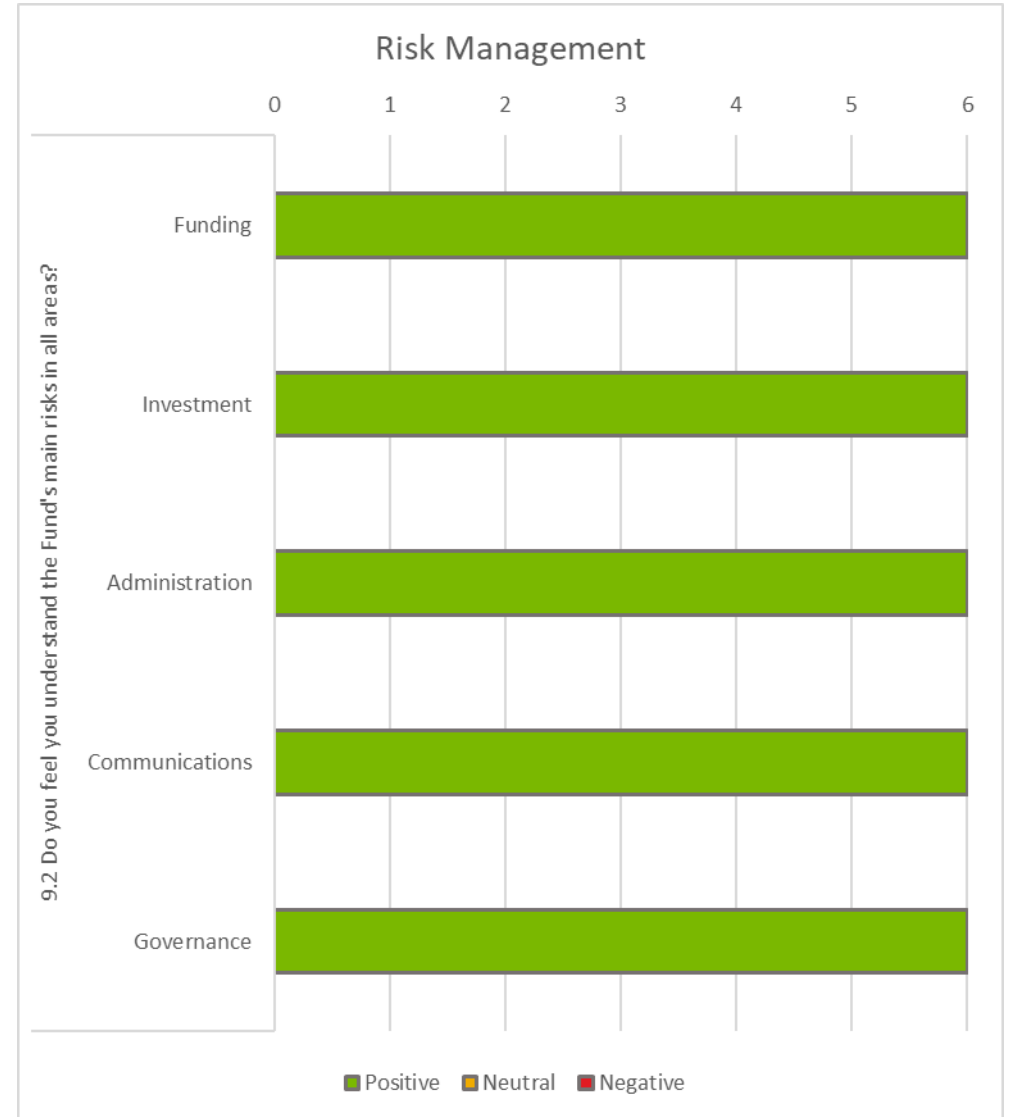
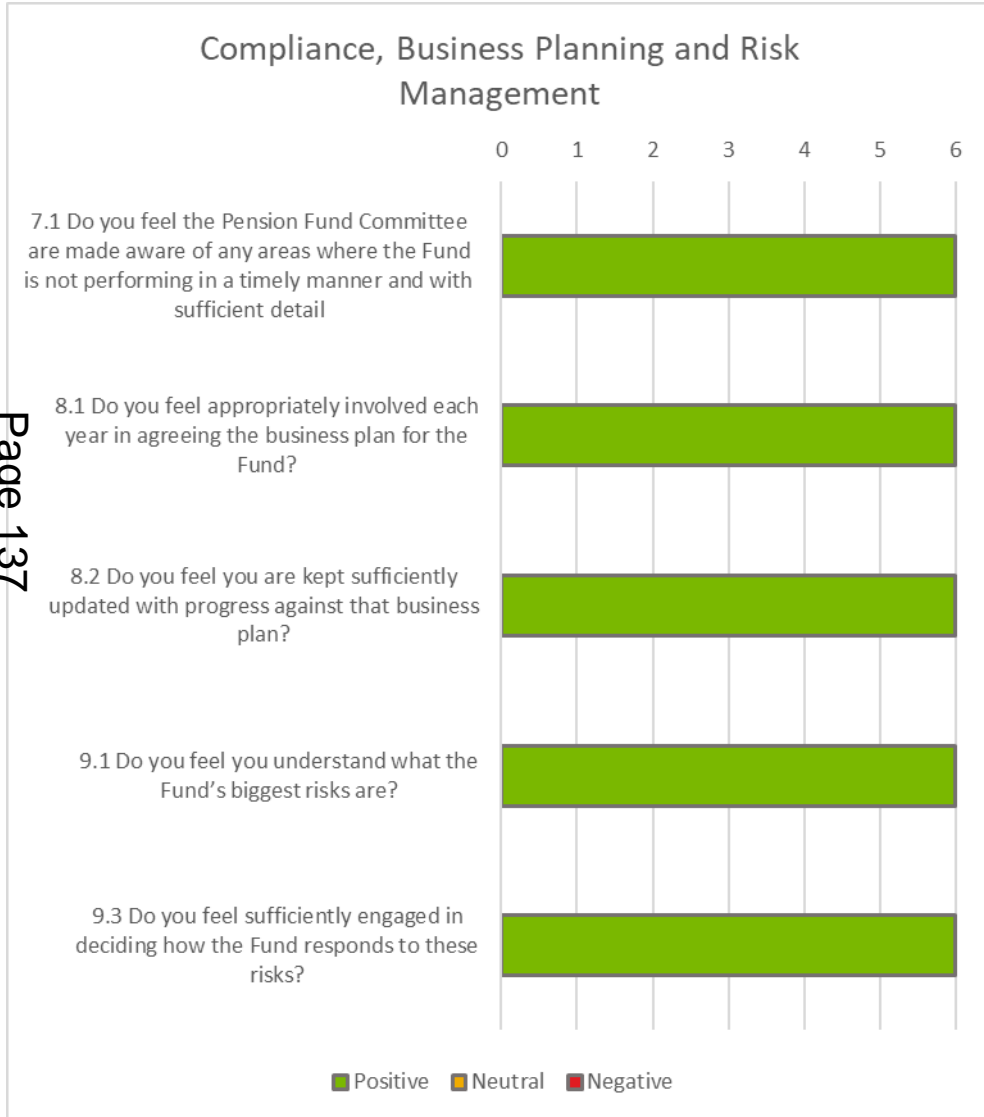
Governance Structure

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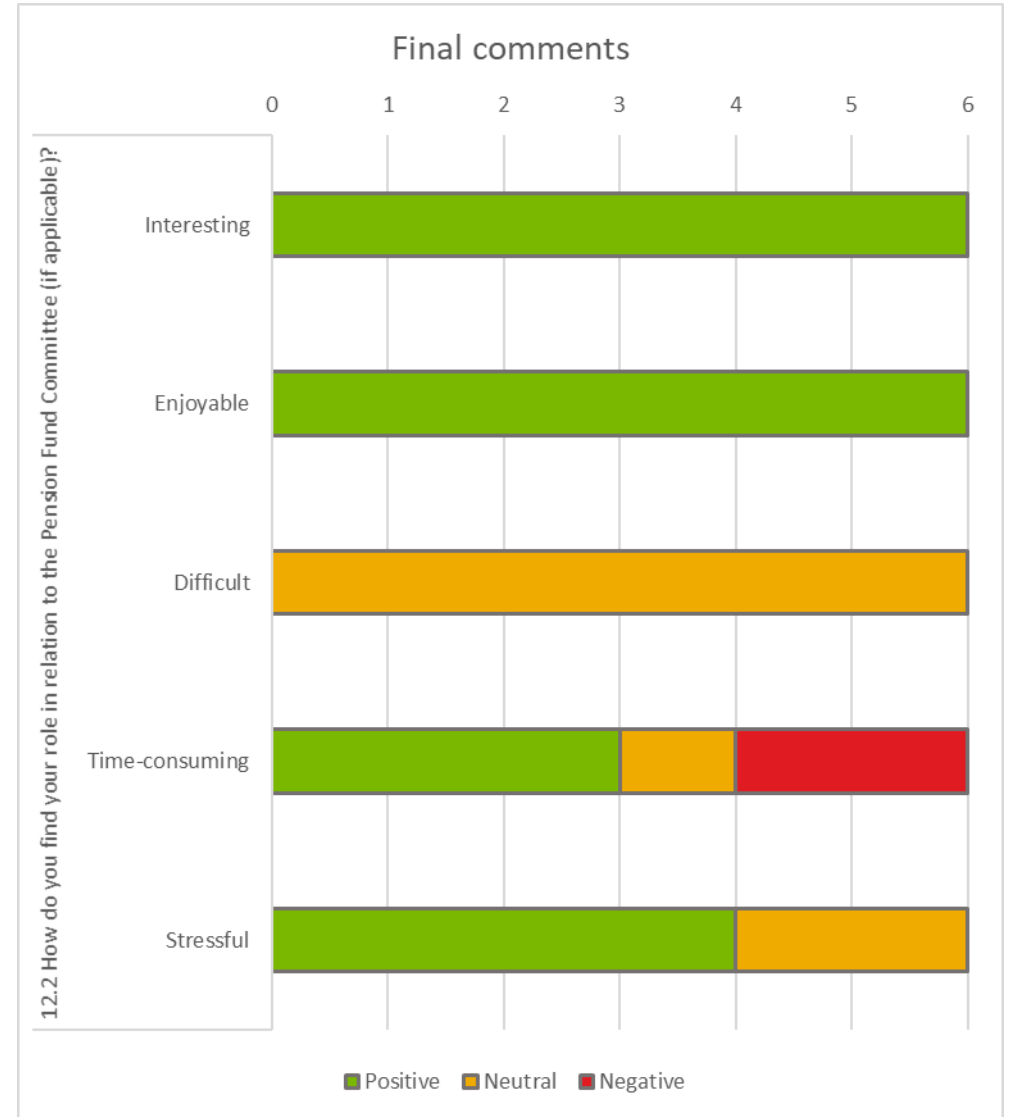
Compliance, Business Planning and Risk Management

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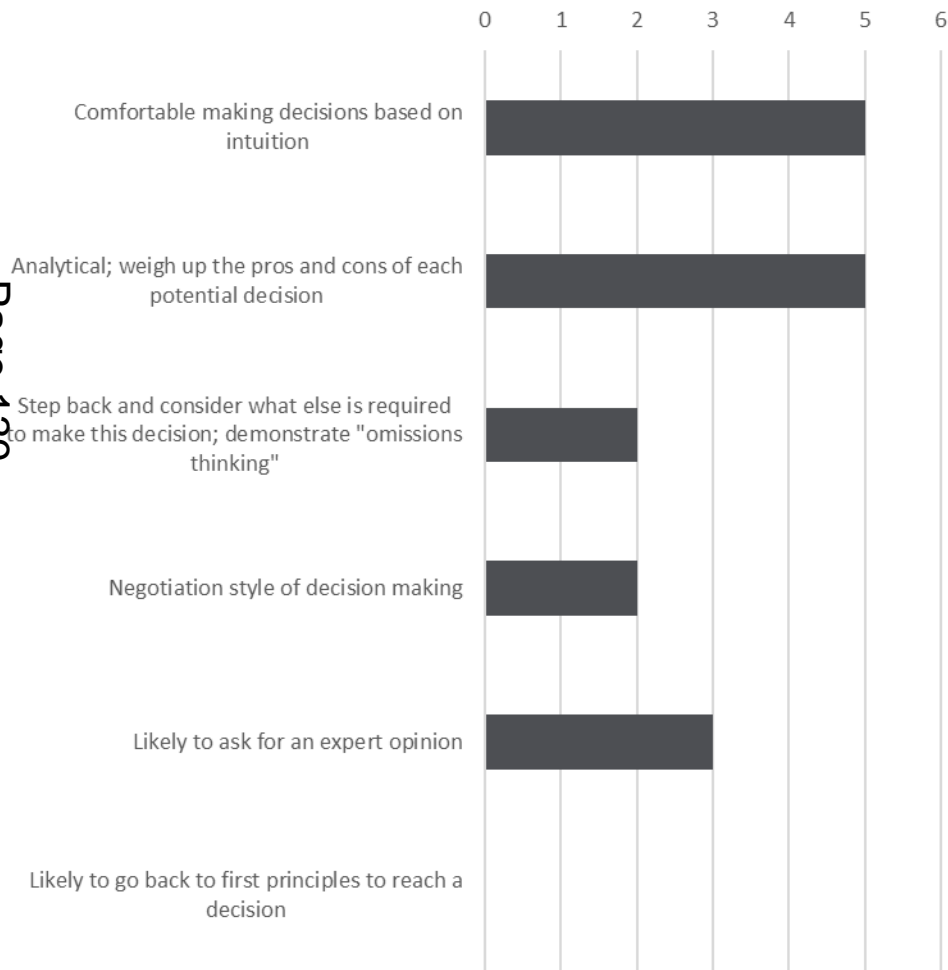


Your views on the Local Pension Board and Final Comments

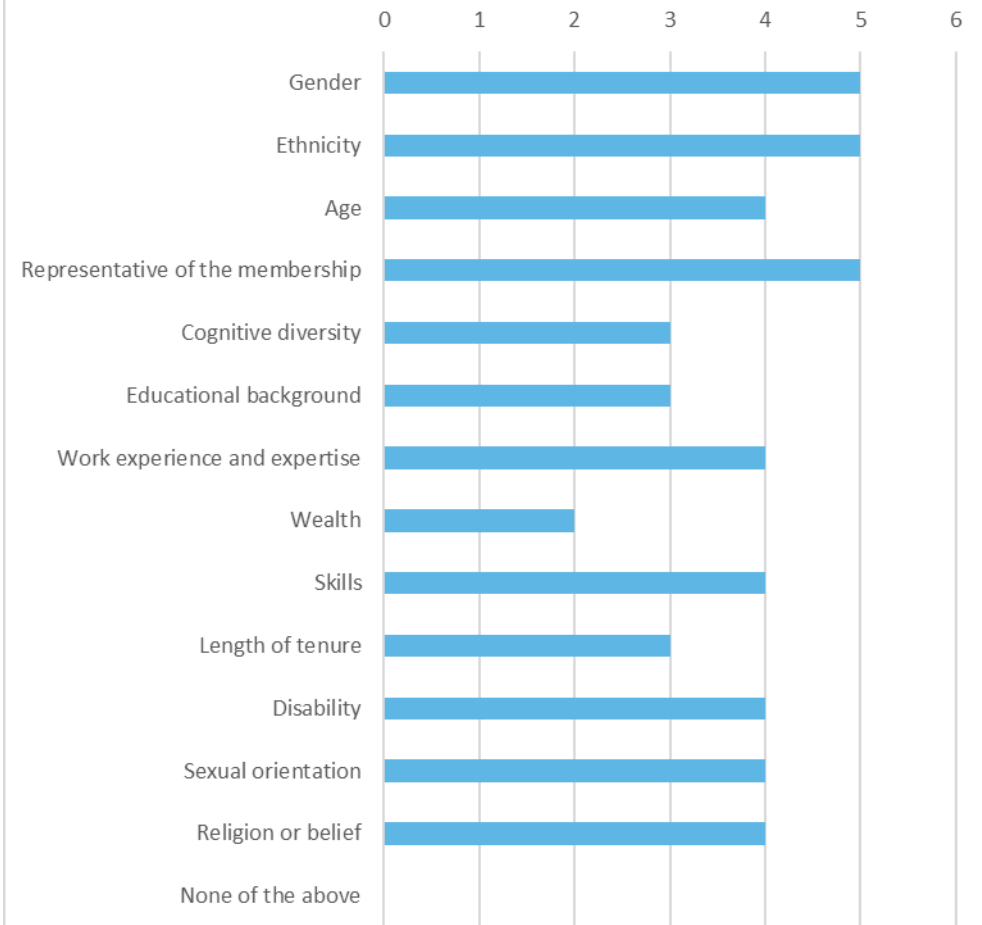
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10.1 What type of decision maker are you (select all that apply).



10.2 Which of the following do you think are important when considering diversity of a committee (select all that apply)?



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LGPS Scheme Advisory Board

Summary note of (virtual) meeting held on 13th December 2021

Full details of the meeting and agenda papers can be found on the [board meetings page](#).

The minutes of the meeting on 27th September were approved.

The main points arising from the meeting are shown below:

Welcome and Introduction - Councillor Roger Phillips, Chair, opened the meeting by informing members that Jeff Houston, Board Secretary, will be retiring at the end of March 2022. The Chair also informed members that the new Minister, Kemi Badenoch, had yet to agree to a meeting and that steps will continue to be taken to meet the new Minister at the earliest opportunity.

Delegation from The Prudential - In response to concerns expressed by the Board on behalf of scheme stakeholders about the performance and level of communication, the delegation from the Prudential explained that migration to a new platform coupled with the disruption of normal working methods caused by the Covid emergency had resulted in a performance level below acceptable standards. The Board was assured that performance in key areas such as servicing updates and client customer support has improved and will continue to do so as new working methods and training of new staff unfolds. The Prudential agreed to work with the Secretariat to formulate a communication for scheme stakeholders.

Cost Transparency Update - The Board was advised that when the Investment, Governance and Engagement committee met on 22nd November it had recommended that the Board approves the proposed three stage process for removing Code signatories from the list. The Board was further advised that the Secretariat had met a number of potential providers of a benchmarking service for administering authorities. None of the providers were able to provide a product "off the shelf" and all accepted that more details of requirements would be needed before any further work could be undertaken. Members were advised that administering authorities would need to be asked about what they require from a benchmarking service. The Board agreed that the Secretariat should undertake further work to explore the scope for introducing a benchmarking service, including a survey of administering authorities to ascertain their requirements.

New Compliance and Reporting Committee – The Board was advised that meetings had been held with both Committees and with members of the former CIPFA Pensions Panel to discuss handover arrangements and a draft Terms of Reference for the new Committee. Members approved one amendment to the Terms of Reference to ensure that recommendations to Ministers extend to Parliaments in Scotland and Northern Ireland. The Board agreed that the arrangements for the new Committee, including the amended Terms of Reference, are approved and that the Secretariat should undertake the work necessary to launch the new Committee as early as possible in the New Year.

Letter from Michael Lynk - The Board was informed that a letter had been sent by Michael Lynk, UN Special Rapporteur on the Palestine Occupied Territories, to Chairs of some LGPS pension committees regarding investments with companies on the UN database of companies with operations in the Palestine Occupied Territories. A Freedom of Information Request requesting the release of such details has also been sent to some fund authorities. The Board agreed that consideration should be given to publishing advice or guidance to assist administering authorities in responding to the campaign letter and FOI request. The Chair advised members that he would be meeting Councillor Doug McMurdo, Chair of the Local Authority Pension Fund Forum (LAPFF), to discuss a possible joint meeting with Michael Lynk.

SAB/Committee Membership - Members agreed that the Board's Terms of Reference should be amended to provide a non-voting seat for the Chair of the new Compliance and Reporting Committee. The Board also agreed that the Secretariat should make necessary arrangements for academy representatives to have seats on both cost management and investment committees.

SAB Annual Report – The Board was informed that delays in local authority accounts being signed off had resulted in the deadline for publishing pension fund annual reports by the 1st December being missed in many cases. In most cases, audit issues have not been raised against items in the pension fund section of local authority accounts.

Investment Committee Report - In the context of pooling the Board was asked if it wished to make a statement on the continuing refusal of ACCESS to extend their joint committee to include a scheme member representative, in accordance with the Board's policy. Members agreed that the Board should express its disappointment and urge the joint committee to reconsider their position.

Date of Next Meeting – 7th March 2022

Clwyd Pension Fund
Training Plan 2020/21 to 2021/22 - as at 28 February 2022

| External /CPF event | Essential or Desirable | Title of session | Training Content | Timescale | Training Length | Audience | Complete |
|------------------------|------------------------|--|--|---------------------------------|----------------------------|--|----------|
| CPF | Essential | Governance considerations - Myners Principles | To include reviewing the effectiveness of the PF Committee | March or June 2022 PFC possibly | Estimated at 20 to 30 mins | Committee, Pensions Board and Officers | |
| External | Desirable | Good Governance / Cost Transparency | WPP/ Hymans | 22nd March 2022 | 2 hour 30 mins | Committee, Pensions Board and Officers | |
| External | Desirable | LGC | Investment Seminar (Carden Park) | 24 - 25 Mar 2022 | 2 days (in person) | Committee, Pensions Board and Officers | |
| CPF | Essential | Communications considerations - the Communications strategy | What's in the Communications Strategy, how it will be delivered and performance measures/assurances. | 8th June 2022 at 10am | 1 hour 30 mins | Committee, Pensions Board and Officers | |
| External | Desirable | PLSA | Local Authority Conference 2022 | 13-15 June 2022 | 2 days (in person) | Committee, Pensions Board and Officers | |
| CPF | Essential | Funding considerations - the valuation | Actuarial valuation and Funding Strategy Statement (FSS) | 24th August 2022 at 2.30pm | 1hour 30 mins | Committee, Pensions Board and Officers | |
| CPF | Essential | Investment considerations - investment strategy review including asset classes | Setting the strategy and delivery of Investment objectives, including the risk and return characteristics of the asset classes | 5th October 2022 at 10am | 2hours 30mins | Committee, Pensions Board and Officers | |
| CPF | Essential | Governance update - Various | - The role and powers of The Pensions Regulator and Codes of Practice - MIFID2 knowledge and skills requirements and the impact on the Fund around investment restrictions - Changes to be introduced as a result of The national SAB good governance project | TBC | Max 2 hours Webex/Teams | Committee, Pensions Board and Officers | |
| CPF | Essential | Administration considerations - £95k Cap | If applies to Wales, the new £95k cap and the impact on scheme members being given early retirement | TBC | Estimated at 30 mins | Committee, Pensions Board and Officers | |
| CPF | Essential | Administration considerations - Goodwin Case | Overview of Goodwin court case affecting widowers' pension entitlements retrospectively to 2005 | TBC | Estimated at 30 mins | Committee, Pensions Board and Officers | |
| CPF | Essential | Investment considerations - Private Markets | All aspects of investing in Private Markets (addition to BP) | TBC | 2 hours Webex | Committee, Pensions Board and Officers | |
| External | Desirable | Private Market Allocators/ Active Sustainable Equities | WPP/ Hymans | TBC | 2 hour 30 mins | Committee, Pensions Board and Officers | |
| External | Desirable | Governance & Administration / Roles & Responsibilities | WPP/ Hymans | TBC | 2 hour 30 mins | Committee, Pensions Board and Officers | |
| External | Desirable | Stewardship Code / TCFD Reporting | WPP/ Hymans | TBC | 2 hour 30 mins | Committee, Pensions Board and Officers | |
| External | Desirable | Progress of othe LGPS Pools / Collaboration Opportunities | WPP/ Hymans | TBC | 2 hour 30 mins | Committee, Pensions Board and Officers | |
| Previous events | | | | | | | |
| External | | CIPFA Local Pension Board Seminars | Spring Session | 02/04/2020 | 1 day | Pensions Board | N |
| External | | PLSA Local Authority Conference, Gloucestershire | Various - Held virtually over 5 days | 18-20/05/2020 | 5 days | Committee, Pensions Board and Officers | N |
| External | | SAB Webinar | Streamlining Data, Managing investment risks | 01/06/2020 | 1 hour Webinar | Committee, Pensions Board and Officers | Y |
| External | | CIPFA Local Pension Board Seminars | Annual Event | 24/06/2020 - Webex | 9.30 - 16.00 | Pension Board | Y |
| External | | Responsible Investing & Climate Risk | To frame the Funds response to Climate Risk and Responsible Investing and low carbon investments | 25/06/2020 | 2 hours Webex | Committee, Pensions Board and Officers | Y |
| External | | Room 151 | Cost transparency/Stewardship/Green Energy | 22/07/2020 | 2 hour Webinar | Committee, Pensions Board and Officers | Y |
| CPF | | McCloud Reform | Background to the McCloud Reform and the programme of work to be undertaken | 05/08/2020 | 2 hours Webex | Committee, Pensions Board and Officers | Y |
| CPF | | McCloud -Impact for Employers | Specific training for Employers with regard to the impact of McCloud | 11/08/2020 | 2 hours Webex | Officers, McCloud Steering Group (Pension Board and Scheme Member Rep - Committee) | Y |
| External | | CIPFA McCloud Implementation Workshop | Impact on Administration and Members | 19/08/2020 Webex | 10 -13.00 | Committee & Pensions Board | N |

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| Ref | A1 | Date entered in register | 19/09/2017 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | Late notification of joining | Owner | SB |
| Party which caused the breach | CPF + various employers | | |
| Description and cause of breach | <p>Requirement to send a Notification of Joining the LGPS to a scheme member within 2 months from date of joining (assuming notification received from the employer), or within 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled.</p> <p>Due to a combination of late notification from employers and untimely action by CPF the legal requirement was not met. 20/11/18 - (Q2) Staff turnover in August/September reduced number actioned. 29/1/19 The introduction of I-connect is also producing large backlogs at the point of implementation for each employer. I-connect submission timescales can also leave only a few days for CPF to meet the legal timescale. 14/8/19 General data cleansing including year-end is affecting whether legal timescale is met. Individual on long-term sick impacting this. 14/2/22 Previous issues no longer relevant. Current situation is purely due to magnitude of cases being received and potentially employer delays.</p> | | |
| Category affected | Active members | | |
| Numbers affected | <p>2017/18: 2676 cases completed / 76% (2046) were in breach. 2018/19: 3855 cases completed / 66% (2551) were in breach. 2019/20: 3363 cases completed / 50% (1697) were in breach. 2020/21 -Q1 - 442 cases completed / 55% (245) were in breach -Q2 - 1430 cases completed / 56% (799) were in breach -Q3 - 1329 cases completed / 29% (386) were in breach -Q4 - 739 cases completed / 15% (114) were in breach 2021/22 -Q1 - 789 cases completed / 15% (118) were in breach -Q2 - 769 cases completed / 25% (190) were in breach -Q3 - 1444 cases completed / 15% (190) were in breach</p> | | |
| Possible effect and wider implications | <ul style="list-style-type: none"> - Late scheme information sent to members which may result in lack of understanding. - Potential complaints from members. - Potential for there to be an impact on CPF reputation. | | |
| Actions taken to rectify breach | <ul style="list-style-type: none"> - Roll out of iConnect where possible to scheme employers including new admitted bodies to ensure monthly notification of new joiners (ongoing). - Set up of Employer Liaison Team (ELT) to monitor and provide joiner details more timelessly. - Training of new team members to raise awareness of importance of time restraint. - Prioritising of task allocation. KPIs shared with team members to further raise awareness of importance of timely completion of task. - 6/6/18 - Updating KPI monitoring to understand employers not sending information in time. 3/6/19 - Review of staff resources now complete and new posts filled. 14/8/19 <ul style="list-style-type: none"> -Streamlining of aggregation cases with major employers. - Consider feasibility and implications of removing reminders for joining pack (agreed not to change). - Consider feasibility of whether tasks can be prioritised by date of joining (agreed not to change). 14/11/19 - Utilising FCC trainees to assist with this procedure. Joined early September. 30/01/2020 - backlog completed and addressed older case work. 25/09/2020 - Appointed and training new members of staff 17/11/2020 - Training of new staff continuing. An increase of cases completed compared to previous. Expecting next quarter results to improve due to completion of training. 02/02/2021 - Training now complete. Expecting further reductions in next quarter results as staff members become more efficient. 14/10/2021 - Due to key staff members within this area leaving the Fund in this quarter, recruitment is underway to replace these staff members and new Modern Apprentices are being trained in this area. 14/02/2022 - Appointed to vacant positions and Modern Apprentices trained in this area. | | |
| Outstanding actions (if any) | <p>14/02/22 - Analyse new employer reports and escalate to individual employers if required. Continually review resource requirements to meet KPI.</p> | | |
| Assessment of breach and brief summary of rationale | <p>14/02/2022 Improvement made this quarter due to training and recruitment to vacancies. Number of cases processed has increased with number in breach decreased. Although more positive this quarter, the number of cases that have breached remains too high to alter assessment.</p> | | |
| Reported to tPR | No | | |

| | | | |
|---|--|------------------------------------|------------|
| Ref | A2 | Date entered in register | 19/09/2017 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | Late transfer in estimate | Owner | SB |
| Party which caused the breach | CPF + various previous schemes | | |
| Description and cause of breach | <p>Requirement to obtain transfer details for transfer in, and calculate and provide quotation to member 2 months from the date of request.</p> <p>Breach due to late receipt of transfer information from previous scheme and late completion of calculation and notification by CPF. Only 2 members of team fully trained to carry out transfer cases due to new team structure and additional training requirements. 29/1/19 National changes to transfer factors meant cases were put on hold / stockpiled end of 2018 / early 2019.</p> | | |
| Category affected | Active members | | |
| Numbers affected | <p>2017/18: 235 cases completed / 36% (85) were in breach.</p> <p>2018/19: 213 cases completed / 45% (95) were in breach.</p> <p>2019/20: 224 cases completed / 32% (71) were in breach</p> <p>2020/21</p> <p>-Q1- 59 cases completed / 19% (11) were in breach</p> <p>-Q2- 54 cases completed / 35% (19) were in breach</p> <p>-Q3- 56 cases completed / 29% (16) were in breach</p> <p>- Q4-55 cases completed / 20% (11) were in breach</p> <p>2021/22</p> <p>-Q1 - 76 cases completed / 62% (47) were in breach</p> <p>-Q2 -76 cases completed / 22% (17) were in breach</p> <p>-Q3 - 91 cases completed / 15% (14) were in breach</p> | | |
| Possible effect and wider implications | <ul style="list-style-type: none"> - Potential financial implications on some scheme members. - Potential complaints from members/previous schemes. - Potential for impact on CPF reputation. | | |
| Actions taken to rectify breach | <p>17/11/2020 - Continued training of team members to increase knowledge and expertise to ensure that transfers are dealt with in a more timely manner.</p> <p>02/02/2021 - Training to continue. Complex area of work so training taking longer to complete. Training will continue through Q4.</p> <p>21/05/2021 - Staff members attended external training course.</p> <p>08/03/2022 - Have investigated how much of the delay is due to external schemes.</p> | | |
| Outstanding actions (if any) | | | |
| Assessment of breach and brief summary of rationale | 14/03/2022 Number of cases completed has increased and number in breach has reduced. Further improvements expected; retain as amber until improvements are seen | | |
| Reported to tPR | No | | |

| | | | |
|---------------------------------|---|------------------------------------|------------|
| Ref | A4 | Date entered in register | 19/09/2017 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | Late notification of retirement benefits | Owner | SB |
| Party which caused the breach | CPF + various employers + AVC providers | | |
| Description and cause of breach | <p>Requirement to provide notification of amount of retirement benefits within 1 month from date of retirement if on or after Normal Pension Age or 2 months from date of retirement if before Normal Pension Age.</p> <p>Due to a combination of:</p> <ul style="list-style-type: none"> - late notification by employer of leaver information - late completion of calculation by CPF - for members who have AVC funds, delays in receipt of AVC fund values from AVC provider. | | |
| Category affected | Active members mainly but potentially some deferred members | | |
| Numbers affected | <p>2017/18: 960 cases completed / 39% (375) were in breach.</p> <p>2018/19: 1343 cases completed / 30% (400) were in breach</p> <p>2019/20: 1330 cases completed / 25% (326) were in breach</p> <p>2020/21</p> <p>- Q1 - 214 cases completed in total / 37% (79) were in breach</p> <p>- Q2 - 232 cases completed / 25% (59) were in breach</p> <p>- Q3 - 331 cases completed / 19% (63) were in breach</p> <p>-Q4 - 350 cases completed / 19% (68) were in breach</p> <p>2021/22</p> <p>-Q1 - 329 cases completed / 16% (53) were in breach</p> <p>-Q2 - 388 cases completed / 16 % (64) were in breach</p> <p>-Q3 - 444 cases completed / 14% (64) were in breach</p> | | |

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| Possible effect and wider implications | <ul style="list-style-type: none"> - Late payment of benefits which may miss payroll deadlines and result in interest due on lump sums/pensions (additional cost to CPF). - Potential complaints from members/employers. - Potential for there to be an impact on CPF reputation. |
| Actions taken to rectify breach | <ul style="list-style-type: none"> - Roll out of iConnect where possible to scheme employers including new admitted bodies to ensure monthly notification of retirees (ongoing). - Set up of ELT to monitor and provide leaver details in a more timely manner. - Prioritising of task allocation. - Set up of new process with one AVC provider to access AVC fund information. - Increased staff resources. <p>3/6/19 - Review of staff resources now complete and new posts filled. 14/8/19 - Improvements have been made and more should be made as staff are settled in and trained. Business case approved. 25/09/20 - Increased engagement with employers to assist with challenges faced due to working from home in relation to Covid-19 requirements. Employers faced challenges in getting information to us in relevant timescales. 17/11/2020- Number of cases completed has increased whilst percentage in breach has reduced compared to last quarter. This is hoped to continue due to increased engagement with employers and processes amended to mitigate challenges faced by Covid-19. 02/02/21 - Completed case numbers continue to increase whilst percentage in breach has reduced again this quarter. Improved engagement with employers via new monthly reporting process should assist in reducing the number of breaches further in future quarters. 21/05/2021 - New reports to employers will go live in June so expected improvement in future quarters.</p> |
| Outstanding actions (if any) | 14/02/22 - Analyse new employer reports and escalate to individual employers if required. |
| Assessment of breach and brief summary of rationale | 14/2/2022 There has been an increase in the number of cases being processed, with the percentage in breach remaining consistent. A reduction in percentage in breach is required for assessment to reduce. |
| Reported to tPR | No |

| | | | |
|---|---|---|------------|
| Ref | A6 | Date entered in register | 20/09/2017 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | Late notification of death benefits | Owner | SB |
| Party which caused the breach | CPF | | |
| Description and cause of breach | <p>Requirement to calculate and notify dependant(s) of amount of death benefits as soon as possible but in any event no more than 2 months from date of becoming aware of death, or from date of request by a third party (e.g. personal representative).</p> <p>Due to late completion by CPF the legal requirements are not being met. Due to complexity of calculations, only 2 members of team are fully trained and experienced to complete the task.</p> | | |
| Category affected | Dependant members + other contacts of deceased (which could be active, deferred, pensioner or dependant). | | |
| Numbers affected | <p>2017/18: 153 cases completed / 58% (88) were in breach. 2018/19:184 cases completed / 30% (56) were in breach 2019/20: 165 cases completed / 28% (53) were in breach 2020/21 -Q1- 39 cases completed / 23% (9) were in breach -Q2- 52 cases completed / 38% (20) were in breach -Q3- 31 cases completed / 29% (9) were in breach -Q4- 73 cases completed / 21% (15) were in breach 2021/22 -Q1- 59 cases completed / 8% (5) were in breach -Q2 - 42 cases completed / 5% (2) were in breach -Q3 - 52 cases completed / 17% (9) were in breach</p> | | |
| Possible effect and wider implications | <ul style="list-style-type: none"> - Late payment of benefits which may miss payroll deadlines and result in interest due on lump sums/pensions (additional cost to CPF). - Potential complaints from beneficiaries, particular given sensitivity of cases. - Potential for there to be an impact on CPF reputation. | | |

| | |
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| Actions taken to rectify breach | - Further training of team - Review of process to improve outcome - Recruitment of additional, more experienced staff. 3/6/19 - Review of staff resources now complete and new posts filled. 3/2/20 - Training of additional staff now complete. 18/8/21 - Further work completed identifying where the delay fell e.g. request or receipt of information to facilitate the calculation of benefits, and action taken to improve these issues. |
| Outstanding actions (if any) | 14/2/2022 Further member of staff to be trained in this area to increase resource. |
| Assessment of breach and brief summary of rationale | 14/03/2022 - Number of completed cases has increased but the number in breach has also increased due to annual leave/sickness of key team members . Assessment level increased to Amber. |
| Reported to tPR | No |

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|--|---|---|------------|
| Ref | A20 | Date entered in register | 03/02/2021 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | Members not entered into LGPS | Owner | KW |
| Party which caused the breach | Employer | | |
| Description and cause of breach | Number of employees entered into the Peoples' Pension, rather than the LGPS, by their employer (confidential until all employees are communicated with). Some employees did opt out of Peoples' Pension. | | |
| Category affected | Active members | | |
| Numbers affected | 18 employees | | |
| Possible effect and wider implications | <ul style="list-style-type: none"> - As a result the employees may have less valuable pension rights, and so LGPS membership will need to be applied retrospectively. - Unclear if the employees who opted out, would have also opted out of the LGPS. - LGPS Contributions will need to be collected from employer and employee/employer contributions paid into Clwyd Pension Fund in relation to retrospective period. - Employer will need to liaise with Peoples' Pension to reverse membership there. | | |
| Actions taken to rectify breach | <p>3/2/2021 - Liaising with employer to determine how best to put employees back in correct position. Letters sent to members to explain</p> <p>21/05/2021 - Regular meetings held with employer and have an action plan in place. Exact number of 18 members have now been identified.</p> <p>14/10/2021 - All active members have been communicated with and next steps agreed.</p> <p>14/02/2022 - CPF Pensions Administration Manager has been chasing for final cases to be resolved.</p> | | |
| Outstanding actions (if any) | <p>14/10/2021 - Contact members who have left (4) that are outstanding. These members still need to be communicated with by the employer. No employee financial impact.</p> <p>14/02/2022 - Action above still outstanding. Ongoing chasing by CPF Pensions Administration Manager.</p> | | |
| Assessment of breach and brief summary of rationale | 14/02/2022 - Follow up actions for the 4 members that have left are still outstanding. Assessment of breach to remain green as number of members impacted is low and no further contributions are being made. | | |
| Reported to tPR | No | | |

| | | | |
|---|---|---|------------|
| Ref | A22 | Date entered in register | 21/05/2021 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | Members not entered into LGPS | Owner | KW |
| Party which caused the breach | Glyndwr | | |
| Description and cause of breach | Number of employees entered into alternative pension schemes, rather than the LGPS, by Glyndwr. | | |
| Category affected | Active members | | |
| Numbers affected | 6 employees | | |
| Possible effect and wider implications | <ul style="list-style-type: none"> - As a result the employees may have less valuable pension rights, and so LGPS membership will need to be applied retrospectively. - LGPS Contributions will need to be collected from employer and employee/employer contributions paid into Clwyd Pension Fund in relation to retrospective period. - Employer will need to liaise with alternative provider to reverse membership there. | | |
| Actions taken to rectify breach | <p>21/05/2021- Liaising with employer to determine how best to put employees back in correct position and detailed plan of actions has been developed. Letters sent to members to explain</p> <p>14/10/2021 - Letter to 5 outstanding employees requesting confirmation of next steps issued with close date of 31/10/21.</p> <p>14/2/2022 - Employer being chased by CPF.</p> | | |

| | |
|---------------------------------------|--|
| Outstanding actions (if any) | 14/10/2021 - Final part of action plan to be completed. 14/02/2022 - Employer to continue to be chased by CPF, final part of action plan still to be completed. |
| Assessment of breach and brief | 14/02/2022 - Assessment to remain amber until all follow up actions complete. |
| Reported to tPR | No |

| | | | |
|--|--|---|------------|
| Ref | A23 | Date entered in register | 21/05/2021 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | Incorrect member contributions paid | Owner | KW |
| Party which caused the breach | Employer | | |
| Description and cause of breach | When employees are stepping up from their substantive post to higher graded post, incorrect employee and employer contributions have been made. This is due to an incorrect recording on the payroll system. | | |
| Category affected | Active and Deferred | | |
| Numbers affected | 20 current and previous employees | | |
| Possible effect and wider implications | <ul style="list-style-type: none"> - As a result the employees may have less valuable pension rights, and so LGPS CARE pay and contributions will need to be checked and difference in contributions paid retrospectively. - LGPS Contributions will need to be collected from employer, and employee/employer contributions paid into Clwyd Pension Fund in relation to retrospective period. | | |
| Actions taken to rectify breach | <p>21/05/2021- Process has been updated to ensure correct contributions/CARE pay going forward.</p> <ul style="list-style-type: none"> - Liaising with employer to determine how best to put employees back in correct position retrospectively and letters to be sent to members to explain. <p>14/10/2021 Current employees contacted and all have agreed to pay outstanding contributions/payment plans agreed.</p> <p>14/02/2022 - CPF Pensions Administration Manager has been chasing for final cases to be resolved.</p> | | |
| Outstanding actions (if any) | <p>14/10/2021 - Employees who have left employment to be contacted to discuss options and agree actions.</p> <p>14/02/2022 - Action above still outstanding. Ongoing chasing by CPF Pensions Administration Manager.</p> | | |
| Assessment of breach and brief summary of rationale | 14/02/2022- Members who have left employment are still to be contacted (9). Not all actions completed by employer therefore assessment of breach to remain as amber. | | |
| Reported to tPR | No | | |

| | | | |
|--|--|---|-------------|
| Ref | F46 | Date entered in register | 23 Aug 2021 |
| Status | Closed | Date breached closed (if relevant) | 16 Nov 2021 |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Marchwiel Community Council | | |
| Description and cause of breach | <p>A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made.</p> <p>Contributions relating to July 2021 were received within the legal timescales but no remittance advice was received.</p> | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | - 23/08/21 emailed Employer to request remittance. | | |
| Outstanding actions (if any) | | | |
| Assessment of breach and brief | Remittances received 16/11/2021 | | |
| Reported to tPR | No | | |

| | | | |
|--------------------------------------|---|---|-------------|
| Ref | F49 | Date entered in register | 23 Sep 2021 |
| Status | Closed | Date breached closed (if relevant) | 16 Nov 2021 |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Marchwiel Community Council | | |

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|--|---|--|--|
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. Contributions relating to August 2021 were received within the legal timescales but no remittance advice was received. Previous breach F46 | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | - 23/09/21 Fund emailed Employer to request remittance. - 22/10/2021 Deputy Head of Fund emailed Town Clerk. Email not acknowledged. Deputy Head of Fund spoke with Clerk in November 2021 | | |
| Outstanding actions (if any) | | | |
| Assessment of breach and brief | Remittances received 16/11/2021 | | |
| Reported to tPR | No | | |

| | | | |
|--|--|---|-------------|
| Ref | F50 | Date entered in register | 26 Oct 2021 |
| Status | Closed | Date breached closed (if relevant) | 16 Nov 2021 |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Marchwiell Community Council | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. Contributions relating to September 2021 were received within the legal timescales but no remittance advice was received. Previous breach F49 | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | - 26/10/21 Fund emailed Employer to request remittance. Deputy Head of Fund spoke with Clerk in November 2021 | | |
| Outstanding actions (if any) | | | |
| Assessment of breach and brief | Remittances received 16/11/2021 | | |
| Reported to tPR | No | | |

| | | | |
|---|--|---|-------------|
| Ref | F51 | Date entered in register | 23 Oct 2021 |
| Status | Closed | Date breached closed (if relevant) | 24 Nov 2021 |
| Title of Breach | Late payment of contributions | Owner | DF |
| Party which caused the breach | Hafan Deg (K L Care Ltd) | | |
| Description and cause of breach | Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions. Contributions in relation to October 2021 were not received within the deadline. Previous breach F47 | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider implications | - Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer. | | |
| Actions taken to rectify breach | - 23/11/21 emailed Employer to request payment | | |
| Outstanding actions (if any) | | | |
| Assessment of breach and brief | Employer arranged payment on 24/11/2021 | | |
| Reported to tPR | No | | |

| | | | |
|--------------------------------------|---|---|-------------|
| Ref | F52 | Date entered in register | 23 Oct 2021 |
| Status | Closed | Date breached closed (if relevant) | 25 Nov 2021 |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Hafan Deg (K L Care Ltd) | | |

| | |
|--|--|
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. Contributions relating to October 2021 were received late on 24/11/2021 but no remittance advice was received. Previous breach F48 |
| Category affected | Active members and employer |
| Numbers affected | 1 active member |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. |
| Actions taken to rectify breach | - 23/11/21 emailed Employer to request remittance |
| Outstanding actions (if any) | |
| Assessment of breach and brief | Remittances received 25/11/2021 |
| Reported to tPR | No |

| | | | |
|--|--|---|-------------|
| Ref | F53 | Date entered in register | 23 Dec 2021 |
| Status | Closed | Date breached closed (if relevant) | 02 Mar 2022 |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Hafan Deg (K L Care Ltd) | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. Contributions relating to November 2021 were received on 17/12/2021 but no remittance advice was received. Previous breach F52 | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | - 21/12/21 emailed Employer to request remittance - 25/1/22 Requested again | | |
| Outstanding actions (if any) | | | |
| Assessment of breach and brief summary of rationale | Remittance received 02/03/2022, employer confirmed that the chaser email had been missed and unopened | | |
| Reported to tPR | No | | |

| | | | |
|---|--|---|-------------|
| Ref | F54 | Date entered in register | 25 Jan 2022 |
| Status | Closed | Date breached closed (if relevant) | 26 Jan 2022 |
| Title of Breach | Late payment of contributions | Owner | DF |
| Party which caused the breach | Buckley Town Council | | |
| Description and cause of breach | Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions. Contributions in relation to December 2021 were not received within the deadline. | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider implications | - Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer. | | |
| Actions taken to rectify breach | - 25/01/22 emailed Employer to request payment | | |
| Outstanding actions (if any) | | | |
| Assessment of breach and brief | Payment received 26/01/2022 | | |
| Reported to tPR | No | | |

| | | | |
|--------------------------------------|-------------------------------|---|-------------|
| Ref | F55 | Date entered in register | 25 Jan 2022 |
| Status | Closed | Date breached closed (if relevant) | 27 Jan 2022 |
| Title of Breach | Late payment of contributions | Owner | DF |
| Party which caused the breach | Ruthin Town Council | | |

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|---|--|
| Description and cause of breach | Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions. Contributions in relation to December 2021 were not received within the deadline. |
| Category affected | Active members and employer |
| Numbers affected | 1 active member |
| Possible effect and wider implications | - Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer. |
| Actions taken to rectify breach | - 25/01/22 emailed Employer to request payment |
| Outstanding actions (if any) | |
| Assessment of breach and brief | Payment received 27/01/2022 |
| Reported to tPR | No |

| | | | |
|---|--|---|-------------|
| Ref | F56 | Date entered in register | 25 Jan 2022 |
| Status | Closed | Date breached closed (if relevant) | 03 Mar 2022 |
| Title of Breach | Late payment of contributions | Owner | DF |
| Party which caused the breach | Hafan Deg (K L Care Ltd) | | |
| Description and cause of breach | Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions. Contributions in relation to December 2021 were not received in full within the deadline. Only identified when remittance was received on 25/01/2022 Previous breach F51 | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider implications | - Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer. | | |
| Actions taken to rectify breach | - 25/01/22 emailed Employer to request additional payment | | |
| Outstanding actions (if any) | | | |
| Assessment of breach and brief | Additional Payment received 03/03/2022 | | |
| Reported to tPR | No | | |

| | | | |
|--|--|---|-------------|
| Ref | F57 | Date entered in register | 25 Jan 2022 |
| Status | Closed | Date breached closed (if relevant) | 25 Jan 2022 |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Hafan Deg (K L Care Ltd) | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. Contributions relating to December 2021 were received on 21/01/2021 but no remittance advice was received. Previous breach F53 | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | - 23/01/22 emailed Employer to request remittance | | |
| Outstanding actions (if any) | | | |
| Assessment of breach and brief | Remittances received 25/01/2022 | | |
| Reported to tPR | No | | |

| | | | |
|--------------------------------------|---|---|-------------|
| Ref | F58 | Date entered in register | 23 Feb 2021 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Marchwiel Community Council | | |

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|--|--|
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. Contributions relating to January 2022 were received within the legal timescales but no remittance advice was received. Previous similar breaches - F11, 16, 32, 42, 46, 49, F50 |
| Category affected | Active members and employer |
| Numbers affected | 1 active member |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. |
| Actions taken to rectify breach | - 23/02/22 emailed Employer to request remittance |
| Outstanding actions (if any) | 7/3/22 - Deputy Head to try and contact Clerk |
| Assessment of breach and brief | Payment made by direct debit but remittance still outstanding |
| Reported to tPR | No |

| | | | |
|---|--|---|-------------|
| Ref | F59 | Date entered in register | 23 Feb 2022 |
| Status | Closed | Date breached closed (if relevant) | 28 Feb 2022 |
| Title of Breach | Late payment of contributions | Owner | DF |
| Party which caused the breach | Hafan Deg (K L Care Ltd) | | |
| Description and cause of breach | Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions. Contributions in relation to January 2022 were not received within the deadline. Previous breach F56 | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider implications | - Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer. | | |
| Actions taken to rectify breach | - 23/02/22 emailed Employer to request payment | | |
| Outstanding actions (if any) | | | |
| Assessment of breach and brief | Payment made 28/02/2022 | | |
| Reported to tPR | No | | |

| | | | |
|--|--|---|-------------|
| Ref | F60 | Date entered in register | 23 Feb 2022 |
| Status | Closed | Date breached closed (if relevant) | 28 Feb 2022 |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Hafan Deg (K L Care Ltd) | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. Contributions relating to January 2022 were received late on 28/02/2022 but no remittance advice was received. Previous breach F57 | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | - 23/02/22 emailed Employer to request remittance | | |
| Outstanding actions (if any) | | | |
| Assessment of breach and brief | Remittances received 28/02/2022 | | |
| Reported to tPR | No | | |

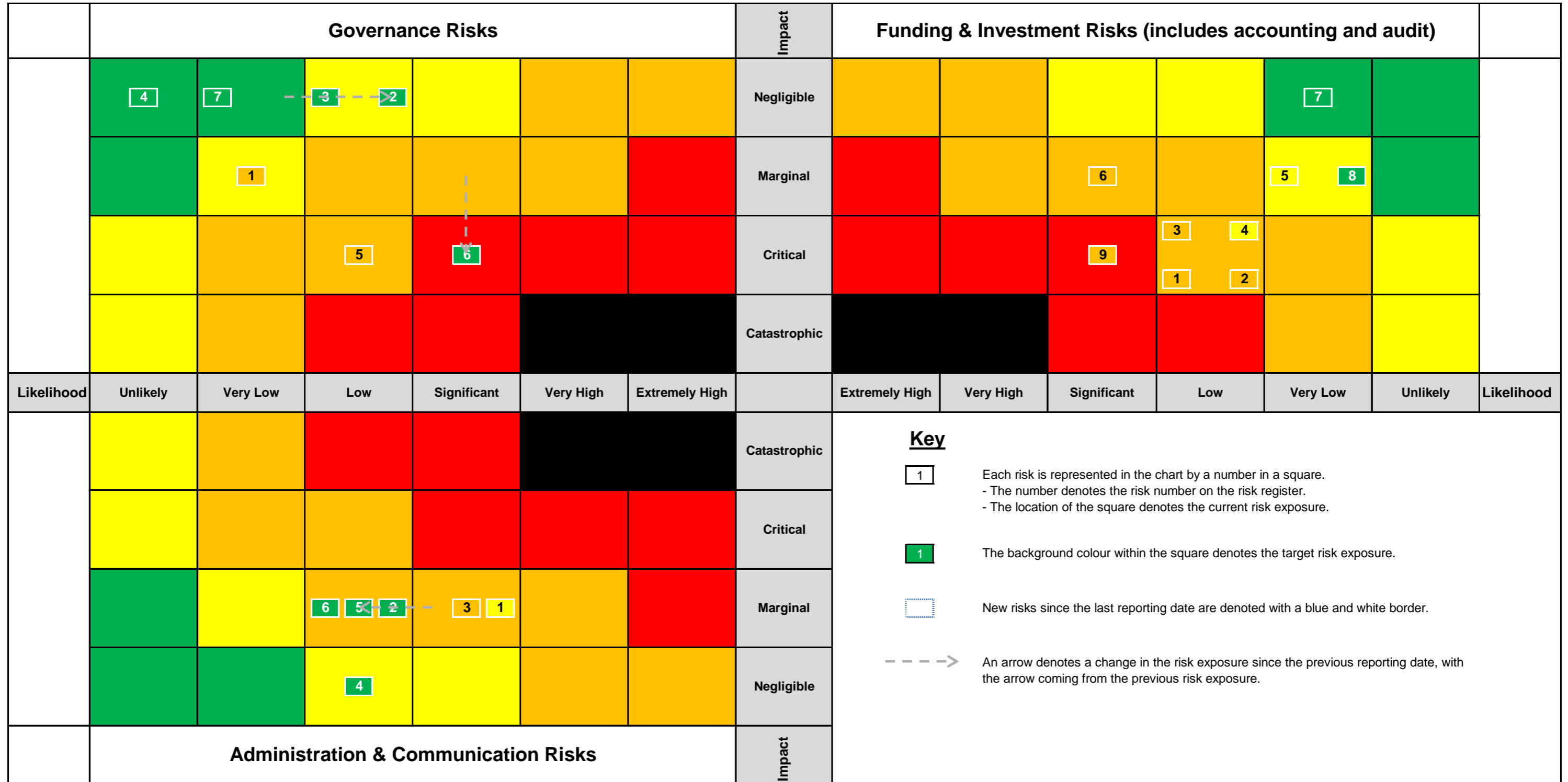
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|--------------------------------------|-------------------------------|---|-------------|
| Ref | F61 | Date entered in register | 23 Feb 2022 |
| Status | Closed | Date breached closed (if relevant) | 28 Feb 2022 |
| Title of Breach | Late payment of contributions | Owner | DF |
| Party which caused the breach | Gresford Community Council | | |

| | |
|---|--|
| Description and cause of breach | Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions. Contributions in relation to January 2022 were not received within the deadline. |
| Category affected | Active members and employer |
| Numbers affected | 1 active member |
| Possible effect and wider implications | - Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer. |
| Actions taken to rectify breach | - 23/02/22 emailed Employer to request payment |
| Outstanding actions (if any) | |
| Assessment of breach and brief | Payment made 28/02/2022 |
| Reported to tPR | No |

CLWYD PENSION FUND - CALENDAR OF EVENTS MARCH 2022 ONWARDS

| Month | Date | Day | Committee | Training | Pension Board | Location |
|-------------|-------------|-------------|------------------|---|---------------|------------------|
| 2021 | | | | | | |
| Mar | | | | | | |
| | 16-Mar | Wed | 9.30am - 12.00pm | | | Virtual |
| | 22-Mar | Tues | | WPP Good Governance/ Cost Transparency 10am - 12.30pm | | Virtual |
| | 24 - 25 Mar | Thurs - Fri | | LGC Investment Seminar | | Carden Park |
| Apr | | | | | | |
| May | | | | | | |
| June | | | | | | |
| | 08-Jun | Wed | | Communications Training 10am - 11.30am | | TBC |
| | 13 - 15 Jun | Mon - Wed | | PLSA Annual Conference | | Cotswolds |
| | 15-Jun | Wed | 9.30am - 11.30am | | | TBC |
| | 22-Jun | Wed | | CIPFA Pension Board Event 9.30am - 4pm | | London / Virtual |
| | 28-Jun | Tues | | | 9.30am - 2pm | TBC |
| July | | | | | | |
| Aug | | | | | | |
| | 24-Aug | Wed | | Funding Strategy training 2pm - 4pm | | TBC |
| | 31-Aug | Wed | 9.30am - 11.30am | | | |
| Sept | | | | | | |
| | 8 - 9 Sept | Thur - Fri | | LGC Investment Seminar | | Leeds |
| | 30-Sep | Fri | | | 9.30am - 2pm | TBC |
| Oct | | | | | | |
| | 05-Oct | Wed | | Investment Strategy Review Training 9.45am - 12.45pm | | TBC |
| Nov | | | | | | |
| | 23-Nov | Wed | 9.30am - 11.30am | | | TBC |
| Dec | | | | | | |
| | 13-Dec | Tues | | AJCM | | TBC |

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Clwyd Pension Fund - Control Risk Register

Governance Risks

Objectives extracted from Governance Policy (02/2020), Knowledge and Skills Policy (09/2021) and Procedures for Reporting Breaches of the Law (03/2022)

- G1 Act in the best interests of the Fund's members and employers
- G2 Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies
- G3 Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
- G4 Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- G5 Understand and monitor risk
- G6 Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- G7 Clearly articulate our objectives and how we intend to achieve those objectives through business planning, and continually measure and monitor success
- T1 Ensure that the Clwyd Pension Fund is appropriately managed and that its services are delivered by people who have the requisite knowledge and expertise, and that this knowledge and expertise is maintained within the continually changing Local Government Pension Scheme and wider pensions landscape.
- T2 Those persons responsible for governing the Clwyd Pension Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, ensure their decisions are robust and well based, and manage any potential conflicts of interest.
- B1 Ensure individuals responsible are able to meet their legal obligations and avoid placing any reliance on others to report.
- B2 Assist in providing an early warning of possible malpractice and reduce risk.

| Risk no: | Risk Overview (this will happen) | Risk Description (if this happens) | Strategic objectives at risk (see key) | Current Impact (see key) | Current Likelihood (see key) | Current Risk Status | Internal controls in place | Target Impact (see key) | Target Likelihood (see key) | Target Risk Status | Meets target? | Date Not Met Target From | Expected Back on Target | Further Action and Owner | Risk Manager | Next review date | Last Updated | |
|----------|--|--|--|--------------------------|------------------------------|---------------------|--|-------------------------|-----------------------------|--------------------|---------------|--|-------------------------|--------------------------|---|------------------|--------------|------------|
| 1 | Losses or other detrimental impact on the Fund or its stakeholders | Risk is not identified and/or appropriately considered (recognising that many risks can be identified but not managed to any degree of certainty) | All | Marginal | Very Low | Yellow | 1 - Risk policy in place 2 - Risk register in place and key risks/movements considered quarterly and reported to each PFC 3 - Advisory panel meets at least quarterly discussing changing environment etc 4 - Fundamental review of risk register annually 5 - TPR Code Compliance review completed annually 6 - Annual internal and external audit reviews 7 - Breaches procedure also assists in identifying key risks | Marginal | Low | Orange | 😊 | | | | Head of CPF | 31/05/2022 | 01/03/2022 | |
| 2 | Inappropriate or no decisions are made | Governance (particularly at PFC) is poor including due to: - short appointments - poor knowledge and advice - poor engagement/preparation/commitment - poor oversight | G1 / G2 / G3 / G4 / G5 / G6 / G7 | Negligible | Low | Yellow | 1 - Independent advisor focussing on governance including annual report considering structure, behaviour and knowledge 2 - Oversight by Local Pension Board 3 - Annual check against TPR Code 4 - Knowledge and Skills Policy, plan, monitoring (regular self assessments) and induction training in place for PFC and PB members based on CIPFA Code/Framework 5 - There is a range of professional advisors covering all Fund responsibilities guiding the PFC, PB and officers in their responsibilities, with formal Advisory Panel 6 - Terms of reference for the Committee in the Constitution allows for members to be on the Committee for between 4-6 years but they can be re-appointed 7 - Different categories of Committee and Board members have different end of term dates, to ensure continuity 8 - Approved schedule of officer delegations, including ability for urgent matters to be agreed outside of formal Committee (involving Chair of PFC) 9 - PFC, PB, AP, training etc taking place virtually whilst face to face meetings are not possible | Negligible | Very Low | Green | 😐 | Current likelihood 1 too high | | | 1 - Further self assessment of training needs to be carried out in 2022/23 - after Welsh elections May 2022 (PL) 2 - Induction training planned for any new members following May 2022 Welsh elections (if required) (PL) | Head of CPF | 31/05/2022 | 01/03/2022 |
| 3 | Our legal fiduciary responsibilities are not met | Decisions, particularly at PFC level, are influenced by conflicts of interest and therefore may not be in the best interest of fund members and employers | G1 / G2 / G4 / G6 / T2 | Negligible | Low | Yellow | 1 - CPF Conflicts of Interest Policy focussed on fiduciary responsibility regularly discussed and reviewed 2 - Independent advisor focussing on governance including annual report considering structure, behaviour and knowledge 3 - All stakeholders to which fiduciary responsibility applies represented at PFC and PB 4 - Knowledge and Skills Policy, Plan, monitoring (regular self assessments) and induction training in place for PFC and PB members including training on fiduciary responsibility and the CPF Conflicts Policy 5 - There is a range of professional advisors covering all Fund responsibilities guiding the PC, PB and officers in their responsibilities, with formal Advisory Panel 6 - Clear strategies and policies in place with Fund objectives which are aligned with fiduciary responsibility 7 - WPP Conflicts of Interests Policy in place | Negligible | Very Low | Green | 😐 | Current likelihood 1 too high | 26/01/2021 | Jun 2022 | 1 - Ensure appropriate due diligence process for investments with potential conflict (Welsh or local) (PL) | Head of CPF | 31/05/2022 | 01/03/2022 |
| 4 | Appropriate objectives are not agreed or monitored - internal factors | Policies not in place or not being monitored | G2 / G7 | Negligible | Unlikely | Green | 1 - Range of policies in place and all reviewed at least every three years 2 - Review of policy dates included in business plan 3 - Monitoring of all objectives at least annually 4 - Policies stipulate how monitoring is carried out and frequency 5 - Business plan in place and regularly monitored | Negligible | Unlikely | Green | 😊 | | | | Dep. Head of CPF | 31/05/2022 | 01/03/2022 | |
| 5 | The Fund's objectives/legal responsibilities are not met or are compromised - external factors | Externally led influence and change such scheme change (e.g. McCloud and Potential Exit cap), national reorganisation, cybercrime, Covid-19 and asset pooling | G1 / G4 / G6 / G7 | Critical | Low | Orange | 1 - Continued discussions at AP, PFC and PB regarding this risk 2 - Involvement of CEO / links to WLGA and WG 3 - Fund's consultants involved at national level/regularly reporting back to AP/PFC 4 - Key areas of potential change and expected tasks identified as part of business plan (ensuring ongoing monitoring) 5 - Asset pooling IAA in place 6 - Officers on Wales Pool OWG, and Pension Board Chair attending WPP LPB Chair meetings 7 - Cyber Security Policy in place 8 - Ongoing monitoring of cybercrime risk by AP 9 - McCloud planning undertaken and full programme management in place 10 - PFC, PB, AP, training etc taking place virtually whilst face to face meetings are not possible 11 - Covid-19 risk regularly considered including at AP | Marginal | Low | Orange | 😐 | Current impact 1 too high | 28/02/2017 | Sep 2022 | 1 - Regular ongoing monitoring by AP to consider if any action is necessary around asset pooling, cost cap, Potential Exit cap and McCloud judgement (PL) 2 - Deliver final aspects of cybercrime risk mitigations into BAU (PL) 3 - Refresh and document business continuity assessments/procedures (KW) | Head of CPF | 31/05/2022 | 01/03/2022 |
| 6 | Services are not being delivered to meet legal and policy objectives | Insufficient staff numbers (e.g. sickness, resignation, retirement, unable to recruit) - current issues include age profile, implementation of asset pools and local authority pay grades. | G3 / G6 / G7 / T1 | Critical | Significant | Red | 1 - Fundamental review of succession planning and resources carried out over 2017 to 2020 and new structures put in place 2 - Ongoing task/SLA reporting to management AP/PFC/LPB to quickly identify issues 3 - Quarterly update reports consider resourcing matters 4 - Consultants provide back up when required 5 - Additional resources, such as outsourcing, considered as part of business plan 6 - Impact of potential or actual Covid absences being discussed regularly ensuring priority work continues unaffected 7 - Resourcing regularly considered as part of major projects (e.g. McCloud) | Negligible | Very Low | Green | 😐 | Current impact 2 too high Current likelihood 2 too high | 01/07/2016 | Mar 2023 | 1 - Recruit to vacant governance and business role, Fund accountant and Trainee Fund Accountant (PL) 2 - Ongoing consideration of business continuity including succession planning (PL) 3 - Ongoing consideration of how to fill vacant administration posts (KW) 4 - Identify how services in Finance Team can be supported due to resignation of Fund Accountant. | Head of CPF | 31/05/2022 | 01/03/2022 |
| 7 | Legal requirements and/or guidance are not complied with | Those tasked with managing the Fund are not appropriately trained or do not understand their responsibilities (including recording and reporting breaches) | G3 / G6 / T1 / T2 / B1 / B2 | Negligible | Very Low | Green | 1 - TPR Code Compliance review completed annually 2 - Annual internal and external audit reviews 3 - Breaches procedure also assists in identifying non-compliance areas (relevant individuals provided with a copy and training provided) 4 - Knowledge and Skills policy in place (fundamental to understanding legal requirements) 5 - Use of nationally developed administration system 6 - Documented processes and procedures 7 - Strategies and policies often included statements or measures around legal requirements/guidance 8 - Wide range of advisers and AP in place 9 - Independent adviser in place including annual report which will highlight concerns 10 - Outstanding actions relating to TPR Code reviewed regularly | Negligible | Very Low | Green | 😊 | | | | 1 - Further documented processes (as part of TPR compliance) e.g. contribution payment failure (DF) | Head of CPF | 31/05/2022 | 01/03/2022 |



CLWYD PENSION FUND COMMITTEE

| | |
|------------------------|--|
| Date of Meeting | Wednesday, 16 th March 2022 |
| Report Subject | Administration and Communications Update |
| Report Author | Pensions Administration Manager |

EXECUTIVE SUMMARY

An administration and communications update is on each quarterly Committee agenda and includes a number of administration and communications related items for information or discussion. The last update report was provided at the November Committee meeting, therefore this update report includes matters since that date.

This update includes matters that are mainly for noting, albeit comments are clearly welcome.

The report includes updates on:

- Current Developments and News – this includes updates relating to the internal audit report and the new monthly employer feedback reports.
- Day to day tasks and key performance indicators – showing the position to the end of January 2021.
- Communications – including an update on the usage of the Fund's Member Self-Service (MSS) facility, and details of employer engagement and communications sent.

RECOMMENDATIONS

| | |
|---|--|
| 1 | That the Committee consider the update and provide any comments. |
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REPORT DETAILS

| 1.00 | ADMINISTRATION AND COMMUNICATIONS RELATED MATTERS |
|------|---|
| 1.01 | <p data-bbox="320 322 783 353">Business Plan 2021/22 Update</p> <p data-bbox="320 394 1358 539">Progress against the business plan items for quarter four of this year is positive for the majority of items with some areas now approaching completion as illustrated in Appendix 1. Key items to note relating to this quarter's work are as follows:</p> <ul data-bbox="320 580 1390 1980" style="list-style-type: none"><li data-bbox="320 580 1390 1055">• A1 Implement Survivor Benefit Changes – This item again, continues to remain unchanged due to delays in information being issued by LGA and DLUHC. This area of work as previously mentioned is as a result of the changes to the regulations in respect of the calculation of and entitlement to surviving partner pensions in respect of Civil Partners or same sex marriages and the outcome of Elmes versus Essex High Court Ruling. A further case, Goodwin versus the Department for Education, has highlighted that previous changes to regulation may now lead to further discrimination within the Teachers' Pension Scheme and other public service pension schemes (including the LGPS). The business plan has been updated to show that the work has not commenced as expected and will continue to be re-evaluated as part of the 2022/23 business plan.<li data-bbox="320 1061 1158 1093">• A2 McCloud – An update is provided later in this report.<li data-bbox="320 1099 1378 1496">• A9 Review of Scheme Member Communications and Processes – Significant progress has been made in this area including functionality improvements to allow members to upload completed forms directly onto Member Self Service (MSS). An exercise to update the communication preference of Pensioner and Dependant members is also underway. This is explained in more detail in item 1.06 later in this report. Work continues in relation to the review of the website, albeit this will now be integrated into the wider consideration of the Communication Strategy and the skills and expertise required for the vacant Communication Officer post, which are key elements of the 2022/23 business plan.<li data-bbox="320 1503 1390 1756">• E1 Expand ELT to more employers – The Employer Liaison team now performs all notifications to CPF on behalf of Coleg Cambria. The on-boarding process is now complete for this employer, concluding the key objectives for the 2021/22 business plan. Promotion of the Employer Liaison Team will continue for any employers that fail to meet their SLA obligations as well as expanding current processes and procedures provided to existing employers.<li data-bbox="320 1762 1382 1980">• E2 McCloud ELT services - The main area of work continues to focus on FCC and the extraction, manipulation and formatting of data. ELT continue to work with FCC payroll and FCC IT colleagues to meet the McCloud timescales. Efficiencies have been identified in the translation of data from one system to another. This will assist progress in the future with other employer data sets. |

Current Developments and News

1.02 The following details developments and news in addition to business as usual

McCloud update

CPF Programme Update - An update on the progress of the Clwyd Pension Fund McCloud programme is attached as Appendix 2. The programme currently has an overall health status of green, meaning that it is largely on track. The risk register remains unchanged since the last update.

McCloud Regulatory Update - The Public Service Pension and Judicial Offices Bill is now in its final stages of consideration of amendments made concerning the LGPS. This is the Bill which, when enacted, will enable the Department of Levelling up, Housing and Communities (DLUHC) to make the regulations needed to implement the McCloud remedy within the LGPS.

DLUHC's consultation response following the 2020 consultation on LGPS Regulations is expected before the Summer Recess, along with a first set of draft LGPS regulations which will set the end date for the remedy period (expected to be 31 March 2022 assuming the Bill becomes an Act by that date). A second set of draft LGPS regulations will be issued later this year containing details of how the underpin will operate. Final regulations are still not expected to be in force before 1 April 2023 and may be delayed until 1 October 2023 in line with the expected timeframe for the unfunded schemes.

The amendments to the Bill include:

1. changes to the qualification criteria meaning that more members are now in scope
2. a requirement for multiple periods of service to be aggregated to qualify for McCloud
3. provisions for teachers to be offered membership of the LGPS in respect of 'excess teacher service'

With regards to the first amendment, the Clwyd Pension Fund have been collecting data for the category of members now in scope and so there is no impact on the work currently underway.

The amendments relating to the second and third points will be discussed at upcoming workstream meetings and appropriate actions agreed and implemented.

Other updates

- The pensions administration and contribution internal audit was finalised in January and is attached as Appendix 3. The audit opinion given was Amber Green – Reasonable assurance. An assurance of Amber Green confirms that key controls are in place but some fine tuning is required. The main area to improve is ensuring documentation is available in relation to where KPIs are not being met and defining more specific actions (via the risk register and at Committee).

Although the audit highlighted that the 90% target for KPI timescales had not been achieved in many cases, at an individual member level it should be noted that 85% of all processes have been completed within the KPI target timescales.

- The Technical Team have recently developed a Website Analytics report which enables us to monitor how members use the website. This report provides information in relation to which areas of the website are most popular, how long members stay on the website and how the website is accessed. This information will feed into the Communication Strategy and assist in identifying areas of improvement.
- The Payroll Team are currently testing enhanced payroll functionality which if appropriate will be implemented fully in April/May. The new functionality is intended to streamline processes allowing for clearer reporting and reduce the need for as much manual intervention, therefore reducing the chance of error and the amount of checking that is required.
- The planned monthly employer feedback reports were issued in November. The reports provide employers with statistical information in relation new starters, leavers, and retiring members and whether the employer has provided the relevant information in accordance with legal timescales and the employers' service level agreements. Initial feedback suggests that employers find the reports useful. It is hoped that over time the reports will assist employers to identify problematic areas and improve processes to meet the required timescales and we will work in partnership with employers to ensure improvements are made where service standards are not being met. The reports will also identify areas of best practice that could be shared with other employers.
- The Administration Team have collectively continued to work on the data improvement plan for 2021/22 in readiness for the valuation and future Pension Dashboard member matching requirements. In addition to measuring and capturing data required by TPR, the Fund undertook an address tracing exercise to engage with members that had not been in touch for some time or a 'Gone away' notification had been received in relation to the members' address. As a result, 2,191 records have been updated with a new address and 3,414 records have been confirmed as holding the correct address. An MSS promotional flyer was included with the address tracing letter which has resulted in 1,962 new registrations in the same reporting period as the address tracing exercise.
- Pensions Dashboard consultation - The Pensions Dashboard is a Government initiative first announced in the Budget 2016. The idea behind the Dashboard is to allow all pension savers in the UK access to view the values of all of their pension pots, including state pension, through one central platform. The Pension Schemes Act 2021 provides the legal framework for implementing the dashboard. A consultation on regulations (found [here](#)) closes on 13 March 2022 and these draft regulations include more detail on the requirements to participate in the Pension Dashboard for schemes and clarify that public sector pension schemes will be expected to initially onboard between October 2023 and April 2024. The Pensions Administration Manager is participating in a PLSA working group on the development of the Dashboard and, through that group, has been feeding in views for including in a PLSA response to the consultation. The CPF has also volunteered to be part

of the testing of the pension dashboard enhancements being integrated into the administration software. This project is a key element of the 2022/23 to 2024/25 business plan.

Policy and Strategy Implementation and Monitoring

1.03

Administration Strategy

The latest monitoring information in relation to administration is outlined below:

Day to day cases – Appendix 4 provides the analysis of the numbers of cases received and completed on a monthly basis up to and including January 2022 since April 2018 as well as how this is split in relation to our three unitary authorities and all other employers. Following on from the peak number of cases received in September and October, numbers returned to the usual pattern in November through to January although still higher than in previous years.

The number of cases being completed by the team was consistently high during the reporting period even after allowing for training of new recruits and the Christmas holiday season. The number of open cases is at the lowest amount since reporting began, currently 4,838 compared to a peak of 10,105 back in March 2018. Priorities for the operations team going forward will be to manage challenging regulatory timescales for a significant number of cases, maintaining the currently high case completion numbers on an ongoing basis.

Key performance indicators – Appendix 5 shows our performance against the key performance indicators that are measured on a monthly basis up to and including January 2022. The new summary reports illustrate the number of cases that have been completed. There has been a higher number of cases completed over the last three months. The key processes that continue to require improvement are the transfers both in and out. Internal training continues in this area. The completion of cases will take longer due to the recent introduction of new legislative changes and new processes to avoid potential scams. A review of process timescales and how reporting is carried out is underway, due to changes in overriding legislation.

The other two areas where performance against KPIs are not as good as hoped are:

- Refunds – the CPF performance is good but the overall performance is poor, which we consider in the main being due to not having up to date contact details. Officers have just carried out an address tracing exercise and will monitor this KPI over the next three to six months to determine whether the address tracing exercise has a positive impact on this.
- Calculation of deferred benefits – officers believe the main reason for the poor performance is due to leaver notifications not being provided in a timely manner by employers. Employer have now started being sent information on where they are failing to provide notification on time. Officers will commence discussions with any employers failing to improve over the next few months, and this in turn should assist in improving performance against this KPI.

The priority remains to focus on meeting KPI standards for cases where a payment is made either to an individual or a third party.

1.04

Internal dispute resolution procedures (IDRP)

The one remaining IDRP case for 2019/20 is still outstanding. This is ongoing due to COVID 19 delays. It relates to the tier of ill health awarded by the employer. The Stage One IDRP representative and employer are awaiting a medical report in order to make a final decision. A recent update from the employer suggests that this will be moving forward and a decision on the appeal should be able to be made soon. The Clwyd Pension Fund continues to be in contact with the employer to see this to its full conclusion.

With regards to IDRP cases for 2020/21, there are two Stage One appeals against employers that are still awaiting decisions to be made on the appeal outcomes. These appeals also relate to ill health retirement issues. The employers have recently contacted the Clwyd Pension Fund to inform us that these cases are being reviewed imminently pending receipt of medical reports.

In relation to the cases for 2021/22, there are three Stage One appeals against employers. One is for non-award of redundancy pension when the member believes they have been made redundant. One is for non-award of ill health retirement. The third one is an appeal made by a member who is not being permitted to work more than 2 years beyond their flexible retirement date. Of these appeals, one appeal is ongoing and two have been rejected.

- Redundancy appeal: rejected due to ongoing employment tribunal. Depending on the outcome of the tribunal, the member can submit a new appeal if they wish.
- Ill health retirement appeal: rejected.
- Flexible retirement appeal: this is ongoing as our Stage One representative is waiting for the member to return a consent form to them. Without this consent form, the appeal cannot be reviewed. If the member does not respond shortly, the appeal may need to be rejected.

Currently, no Stage Two appeals have been made by any members.

| | 2020/2021 | | | |
|---|-----------|--------|----------|---------|
| | Received | Upheld | Rejected | Ongoing |
| Stage 1 - Against Employers | 5 | 0 | 3 | 2 |
| Stage 1 - Against Administering Authority | 0 | 0 | 0 | 0 |
| Stage 2 - Against Employers | 1 | 0 | 1 | 0 |
| Stage 2 - Against Administering Authority | 0 | 0 | 0 | 0 |
| | 2021/2022 | | | |
| | Received | Upheld | Rejected | Ongoing |
| Stage 1 - Against Employers | 3 | 0 | 2 | 1 |
| Stage 1 - Against Administering Authority | 0 | 0 | 0 | 0 |
| Stage 2 - Against Employers | 0 | 0 | 0 | 0 |
| Stage 2 - Against Administering Authority | 0 | 0 | 0 | 0 |

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| | There are no Clwyd Pension Fund cases that are currently with the Pensions Ombudsman. |
| 1.05 | <p><i>Communications Strategy</i></p> <p>The Communications Team has maintained regular engagement with employers and scheme members over recent months. The following communications have been provided since the last update:</p> <ul style="list-style-type: none"> • Five emails have been sent to all employers providing information in relation to various matters including updates from MoneyHelper (previously the Pension Advisory Service), the introduction of the Early Resolution Service from the Pensions Ombudsman and changes to the approved doctors list used for determination of ill health retirements. • 81 individual member sessions have taken place as part of the 1-2-1 season in conjunction with the Annual Allowance and Life Time Allowance webinar sessions hosted by Mercer. • Employers also had the opportunity to attend the AJCM which was held virtually again in November, with slides distributed thereafter. The feedback from the polls on the day was positive, albeit some did highlight the preference for a face to face event. |
| 1.06 | <p>Other key points in relation to communications include:</p> <ul style="list-style-type: none"> • As included in the separate 2022/23 to 2024/25 business plan report, a complete review of the Communication Strategy is underway and will be presented at the June Committee. This is focussed on ensuring best use of digital solutions as well as consideration of diversity and inclusion aspects. • A letter has been issued to all pensioner and dependant members who have not yet advised the Fund of their communication preference, whether this be paper or electronic, asking them to update their records in readiness for the receipt of the annual Clwyd Catch up and Pension Increase letter. An activation key has been included for those members who have not yet registered for Member Self Service (MSS) to encourage registration and increase digital engagement with the Fund. A paper request form has also been included for those members who would prefer to continue to receive paper communications. |
| 1.07 | <p>Appendix 6 provides an updated summary of Member Self Service (MSS) registered users, which illustrates that enrolment to Member Self Service continues to grow. A further 1,962 members have registered since the last update taking the total number of registered members to 14,848. This significant increase of over 5% is due to the promotional flyer sent to active and deferred members in October.</p> <p>During the reporting period, 352 members have requested a retirement pack for their deferred benefit via MSS as opposed to email/post/telephone. The benefit projector continues to be a very popular function with 16,513 benefit projections having been calculated using MSS functionality by members in this last period. There have also been 735 changes to member's Expression of Wish details on MSS.</p> |

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| 1.08 | <p>Delegated Responsibilities</p> <p>The Pension Fund Committee has delegated a number of responsibilities to officers or individuals. No delegations have been used since the last Committee.</p> |
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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | <p>Following the approval of the McCloud budget for 2021/2022, recruitment is still underway to fill the temporary positions within the McCloud team. The roles were re-advertised in February following two previous unsuccessful recruitment campaigns. Following a wider circulation and using social media outlets, only one candidate applied and if interviewed, this will be completed by the end of March. It is proposed that any remaining vacant positions are advertised at the lower Pension Assistant grade where recruitment is likely to be easier, albeit it is recognised this will result in a greater level of training with the successful candidate(s).</p> <p>The position of Communication Officer within the Communications and Regulations Team remains vacant whilst a review of the job description takes place with a view to being advertised in April.</p> <p>The temporary vacancies within both the Employer Liaison and Operations Teams have been successfully filled with new team members now in position and training underway.</p> <p>Staffing levels will be continuously reviewed within the McCloud, ELT and Administration teams, and consideration given in relation to potential peaks in workload as the McCloud Programme progresses and other major projects such as the National Pensions Dashboard commence.</p> |

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

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| 4.00 | RISK MANAGEMENT |
| 4.01 | <p>Appendix 7 provides the dashboard and the extract of administration and communications risks. Key changes made to risks since the September Committee are as follows:</p> <ul style="list-style-type: none"> • Risk number 1 - Unable to meet legal and performance expectations due to staff issues. This risk relates to the challenge of recruitment and having sufficient staff numbers to meet expectations. Difficulties have occurred in recruiting to recent vacancies, and two positions have been re-advertised again (and we do not expect them to be both filled this time). It may take a few months to ensure that all positions are filled and therefore the target date has been updated to June 2022. |

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| | <ul style="list-style-type: none"> • Risk number 2 - Unable to meet legal and performance expectations due to employer issues. This risk relates to the challenge of receiving high quality data, on time from employers. The Fund has developed employer reports which identify any issues and are having monthly meetings with employers to discuss data issues. However, the Fund needs to give employers a few months to change their systems and processes before escalating issues further and therefore the target date has been updated to September 2022. • Risk number 3 - Unable to meet legal and performance expectations due to external factors. This risk has been updated to reflect the risks that the Pensions Dashboard project raises as well as the mitigations which have been put into place. However, as further information is expected over the summer following the ongoing consultation, the target date has been updated to March 2023. • Risk number 4 – Scheme members do not understand or appreciate their benefits due to communications being inaccurate, poorly drafted or insufficient. This has been updated to reflect the additional internal controls which have been put into place (increasing MSS use and address tracing). However, the outstanding actions to update the website and review elements of the member communications are planned for 2022/23 and therefore the target date has been updated to September 2022. • Risk number 5 – High administration costs and/or errors. This has been updated to reflect the significant use of Member Self Service which is helping to reduce internal administration workloads in some areas and increasing data accuracy by allowing members to enter their data directly. As a result the current likelihood of this risk has been lowered from Significant to Low. As the administration system tender is planned for later in the year and there is still uncertainty about ongoing associated costs, the target date has been updated to December 2022. • Risk number 6 – Service provision is interrupted due to system failure or unavailability. As the FCC cyber assessment has not yet been completed and it is expected that further cyber security and business continuity work will be completed over the early part of 2022/23 this target date for this has been updated to be September 2022. |
| 4.02 | <p>The key risks which are furthest from target relate to:</p> <ul style="list-style-type: none"> • Risk number 1 - Unable to meet legal and performance expectations due to staff issues. • Risk number 3 - Unable to meet legal and performance expectations due to external factors. |

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| 5.00 | APPENDICES |
| 5.01 | <p>Appendix 1 – Business plan progress 2021/22 Appendix 2 – McCloud Programme update report Appendix 3 – Internal Audit report Appendix 4 – Analysis of cases received and completed Appendix 5 – Key Performance Indicators Appendix 6 – Member Self Service update Appendix 7 – Risk register update</p> |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | <ul style="list-style-type: none"> • Report to Pension Fund Committee – Pension Administration Strategy (March 2021) • Report to March Pension Fund Committee - 2021/22 Business Plan (March 2021) <p>DWP Pensions Dashboards consultation: https://www.gov.uk/government/consultations/pensions-dashboards-consultation-on-the-draft-pensions-dashboards-regulations-2022</p> <p>Contact Officer: Karen Williams, Pensions Administration Manager Telephone: 01352 702963 E-mail: karen.williams@flintshire.gov.uk</p> |


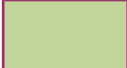



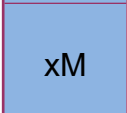
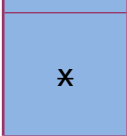
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| 7.00 | GLOSSARY OF TERMS |
| 7.01 | <p>(a) CPF – Clwyd Pension Fund – The Pension Fund managed by Flintshire County Council for local authority employees in the region and employees of other employers with links to local government in the region</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 – 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 DLUHC.</p> <p>(h) DLUHC – Department of Levelling Up, Housing and Communities – the government department responsible for the LGPS legislation.</p> |

Business Plan 2021/22 to 2023/24 – Q4 Update

Administration, Communications & Employer Liaison Team

Key Tasks

Key:

| | |
|---|--|
|  | Complete |
|  | On target or ahead of schedule |
|  | Commenced but behind schedule |
|  | Not commenced |
|  | Item added since original business plan |
|  | Period moved since original business plan due to change of plan /circumstances |
|  | Original item where the period has been moved or task deleted since original business plan |

| Ref | Key Action –Task | 2021/22 Period | | | | Later Years | |
|---|--|----------------|----|----|----|-------------|-------------|
| | | Q1 | Q2 | Q3 | Q4 | 2022/ 23 | 2023/ 24 |
| Essential Regulatory Driven Areas | | | | | | | |
| A1 | Implement Survivor Benefits Changes | x | x | x | x | x | |
| A2 | McCloud Judgement | x | x | x | x | x | x |
| Priority Fund Driven Projects | | | | | | | |
| A6 | i-Connect | x | | | | | |
| A7 | Review Administration & Communications Related Policies and Strategies | x | | | | x | |
| Lower Priority Fund Driven Projects | | | | | | | |
| A9 | Review of Scheme Member Communications and Processes | x | x | x | x | x | |
| Employer Liaison Team (ELT) Projects | | | | | | | |
| E1 | Expand ELT to more employers | x | x | x | x | | |
| E2 | McCloud ELT Services | x | x | x | x | xM | |

Administration (including Communications) and Employer Liaison Team Tasks

Essential Regulatory Driven Areas

A1 – Implement Survivor Benefit Change:

Amendment LGPS Regulations & Elmes versus Essex High Court Ruling

What is it?

The LGPS (Miscellaneous Amendment) Regulations 2018 (SI2018/1366) came into force with effect from 10 January 2019. These included changes that impact on the calculation of and entitlement to surviving partner pensions in respect of Civil Partners or same sex marriages. As a result it is necessary for the Fund to carry out a major review to identify any cases who are affected and to ensure the correct benefits are paid. In addition, LGPS Funds need to action the outcome of the Elmes versus Essex case where it has been ruled in the High Court that in respect of any LGPS members leaving the scheme between 1 April 2008 and 31 March 2014, and who subsequently died leaving a Cohabiting Partner, that partner could have a survivors pension paid to them even without a completed nomination form in place so long as they still meet the eligibility criteria. Any potential cohabiting partners need to be contacted and

surviving partner pensions put into payment if applicable. Guidance is awaited from LGA to finalise the work on these changes.

Further a June 2020 Employment Tribunal ruling (the "Goodwin ruling") relating to the Teachers' Pension Scheme concluded that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The Chief Secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. It is expected that MHCLG will consult on the changes required to the LGPS in relation to the Goodwin ruling during the summer of 2021. It is expected that it will be necessary to contact any female dependant members who were previously in a Civil Partnership to recalculate their benefits.

The work in relation to these changes commenced during 2019/20 and is expected to continue into 2021/22 and 2022/23.

Timescales and Stages

| | |
|--|------------------------------|
| Tracing, contacting, verifying entitlement and recalculating affected surviving partners | 2021/22 Q1 to Q4 and 2022/23 |
|--|------------------------------|

Resource and Budget Implications

This project is being absorbed by the Operations Team within Pensions Administration to ensure all surviving partners prior to regulation changes are reviewed and amended where applicable. Any new cases from the date of the amendment regulations are already being dealt with as per the amended legislation and will be treated as business as usual.

A2 – McCloud judgement

What is it?

The McCloud case has highlighted that the introduction of the new CARE schemes for Firefighters and Judges in April 2015 were unlawful. This will impact on other public service pension schemes including the LGPS (where the new CARE scheme from April 2014 included a statutory underpin for older members). MHCLG issued a consultation setting out its proposals for implementing the McCloud judgement in the LGPS in July 2020. This focused on remedies which will result in changes to scheme benefits some of which will be retrospective.

From an administrative perspective the impact of the court case is likely to result in a change to how benefits are calculated for a large number of scheme members including members who have left. This is likely to significantly impact on administration processes and systems as well as requiring a robust communication exercise with employers and scheme members. The additional resource requirements are likely to be significant and until the detail of the changes are known the focus is on:

- ensuring any existing backlogs or data cleansing are cleared
- fast-tracking training within the team to ensure wider and more senior work knowledge across the existing team members.

The Fund has established the McCloud programme to implement the remedy for Clwyd Pension Fund. This includes some team members who will be 100% dedicated to this work for the duration of the programme.

Timescales and Stages

| | |
|---|---------------------------------------|
| Data collection from employers (commenced during 2020/21) | 2021/22 Q1 |
| Use of interface to upload data / data cleansing | 2021/22 Q1 to Q3 |
| Receipt of final regulations so benefit recalculations can commence | Estimated 2021/22 |
| Verifying impact on members and benefit recalculations | TBC – expected to continue to 2022/23 |

Resource and Budget Implications

Although the work will be led and managed by a separate CPF McCloud programme team, it will impact across all of the Administration Team. An estimated allowance for additional resource has been included in the 2021/22 budget, which assumes 7.5 FTE internal posts, 2 of which are within ELT and therefore will be recharged to employers using that service. There are also additional costs relating to consultancy (including programme management which has been outsourced), incidentals such as postage and printing, and system costs. The budget for 2021/22 is £645k in total.

Priority Fund Driven Projects

A6 – i-Connect

What is it?

i-Connect is the on-line computer module that allows information to be submitted by employers more directly and efficiently into the pension administration system (Altair). This is being implemented on a phased basis by employer. We have currently on-boarded 97% of scheme members (75% of our employers) including Wrexham County Borough Council, Denbighshire County Council, Flintshire County Council and Coleg Cambria. The remaining employers to be on-boarded include:

- Glyndwr University and North Wales Fire, who will use the i-Connect file upload facility,
- The remaining Fund employers (approximately 10 smaller employers) who will use the i-Connect manual entry facility.

It was originally intended that all employers would be live on i-Connect by the end of 2020/21.

In addition, further data checks to identify issues with i-Connect data files are being developed. Initial work has highlighted some ongoing issues with the data being provided by Wrexham County Borough Council and work will continue to resolve this too.

Timescales and Stages

| | |
|---|------------|
| Onboard Glyndwr University and North Wales Fire | 2021/22 Q1 |
| Onboard other smaller employers | 2021/22 Q1 |
| Ongoing work with Wrexham County Borough Council to resolve issues with data file | 2021/22 Q1 |
| Introduction of improved checks on the monthly data supplied through i-Connect | 2021/22 Q1 |

Resource and Budget Implications

There will be a time and resource commitment required from employers including CPF's Employer Liaison Team. All internal costs are being met from existing budget. The ongoing roll out of i-Connect will continue to involve significant internal resources which may impact on other day to day work.

A7 - Review Administration and Communication Related Policies and Strategies

What is it?

The CPF Administration Strategy and Communications Strategy were approved at the September 2019 PFC. They must be reviewed at least once every three years to ensure they remain relevant and up to date. The Administration Strategy is currently being reviewed given the move of most employers to i-Connect.

There are a number of other administration related policies that also need to be reviewed regularly as shown in the table below.

Timescales and Stages

| | |
|---|--------------------------|
| Review of Administration Strategy (last approved September 2019) | 2020/21 Q4 to 2021/22 Q1 |
| Review of Communications Strategy (last approved September 2019) | 2022/23 |
| Review of Scheme Pays Policy (last approved April 2019) | 2022/23 |
| Review of Administration Discretionary Policy (last approved April 2019) | 2022/23 |
| Review of Under / Overpayment Policy (expected to be approved March 2021) | 2023/24 |

Resource and Budget Implications

This will be led by the Pensions Administration Manager. All costs are being met from the existing budget.

Lower Priority Fund Driven Projects

A9 – Review of scheme member communications and processes

What is it?

Fund members often have questions, need information or require a process to be completed by the Fund. These points of engagement are the key time to improve the experience of being a member of the Fund. They also rely on efficient processes and data coming from employers.

This project will involve:

- Developing the Fund's brand for consistent use in all Fund communications which will ensure it is recognisable for scheme members, employers and other stakeholders. As part of this, the Fund is carrying out an ongoing review of all communications (website, forms, booklets, letters) to ensure consistency in look, feel and language used. The Fund will also be appointing a new braille supplier.
- Ensuring all standard communications are available in digital form where at all possible which is in-line with the Fund's communications objectives.
- Considering the success of new systems that have been implemented, including the new website, Member Self Service, i-Connect and TEC (the Technical Education Centre which provides on-line training), and decide if any further development or systems should be put in place.
- Developing a range of webcasts (for loading on the Fund's website) for employers and scheme members relating to various subject matters.
- Developing on-line processes including retirement processing and on-line forms - Currently scheme members who are retiring have a number of forms and declarations that they need to complete that are done via post. It would be more efficient and quicker for members if this could be done via an on-line process. This may include the need to seek legal advice to ensure that it is possible to implement a process without a written signature. Once this has been developed, it is hoped that the functionality can be developed for on-line processing and forms for other areas, such as transfer value elections, refund elections and notifying deferred benefits.
- Investigating the options for providing the member with more frequent updates as to the progress of their case, especially where these cases involve multiple steps and take a number of weeks, or sometimes months, to complete. This will include considering different media (emails, text messages, etc) and considering how this can also be automated.

Timescales and Stages

| | |
|---|-----------------------------|
| Appoint braille supplier | 2021/22 Q1 |
| Document and agree Fund's branding guidelines | 2021/22 Q2 & Q3 |
| Investigation, development and launch of first webcasts | 2021/22 Q3 & Q4 |
| On-line retirement processing and other on-line forms and processing | 2021/22 Q2 & Q3 and 2022/23 |
| Finalise review and update of website | 2021/22 Q2 to Q4 |
| Review and update of other literature (not website) | 2021/22 Q2 to Q4 |
| Review success of the new systems which have been implemented and any decided on any further development | 2021/22 Q2 to Q4 |
| Investigate options and roll-out solution to provide members with more frequent updates on the status of any pensions process which are ongoing | 2021/22 Q3 to 2022/23 |

Resource and Budget Implications

These projects involve a mix of the various teams within the Administration Team. Internal costs are being met from the existing budget but there may be additional costs if external development work or additional systems are needed. The ability to deliver on these areas to these timescales will depend on whether specialist technical resource is instead required for other essential work (e.g. McCloud).

Employer Liaison Team Projects

Understanding the continuing pressure on resources and budgets for employers and the administering authority, the CPF offers assistance to Fund Employers in providing accurate and complete notifications to the Fund (and other Employer duties) in a timely manner. The Employer Liaison Team (ELT) mainly assists in providing notifications regarding new starters, personal/employment changes and leavers/retirements in the LGPS. It undertakes outstanding requests for information in order to cleanse the pension records. All ELT costs are recharged to employers through their employer contribution rate. Resources continue to be reviewed to meet demand depending on ongoing employer uptake. The total budget allocated for 2021/22 is £226k which will cover all of the following unless indicated otherwise.

E1 – Expand ELT to more employers

What is it?

Consider expanding the ELT service to a wider range of employers and generally making employers more aware of the facility that is available. Discussions are already underway with another medium sized employer who may be interested in using the ELT service.

Timescales and Stages

| | |
|--|-----------------|
| Ongoing discussions with other employers | 2021/22 Q1 to 4 |
|--|-----------------|

E2 – McCloud ELT Services

What is it?

Provide and continue developing ELT services in relation to data provision and other ongoing support to assist with the impact of the McCloud Judgement.

Timescales and Stages

| | |
|---|-----------------|
| Assisting employers with data collation for McCloud | 2021/22 Q1 to 4 |
|---|-----------------|

**Cronfa Bensiynau Clwyd
Clwyd Pension Fund**

Administered by



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Clwyd Pension Fund
McCloud Programme Update

Prepared for: Clwyd Pension Fund Pension Board

Prepared by: Aon




Date: 17 February 2022

High level Programme Plan

| Key | Description |
|-------------|-------------|
| Complete | Complete |
| On track | On track |
| Overdue | Overdue |
| At risk | At risk |
| Not started | Not started |

| Workstream /key deliverables | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 to Mar-23 | Apr-23 | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------------|-------------|-------------|-------------|-------------|-------------|----------|----------|-------------|-------------|------------------|-------------|-------------|
| Regulations | | | | | | | | | | | | | | | | | | | | | | | | | | |
| i. Submit Fund response (milestone 1) | Complete | | | | | | | | | | | | | | | | | | | | | | | | | |
| ii. Consultation response & draft regulations from DLUCH (milestone 2) - estimated | | | | | | | | | | | | | | | | | Not started | Not started | Not started | | | | | | | |
| iii. Ministerial statement | | | | | | | | At risk | | | | | | | | | | | | | | | | | | |
| iv. Regulations made (milestone 3) – estimated | | | | | | | | | | | | | | | | | | | | | | | | | At risk | |
| v. Regulations come into effect (milestone 4)* | | | | | | | | | | | | | | | | | | | | | | | | | At risk | |
| Communications workstream | | | | | | | | | | | | | | | | | | | | | | | | | | |
| i. Pensions Saving Statements issued | Complete | | | | | | | | | | | | | | | | | | | | | | | | | |
| ii. Pensions Extra issued | Complete | | | | | | | | | | | | | | | | | | | | | | | | | |
| iii. Other McCloud communications (TBC) | | | | | | | | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | |
| Data workstream including Heywood data solutions | | | | | | | | | | | | | | | | | | | | | | | | | | |
| i. Data collection template, decision process and collection protocol & employer questionnaire | Complete | Complete | Complete | Complete | Complete | Complete | Complete | Complete | | | | | | | | | | | | | | | | | | |
| ii. Employer engagement – pilots, 1to1s, monitor/manage timetables | | Complete | Complete | Complete | Complete | Complete | Complete | Complete | Complete | | | | | | | | | | | | | | | | | |
| iii. Data collection from employers, review & validate data | | | | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | |
| iv. Data decision protocol – flowchart / roadmap – draft, finalise | | | | | | | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | |
| v. Heywood confirm data solutions and timescales | | Complete | Complete | Complete | Complete | Complete | Complete | Complete | Complete | Complete | Complete | | | | | | | | | | | | | | | |
| vi. Upload data, testing, final, further cleansing / manual input | | | | | | | | | | | | | | | | | | | | | | | Not started | Not started | Not started | Not started |
| vii. Further data cleansing / manual input | | | | | | | | | | | | | | | | | | | | | | Not started | Not started | Not started | Not started | |
| Funding, accounting and cashflows workstream | | | | | | | | | | | | | | | | | | | | | | | | | | |
| i. Agree plan with actuary regarding funding implications, contributions etc | | | | | | | | | | | | | | Not started | Not started | Not started | Not started | | | | | | | | | |
| ii. Delivery - TBC | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ongoing administration | | | | | | | | | | | | | | | | | | | | | | | | | | |
| i. Scoping workstream | | | | | | | | | | | | On track | On track | On track | On track | On track | | | | | | | | | | |
| ii. Delivery | | | | | | | | | | | | | | | | | On track | On track | On track | On track | On track | On track | On track | On track | On track | |
| Benefits rectification | | | | | | | | | | | | | | | | | | | | | | | | | | |
| i. Scoping workstream | | | | | | | | | | | | | | On track | On track | On track | On track | On track | On track | On track | | | | | | |
| ii. Receive further details and patch releases of initial Heywood functionality, testing | | | | | | | | | | | | | | On track | On track | On track | On track | On track | On track | On track | On track | | | | | |
| iii. Delivery (other) | | | | | | | | | | | | | | | | | | | | | | | | On track | On track | |
| Programme meetings | | | | | | | | | | | | | | | | | | | | | | | | | | |
| i. Workstream meetings including governance | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track |
| ii. PMG / SG meetings | | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track | On track |

*Latest update suggests that regulations could come into effect as late as October 2023 (previously April 2023)

| Key | Description |
|---|-------------|
|  | Complete |
|  | On track |
|  | Overdue |
|  | At risk |
|  | Not started |

Programme background: The Court of Appeal has ruled that changes to public service pension schemes, including the LGPS, for future service made in 2014 and 2015, were discriminatory against younger members. The Government eventually gave a commitment to make changes to all public service pension schemes to remove discrimination.

Programme purpose: To implement the regulations the Government will make to remedy the discrimination against younger members of the LGPS for the Clwyd Pension Fund

Key deliverables 1 September 2021 – 31 March 2022

| Programme workstream deliverables / Description | Responsibility | Sign-off | Deadline | Notes | Status |
|---|---------------------------|----------|----------------------|---|--------------------|
| 1. Data collection - checking and validations i. Data collection ii. Data checking and quality analysis (data validation procedure) | Data workstream | PMG | August 2022 | Full data collected for 32 mostly smaller employers and part data for 7 (includes Careers Wales, FCC and Wrexham County Council). Data team to form a proposal around data validation process for PMG approval. Data validation expected to be complete by August 2022 for all employers. | In progress |
| 2. Heywood data solutions i. Data collection solution | Data workstream | PMG | September 2021 | Heywood data collection roll-out is complete. | Complete |
| ii. Heywood plans for benefits rectification and ongoing administration | Data workstream | PMG | August 2022 | Ongoing discussions with Heywood around solutions and timescales. McCloud solution expected in next update (expected Feb 2022) | In progress |
| 3. McCloud communications i. PENPAL newsletter / ABS guidance notes ii. Deferred diaries DBS guidance notes | Communications workstream | PMG / SG | Aug / Sep 2021 | Following ministerial statement, wording to be included in member communications. | Complete |
| iii. Clwyd catch up – McCloud article | Communications workstream | PMG / SG | March 2022 | McCloud article to be included in Clwyd catch up to be issued to pensioner members. | In progress |
| 4. Consultation outcome announcement / ministerial statement | n/a | n/a | Expected Spring 2022 | Ministerial statement issued in May 2021. Consultation announcement from DLUHC expected in Spring 2022 with regs expected in Spring 2022, to come into force from April 2023 (could be October 2023). PMG agreed to continue with programme as planned. | Overdue |
| 5. Programme meetings i. Data workstream (fortnightly) ii. Communications workstream (2 per quarter) iii. Other workstreams (TBC) iv. PMG (2 per quarter) v. SG (quarterly) | Programme Manager | n/a | Ongoing | Agree appropriate time to commence other workstream meetings – ongoing administration commenced in September 2021 and benefits rectification workstream expected to commence in early 2022. | In progress |

Programme success criteria (SC)

| | |
|-----|--|
| SC1 | Identify in-scope members with 100% accuracy |
| SC2 | Obtain and load to the administration system all data required to calculate final salary underpin, adopting agreed assumptions where data cannot be reasonably obtained |
| SC3 | Administration processes and systems are all amended and operate in line with the regulations from the effective date |
| SC4 | Benefit rectification is completed accurately for all affected members by the required/agreed date |
| SC5 | Member communications are effective, evidenced by few queries and complaints |
| SC6 | Automation minimizes the impact on resources and SLAs/KPIs during implementation, rectification and ongoing administration |
| SC7 | The programme is completed without unplanned disruption to business as usual and other Clwyd Pension Fund projects |
| SC8 | The programme is completed within budget and timescale (subject to reasonable tolerances), noting that these will be agreed and reassessed from time to time throughout the programme. |
| SC9 | The additional costs falling to employers transpire to have been reasonably estimated at the 2019 actuarial valuation |

Programme Risks (1 of 2) – current risks furthest from target

There are several risks that the programme's success criteria will not be achieved – these have been identified by CPF's programme management, are captured in a formal risk log and monitored on an ongoing basis. The current risks that are red and furthest from target are shown on in the table below. Some of the risks have been rated upward since the previous update provided to the Clwyd Pension Fund Pension Board, based on the current position of the programme (see slide 12).

| Risk no | Risk overview (this will happen) | Risk description (if this happens) | Programme Group | Success criteria at risk | Current risk impact | Current risk likelihood | Current risk status | Proposed controls in place | Target risk impact | Target risk likelihood | Target risk status |
|---------|--|--|-----------------|--------------------------|---------------------|-------------------------|---------------------|--|--------------------|------------------------|--------------------|
| 3 | Unable to load data efficiently and accurately, and in a timely manner | Data cannot be loaded onto the system in an efficient, accurate and timely manner, leading to project delays or issues with the underpin calculation. Risk covers inappropriate data format provided from employer as well as issues with uploading the data into the interface. | Data Workstream | SC1, SC2, SC8 | Critical | Very High (65%) | | <ol style="list-style-type: none"> 1. Early engagement with Heywood on a one to one basis. 2. Initial virtual meeting and ongoing one-to one meetings with employers to highlight strict data requirements/formats. 3. Full instructions, including checklist provided to all employers at initial engagement stage. 4. Ongoing discussions around resourcing including upskilling and flexibility of employees. | Negligible | Unlikely (5%) | |
| 30 | Heywood toolkit – not fit for purpose or delay in provision or service | Inability to identify aggregation cases leading to inaccurate benefit calculations and / or delay to provision of toolkit resulting in programme delays or detrimental impact on programme resourcing | Data Workstream | SC2, SC3, SC8 | Critical | Significant (50%) | | <ol style="list-style-type: none"> 1. Pressure on Heywood client manager to come up with a feasible solution 2. Stop deleting status 8s 3. Try to identify cases to come up with an action plan if Heywood cannot come up with a workable solution (potentially liaise with other funds) 4. Work out overlapping cases. | Negligible | Unlikely (5%) | |

Programme Risks (2 of 2) – risks upgraded to be showing furthest away from target since previous update provided to the Clwyd Pension Fund Pension Board

The risks shown in the table have been rated up since the previous update provided to the Clwyd Pension Fund Pension Board and are now furthest from target based on the current position of the programme.

| Risk no | Risk overview (this will happen) | Risk description (if this happens) | Programme Group | Owner | Success criteria at risk | Current risk impact | Current risk likelihood | Current risk status | Proposed controls in place | Target risk impact | Target risk likelihood | Target risk status |
|---------|---|--|----------------------------|----------------|--------------------------|---------------------|-------------------------|---------------------|---|--------------------|------------------------|--------------------|
| 5 | Insufficient or inappropriate resources | Inability to source appropriate resources required to deliver the programme deliverables (including data uploading) in the required timescales | Programme Management Group | Karen Williams | SC8 | Critical | Significant (50%) | | <ol style="list-style-type: none"> 1. Thorough programme planning, scoping of work & recruitment programme (recruitment is currently underway at June 2020, and further recruitment from March 2021). 2. Forward planning and ongoing monitoring of resource requirements. 3. Concern raised and action taken as matter of urgency. 4. Flexibility to utilise resource (including training or physical resource) from consultants if required. 5. Refer all stakeholders to roles and responsibilities document to ensure resources are matched with correct roles alongside regular reminder at points throughout the programme. 6. Strong engagement with software supplier looking for alternative efficiencies. 7. Build resourcing plan (discussed & agreed with ERs) & understanding staff skill 8. Monitoring resource of Alicia Howells' team once more info on toolkit provided / Consider interface process being carried out in McCloud team (after training). 9. Consideration of external resource. | Negligible | Very Low (15%) | |

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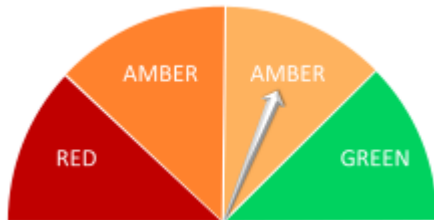
Flintshire Internal Audit

Audit Report

Title: 21/22 Pensions Administration & Contributions
Portfolio: External
Issued Dated: January 2022
Report No: 30-2021/22
Report Status: Final

Internal Audit engagements are conducted in conformance with the Public Sector Internal Audit Standards.

Audit Opinion



1 Executive Summary:

Introduction and Scope:

The Clwyd Pension Fund (CPF) Administration and Contributions review is being carried out as part of the Internal Audit Strategic Plan for 2021/22 which has been agreed with Chief Officers and approved by the Council's Governance and Audit Committee.

Flintshire County Council (the "administering authority") is responsible for the local administration of the Fund, which is part of the Local Government Pension Scheme ("the LGPS"). The Fund comprises around 48 employers with active members, and approximately 49,000 scheme members (including active members, deferred and pensioner members).

The Administration Strategy sets out the administering authority and the employers responsibilities under the Scheme, and outlines the performance standards which employers are expected to meet to ensure the delivery of a high quality, timely and professional administration service. Although an Administration Strategy has been in place since 2016, it has recently been revised and updated to reflect the evolution in the ways of working within the Fund over time. The revised Administration Strategy was approved by the CPF Committee in March 2021.

The review has identified the pension administration and contribution processes have been aligned to the approved Administration Strategy. Key controls relating to the management of pensioner payroll and other payments were tested and are working as expected. A business case for the recruitment of an additional FTE within the payroll team was recently approved to introduce enhanced controls and facilitate a complete separation of duties relating to the oversight and reconciliation of monthly payroll payments. These controls are working as expected.

Due to the COVID 19 pandemic, a number of changes have been made to

Audit Opinion:

In each report we provide management with an overall assurance opinion on how effectively risks are being managed within the area reviewed. Appendix A of the report details our assurance levels:

| Assurance: | Explanation |
|---------------------------------|---|
| Amber Green - Reasonable | Reasonable Assurance – Key Controls in place but some fine tuning required •Some refinement or addition of controls would enhance the control environment •Key objective could be better achieved with some relatively minor adjustments Conclusion: key controls generally operating effectively. |

The table below highlights the number and priority of agreed actions to be implemented.

| Priority | High (Red) | Medium (Amber) | Low (Green) | Total |
|----------|------------|----------------|-------------|-------|
| No. | 0 | 1 | 2 | 3 |

operational processes to facilitate business continuity whilst members of the team are working from home. These changes were risk assessed, considered and deemed adequate by the committee and the board and were included in the independent advisor annual report dated July 2020. Testing also identified that expected controls have continued to operate whilst the service has been working from home.

Lastly, separation of duties forms part of the member payment process and is part of the task processing within the Altair system. As part of the payment task, the information is processed for the member to receive payment by one member of the operations team, this is then reviewed by a different member of the operations team and finally approved by the manager. The Altair system has an audit trail on who has completed each task of the approval process and the date this took place.

One medium finding has been raised relating to KPI monitoring. Two low level findings have been raised in relation to the employer performance oversight and reporting, and evidencing all variances highlighted in the payroll reports have been reviewed and rectified.

Testing has identified the controls to be appropriate as reflected above, and an Amber Green (Reasonable) assurance rating has been reported.

2 Summary Findings:

| Areas Managed Well | Areas for Further Improvement |
|--|--|
| <ul style="list-style-type: none"> • The Clwyd Pension Fund (CPF) Administration Strategy was reviewed and approved by the CPF Committee in March 2021. • Key risks associated with the Pensions and Administration and Contributions service have been identified in the respective risk register. Regular updates are provided at CPF Committee on underperforming risks and actions taken to address. • The controls in place to oversee the management of member payroll and other payments are adequate. • Three of the four suggestions made by Audit Wales (AW) in the last audit have been rectified. The suggestion in relation to the reconciliation between I-connect and contributions is being reviewed as part of this year’s AW review. • Data is being gathered to oversee employer delivery in line with SLA and legal requirements. • Enhanced controls introduced as a result of the recent approved restructure are operating as expected. • Separation of duties has been incorporated into the member payment process. • Changes made to processes to facilitate the prolonged working from home due to the COVID 19 pandemic were documented, impact assessed and approved. | <ul style="list-style-type: none"> • Key Performance Indicators which are utilised to oversee timeliness and accuracy of data processed in line with legal requirements and established timescales by the administering authority indicate underperformance. An action plan to address areas of underperformance is not in place. • The employer performance reports and accompanying letter are not clear in advising what actions are required by the employer and the timescales for performance improvement prior to the escalation process being applied. • Spreadsheets utilised within Pensions Finance to capture the reconciliation of member payments do not easily evidence all variances identified have been addressed. Documented procedures are not in place for the reconciliations completed by the Pensions Finance Team. |

3 Action Plan:

| Priority | Description |
|----------------|---|
| High (Red) | Action is imperative to ensure that the objectives of the area under review are met. |
| Medium (Amber) | Requires action to avoid exposure to significant risks in achieving the objectives of the area. |
| Low (Green) | Action encouraged to enhance control or improve operational efficiency. |

| No. | Findings and Implications | Agreed Action | Who | When |
|-------|---|--|----------------|--------------|
| 1 (A) | <p>KPI Monitoring</p> <p>The Clwyd Pension Fund (CPF) Administration Strategy applies to all employers in the Fund and it sets out the expected levels of administration performance of both the administering authority and the employers within the Fund, the expected communication methods for transferring data and information between the employer and the Fund, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.</p> <p>Key performance indicators (KPIs) have been agreed within the Fund's Administration Strategy to ensure timeliness and accuracy of data processed in line with legal requirements and established timescales by the administering authority.</p> <p>It is important that KPI performance data drives improvement or corrective actions which in turn impact on the assessment of risk and how well these are being managed.</p> <p>Each KPI measures the following:</p> <ul style="list-style-type: none"> • The legal timescale that must be met • The overall timescale for the process (including any time taken by employers and/or scheme members) | <p>The management team (comprised of the Pensions Administration Manager and the team leaders) will strengthen the link between KPIs, actions and risk assessment by ensuring that documentation is available in relation to why the KPIs have not been met and defining more specific actions. Appropriate comments will be added to the risk register and Committee reports at a high level.</p> <p>Reporting on KPI 10, 12 and 13 has only taken place since the September Committee meeting. We had been collecting the data since April but the reports were only finalised in September for us to populate and report progress. We therefore haven't had enough time or opportunity in these specific areas to improve given the staff recruitment/training issues at the same time. It is acknowledge that this will need to be addressed going forward.</p> <p>The individual KPIs and their associated targets to be reviewed for adequacy. Where changes are identified, amendments will be made to the CPF Administration Strategy and reporting. Action plans to be devised to address underperformance.</p> | Karen Williams | 30 June 2022 |

| No. | Findings and Implications | Agreed Action | Who | When |
|-----|--|------------------|-----|------|
| | <ul style="list-style-type: none"> The timescale relating to the Clwyd Pension Fund administration team only once all required information has been received <p>A review of the latest KPI dataset (Aug 21) has identified performance across all three categories is inconsistent against set targets and although improvements have been observed since its introduction in January 2019, the number of KPIs consistently achieving the targeted timescales is low.</p> <p>KPI performance update forms part of the Administration and Communication reports presented at the CPF Committee on a quarterly basis. Explanations are provided to the fund on the reasons for underachievement. However, actions have not been defined and measured against to be able to evidence and improve KPI performance in line with expectations within the strategy.</p> <p>It is acknowledged due to the nature of the processes that achievement for some of the KPIs is outside of the funds control as further information is required from the employer or employee. However, the Clwyd Pension Fund element targets have been set to measure timescales once all required information has been received.</p> <p>For the period tested (Jan 21 to Aug 21), the Clwyd Pension Fund element targets have been achieved 38 out of a possible 81 times (46.91%). 4 of the 13 KPIs measured have never achieved the target of 90%. They are:</p> <ul style="list-style-type: none"> KPI 3- Obtain transfer details for transfer in, and | <p>URN 03266</p> | | |

| No. | Findings and Implications | Agreed Action | Who | When |
|-------|---|--|----------------|--------------|
| | <p>calculate and provide quotation to member</p> <ul style="list-style-type: none"> • KPI 10- Calculate and pay a Refund of contributions • KPI 12- Calculate and Notify member of Deferred Benefits • KPI 13- Initial letter acknowledging death of member <p>We reviewed the Administration and Communications risk register (Aug 21) to identify the root cause for the underperformance of the KPIs and the specific actions taken to address this.</p> <p>Specifically the KPIs which refer to the Clwyd Pension Fund Element would be captured in Risk 1-Unable to meet legal and performance expectations due to staff issues or under Risk 3- Unable to meet legal and performance expectations due to external factors.</p> <p>Both of these risks are within the desired risk state in the most recent version of the risk register making it difficult to see the impact of under performance of the KPIs on risk assessments.</p> <p>Failure to link KPIs to strategic/ operational risks and the timely identification of mitigating actions to address underperformance may lead to the fund not achieving its overall objectives as well as a potential increase in legal breaches.</p> | | | |
| 2 (G) | <p><u>Employer Performance Oversight</u> Reporting has been established to start measuring employer performance in line with the responsibilities agreed in the Pension Administration Strategy and the respective employer SLA agreements.</p> | <p>Establish a process to deal with underperformance with clear timescales for improvement.</p> <p>Development of employer’s oversight report to</p> | Karen Williams | 30 June 2022 |

| No. | Findings and Implications | Agreed Action | Who | When |
|-------|--|---|--------------|--------------|
| | <p>Employer data gathering started at the beginning of the financial year 2021. The employer performance reports were introduced in November 2021 in line with the service level agreements. Currently monthly employer performance reports are completed for each individual employer which displays performance for the month and the performance since April 2021.</p> <p>Testing identified the established letter which accompanies the report sent to employers is generic and does not differentiate between those who are underperforming versus those who are achieving set targets. It is also not clear from the reporting or the letter what actions are required by the employer and the timescales for performance improvement prior to the escalation process being applied.</p> <p>It is acknowledged that action for improving employer performance rests with the employers, however the lack of targeted reporting of the performance information by CPF poses a risk underperformance will not be addressed in a timely manner further impacting the achievement of the Funds agreed KPIs.</p> | <p>report overall performance over time for all employers. Comparisons can be drawn amongst employers to assist with identification of areas of best practice.</p> <p>We will need to balance this with the need to manage effective relationships with our employer clients.</p> <p>URN 03258</p> | | |
| 3 (G) | <p><u>Finance Reconciliation Evidence and Documented Procedures</u></p> <p>A number of controls are in place to oversee the processing of member payments. The processing of member cases is completed in the Altair system by the Pensions operations team.</p> <p>Monthly reporting is generated from Altair and reconciled by the pension's payroll team to ensure accuracy. Payments relating to Lump Sums, Death Grants and</p> | <p>A review to be completed of the current reconciliation process to identify a way of evidencing all accounts captured by the payroll report have been reconciled. Timescales to be introduced to address any variance discrepancies. A meeting to be held monthly between pensions finance, payroll and operations to go over variances and agree outcomes for cases. Reconciliation procedures followed by the Finance team to</p> | Paul Vaughan | 30 June 2022 |

| No. | Findings and Implications | Agreed Action | Who | When |
|-----|---|--|-----|------|
| | <p>transfer outs are also sent to Pensions Finance to reconcile against the ledger. Should any variances be identified due to miscoding, value or timing of payments this will be sent back to the Payroll or Operations team for further investigation and rectification.</p> <p>Spreadsheets are utilised within Finance to capture the reconciliation of the payments referred above. A sample of 10 entries from the Lump Sum, Death Grants and Transfer outs reports was completed and traced to the reconciliation spreadsheet with no issues identified.</p> <p>The current process does not easily evidence the reconciliation of all entries within the monthly payroll reports. Without reperforming all reconciliations for the year, internal audit is unable to advise that the variance spreadsheets are complete. Testing also identified that some variances which were returned to the operations team for investigation were still outstanding and some dated back to periods 4 and 5 2021/22. Management has advised if this is not addressed in the same period, these variances would be addressed as part of the year end reconciliation of accounts.</p> <p>Documented procedures are not in place for the functions completed by the Pensions Finance team to ensure continuity of service in the event a member of the team is unavailable or to assist with the training of new staff.</p> <p>Failure to have a robust reconciliation process supported by documented procedures may lead to increased pressures being put on the team when completing annual final accounts.</p> | <p>be fully documented.</p> <p>URN 03267</p> | | |

4 Distribution List:

| Name | Title |
|----------------|--|
| Karen Williams | Accountable Officer Responsible for the Implementation of Agreed Actions |
| Neal Cockerton | Chief Executive |
| Phil Latham | Head of Clwyd Pension Fund |
| Karen Williams | Pensions Administration Manager |
| Debbie Fielder | Deputy Head of Clwyd Pension Fund |
| Paul Vaughan | Pensions Fund Accountant |

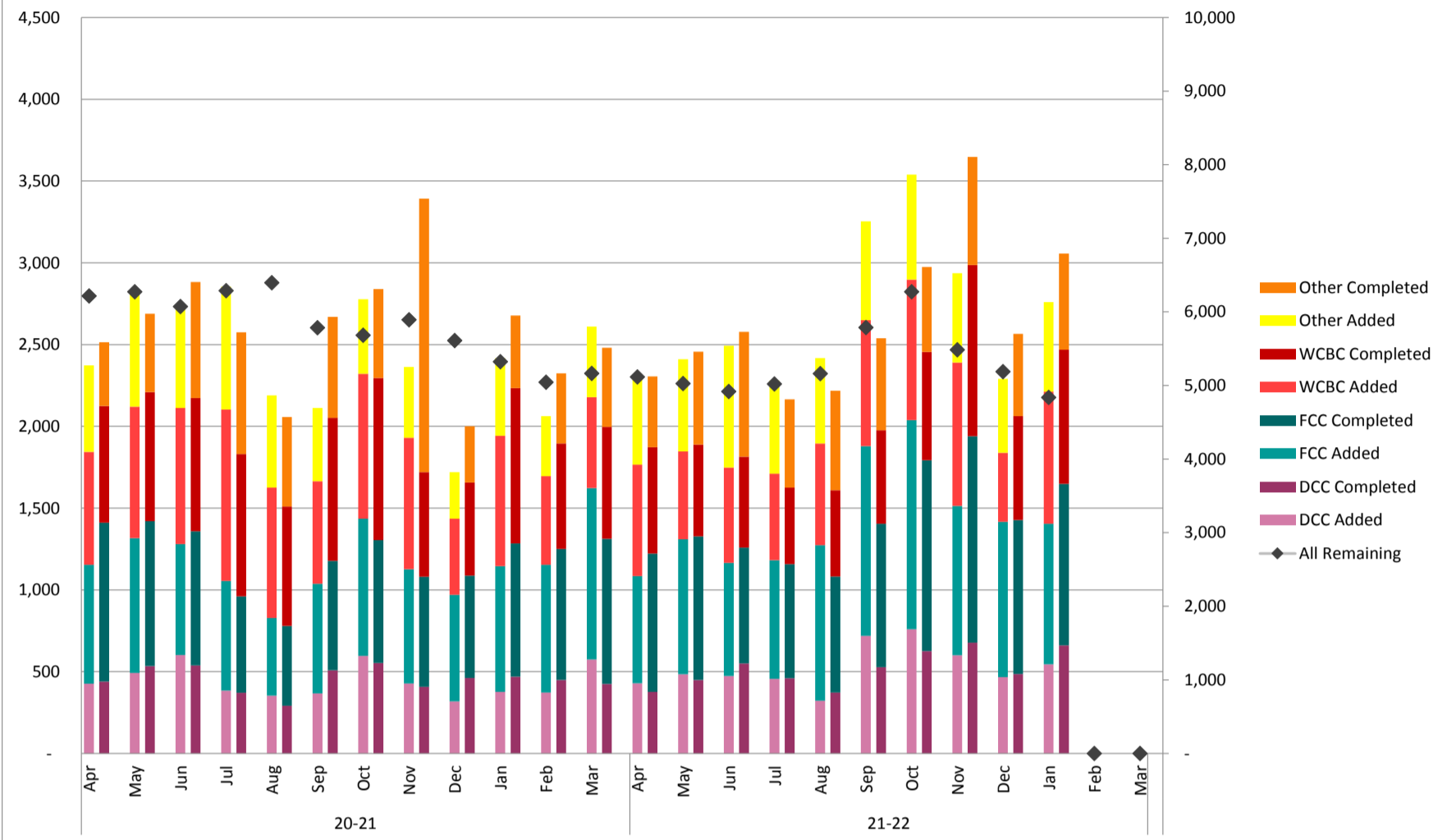
Appendix A – Audit Opinion:

The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Some** or **Limited** assurance audits will be reported to the Audit Committee.

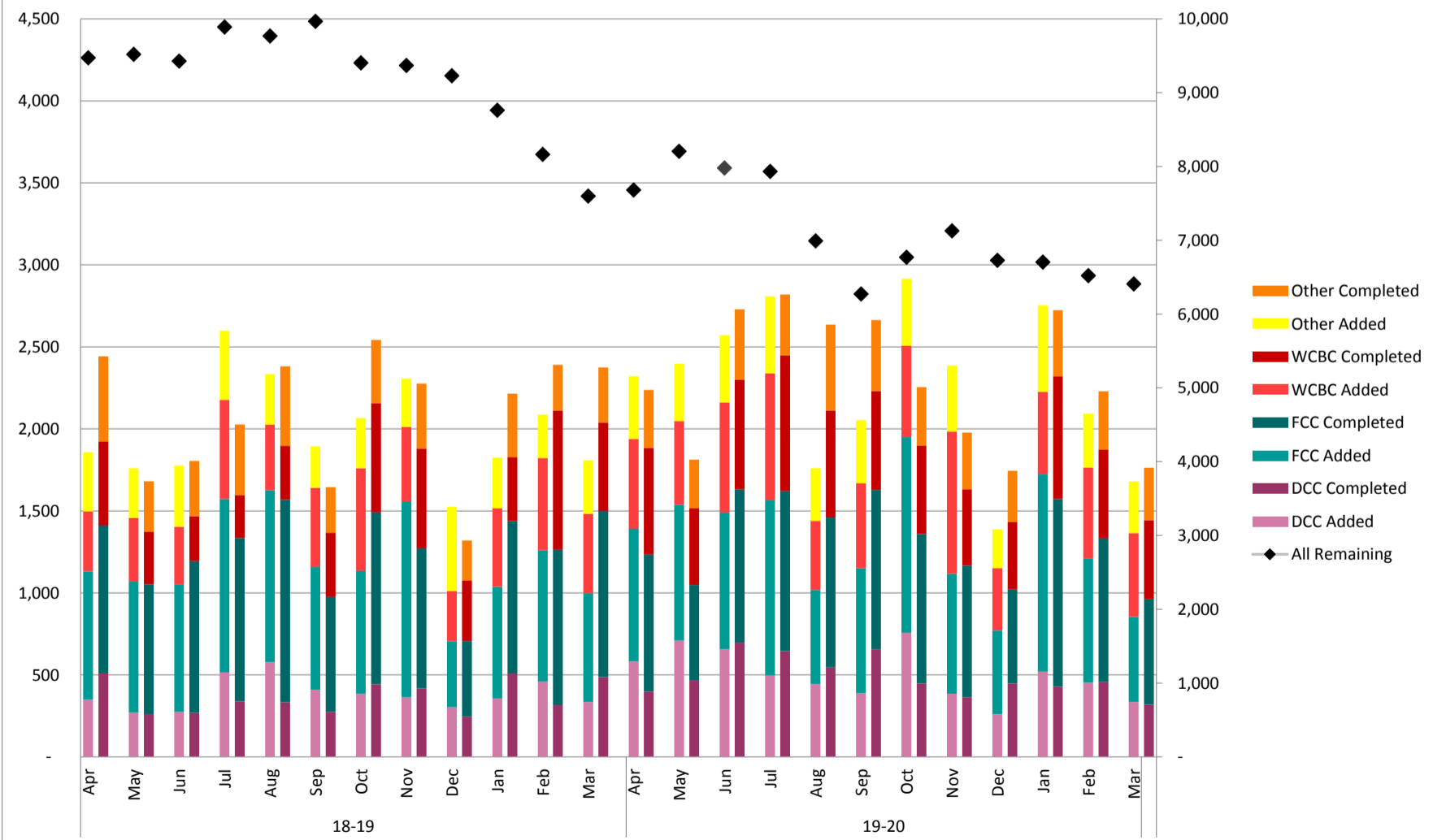
| Assurance | Explanation |
|---------------------------------|--|
| Green - Substantial | <p>Strong controls in place (all or most of the following)</p> <ul style="list-style-type: none"> • Key controls exist and are applied consistently and effectively • Objectives achieved in a pragmatic and cost effective manner • Compliance with relevant regulations and procedures • Assets safeguarded • Information reliable <p>Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.</p> |
| Amber Green – Reasonable | <p>Key Controls in place but some fine tuning required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact • Some refinement or addition of controls would enhance the control environment • Key objectives could be better achieved with some relatively minor adjustments <p>Conclusion: key controls generally operating effectively.</p> |
| Amber Red – Some | <p>Significant improvement in control environment required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss • Key management information exists but is unreliable • System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. <p>Conclusion: key controls are generally inadequate or ineffective.</p> |
| Red – Limited | <p>Urgent system revision required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial / other losses • Key management information does not exist • System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. <p>Conclusion: a lack of adequate or effective controls.</p> |

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Case Levels – Current and Previous Year



Case Levels – Historical



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Key Performance Indicators

The following pages show the performance against the key performance indicators (KPIs) which have been agreed within Clwyd Pension Fund's Administration Strategy. They cover thirteen areas of work, and for each there is a KPI for each of the following:

- The legal timescale that must be met
- The overall timescale for the process (including any time taken by employers and/or scheme members)
- The timescale relating to the Clwyd Pension Fund administration team only

The KPIs are specific to each process (as set out in the Administration Strategy) and illustrated by the graphs are as follows:

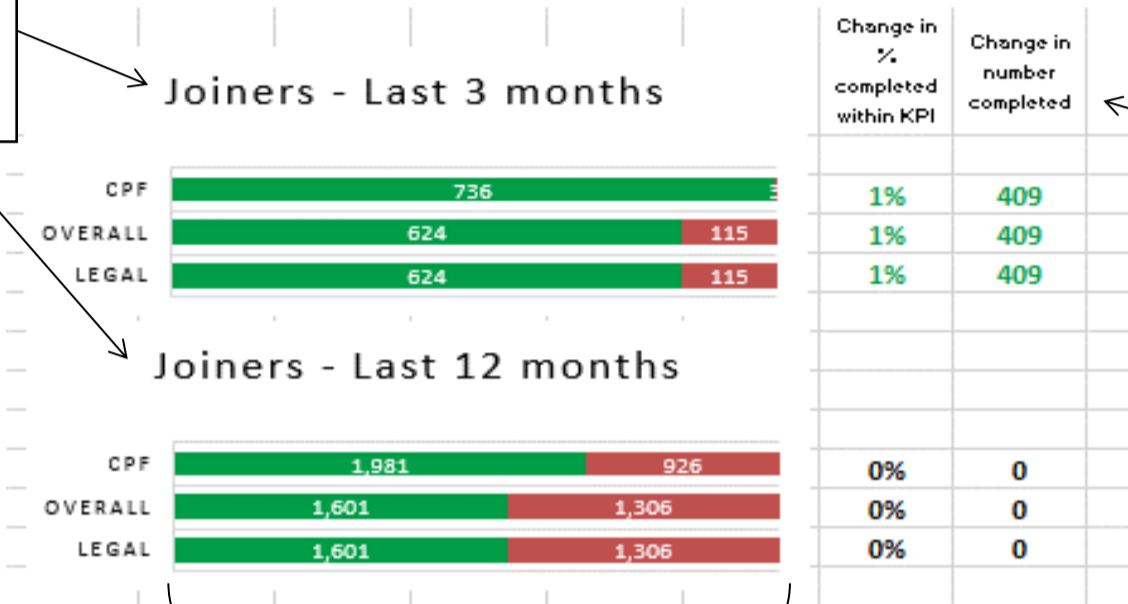
| | | A | B | C |
|----|---|---|--|---|
| | Process | Legal Requirement | Overall | CPF Administration element target |
| 1 | To send a Notification of Joining the LGPS to a scheme member | 2 months from date of joining (assuming notification received from the employer), or within 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled | 46 working days from date of joining (i.e. 2 months) | 30 working days from receipt of all information |
| 2 | To inform members who leave the scheme before retirement age of their leaver rights and options | As soon as practicable and no more than 2 months from date of initial notification (from employer or from scheme member) | 46 working days from date of leaving | 15 working days from receipt of all information |
| 3 | Obtain transfer details for transfer in, and calculate and provide quotation to member | 2 months from the date of request | 46 working days from date of request | 20 working days from receipt of all information |
| 4 | Provide details of transfer value for transfer out, on request | 3 months from date of request (CETV estimate) 3 or within a reasonable period (cash transfer sum) | 46 working days from date of request | 20 working days from receipt of all information |
| 5 | Notification of amount of retirement benefits | 1 month from date of retirement if on or after Normal Pension Age | 23 working days from date of retirement | 10 working days from receipt of all information |
| 6 | Providing quotations on request for retirements | As soon as is practicable, but no more than 2 months from date of request unless there has already been a request in the last 12 months | 46 working days from date of request | 15 working days from receipt of all information |
| 7 | Calculate and notify dependant(s) of amount of death benefits | As soon as possible but in any event no more than 2 months to beneficiary from date of becoming aware of death, or from a date of request by a third party (e.g. personal representative) | 25 working days from date of death | 10 working days from receipt of all information |
| 8 | Calculate and Notify member of CETV for Divorce/Dissolution Quote | 3 months from the date of request | 46 working days from date of request | 20 working days from receipt of all information |
| 9 | Calculate and Notify members of Actual Divorce Share | 4 months from the date of the pension sharing order, or the date where all sufficient information is received to implement the order | 46 working days from date of request | 15 working days from receipt of all information |
| 10 | Calculate and pay a Refund of contributions | Not applicable | 13 working days from receipt of request | 10 working days from receipt of all information |
| 11 | Calculate and Pay retirement lump sum | Not applicable | Not applicable | 15 working days from receipt of all information |
| 12 | Calculate and Notify member of Deferred Benefits | Not applicable | 76 working days from date of leaving | 30 working days from receipt of all information |
| 13 | Initial letter acknowledging death of member | Not applicable | Not applicable | 3 working days from receipt of all information |

Interpretation of graphs

One graph has been provided for each KPI in the table above.

This is illustrated further below.

Each KPI shows the stats for the previous 3 months and the previous 12 months

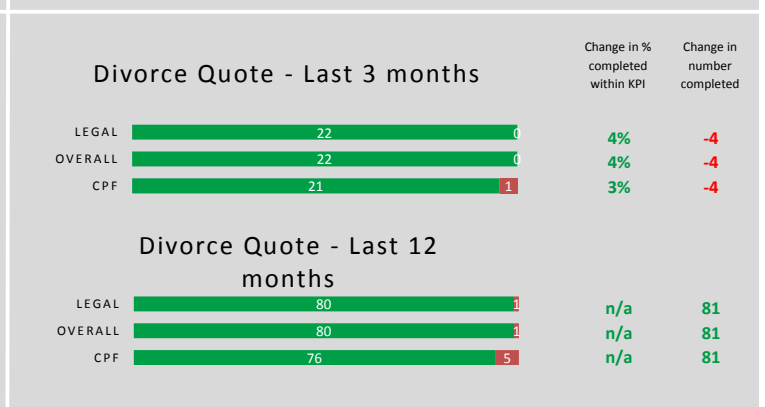
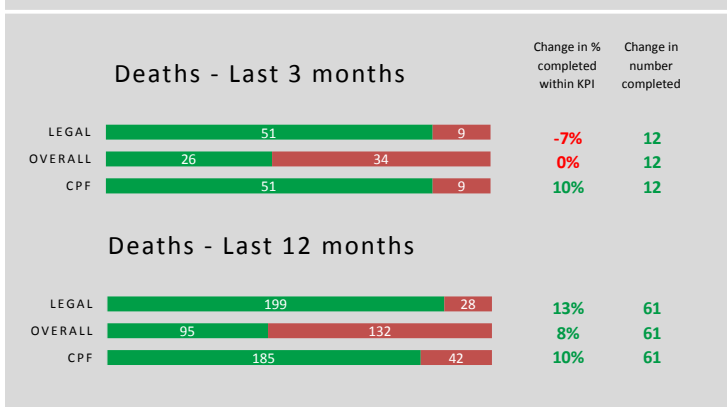
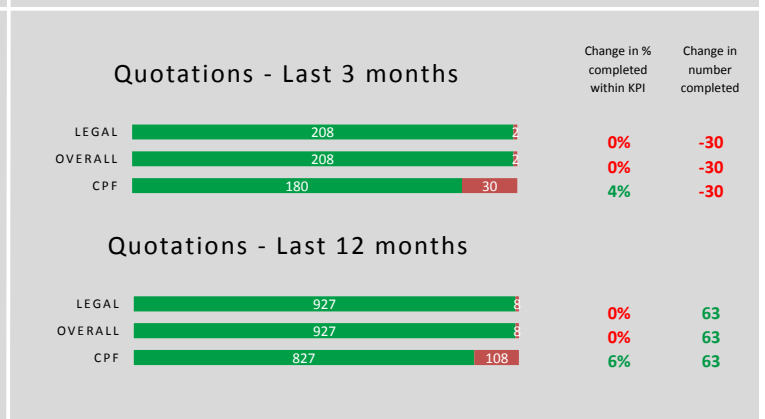
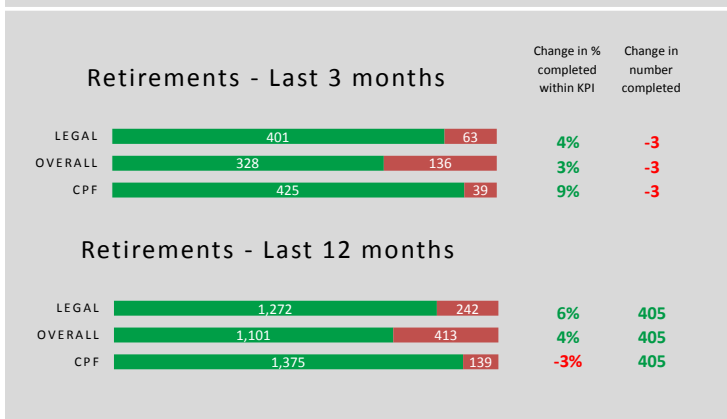
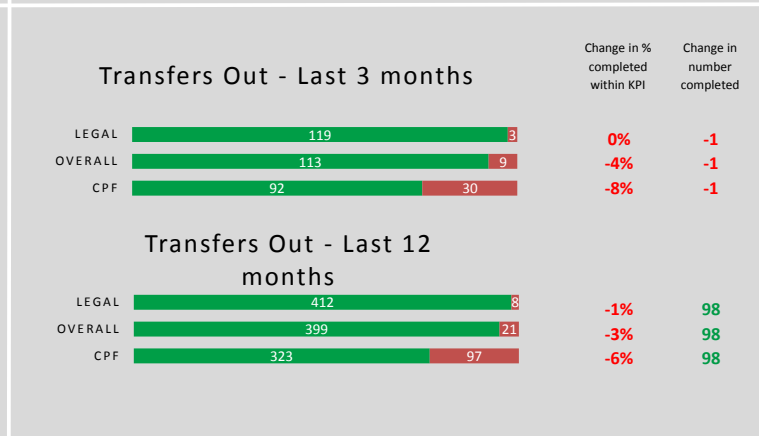
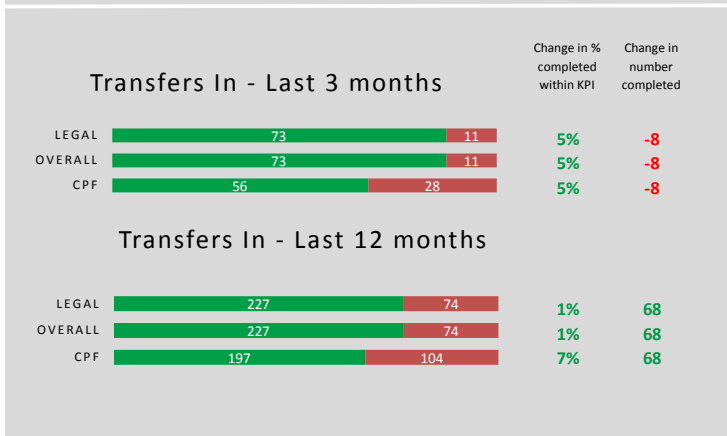
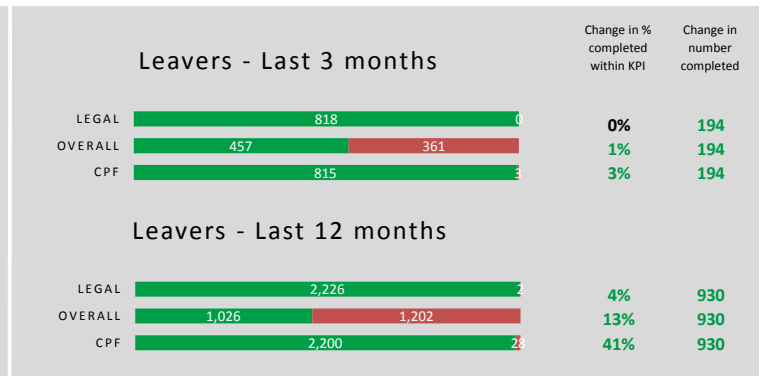
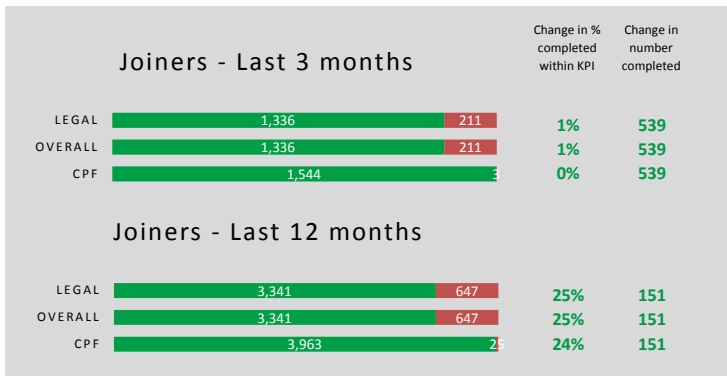


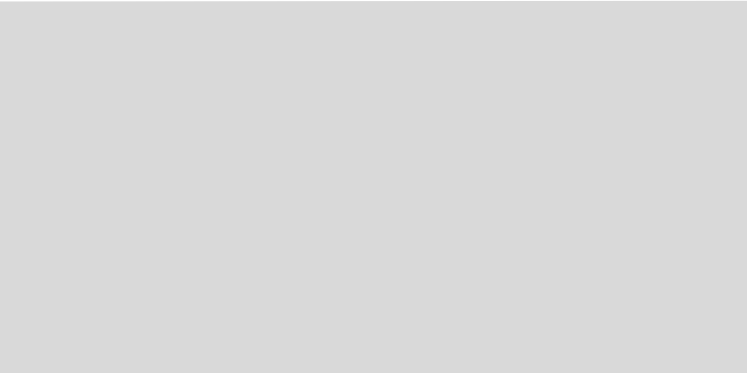
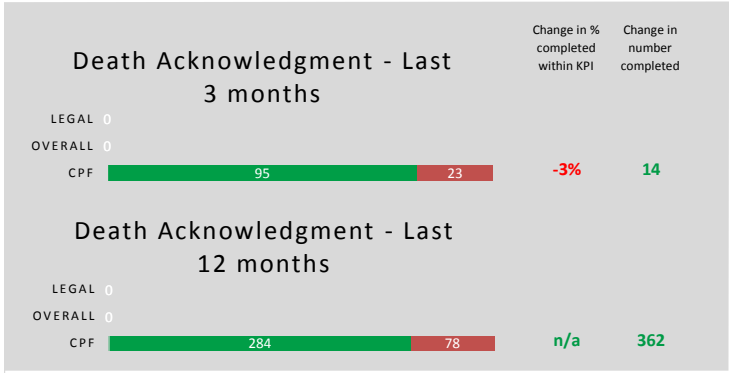
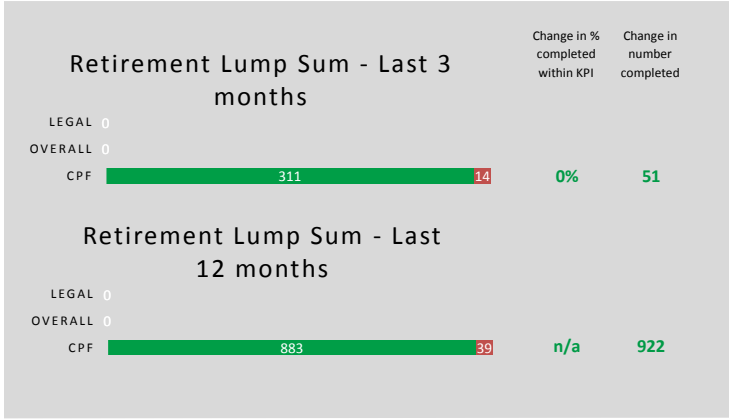
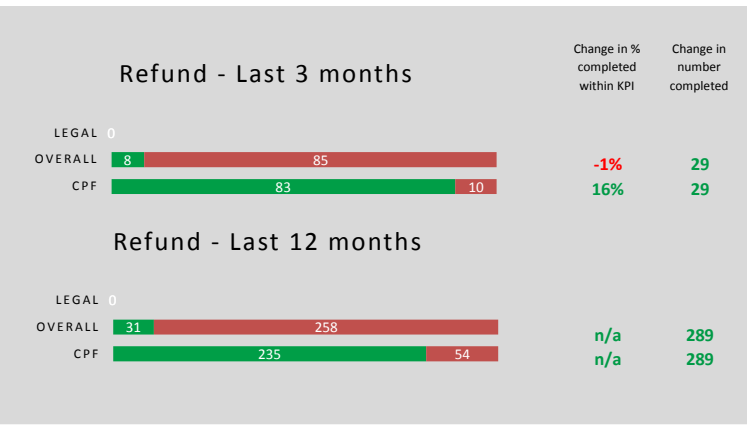
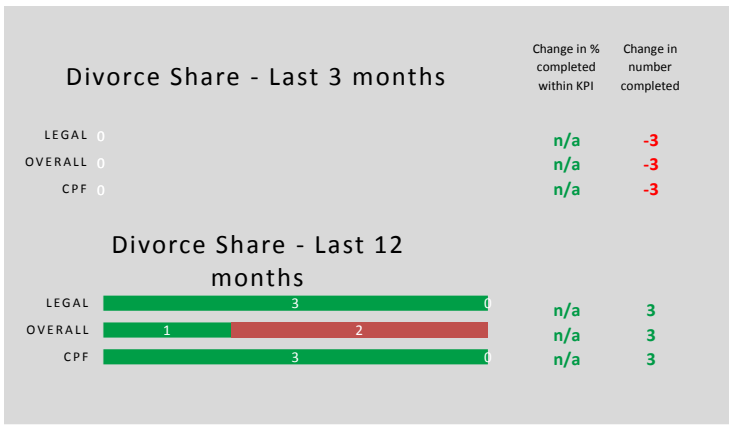
This column tells you the change in % completed within the KPI target compared to either the 3 months before last or the 12 months before last.

This column tells you the change in number of tasks completed over either the 3 months before last or the 12 months before last.

Green bars represent total cases completed that were within the KPI target in the relevant period. Red bars represent the total number of cases completed that were not done within the KPI target in the relevant period.

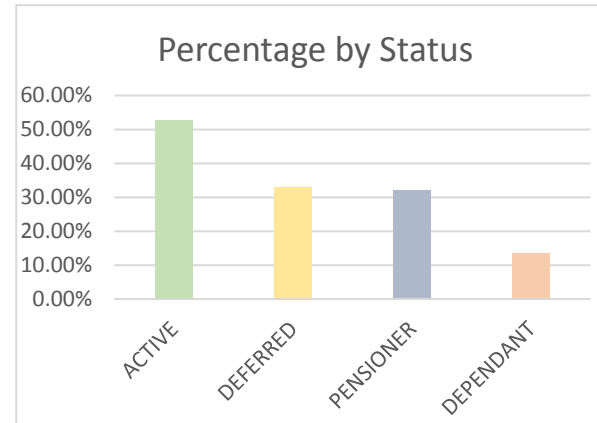
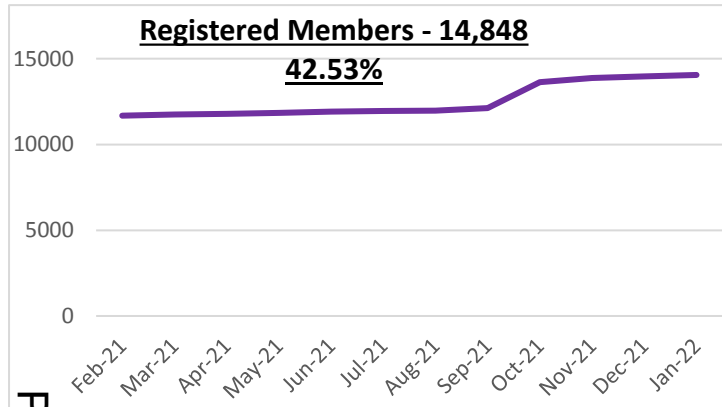
Key Performance Indicators - Executive Summary - to January 2022





MEMBER SELF SERVICE: 01/10/2021 – 31/01/2022

Statistics between
01/10/2021 to 31/01/2022 (123 days)



CONTACT US TASKS

529 *MSSKEY Key requests*
352 SSFCASE (pay deferred)
49 MSSENQ Enquiry tasks
13 MSSEST Estimate tasks
56 MSSRET Retirement tasks
13 MSSTVT Transfer tasks
483 **Contact Us 3.93 p/day)**
997 **MSSADD Address update**
6 **Bank details updated**

BENEFIT PROJECTIONS

16,513 BENEFIT PROJECTIONS CALCULATED

Avg 134.25 per day

EXPRESSION OF WISH

735 CHANGES OF EXPRESSION OF WISH

5.98 per day

ELECTED FOR POSTAL CORRESPONDANCE

2,164 – 6.20% of overall members
 Members now have to choose between paper post or MSS

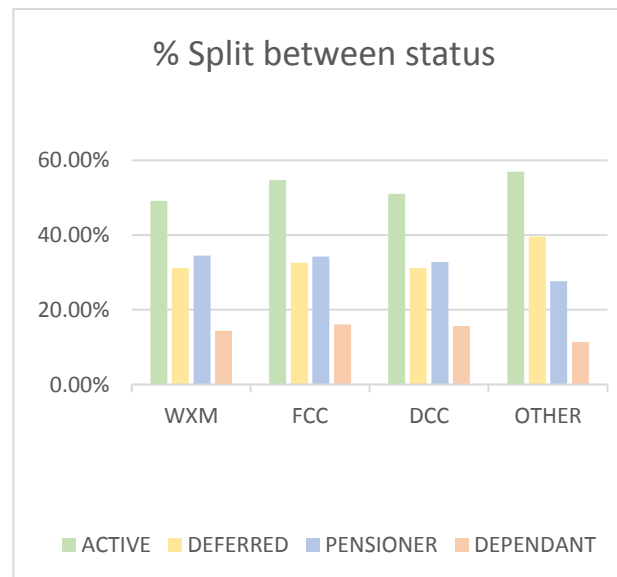
404 ACTIVE
 153 DEFERRED
 1,432 PENSIONER
 175 DEPENDANTS

Update from 01/10/2021 to 31/01/2022

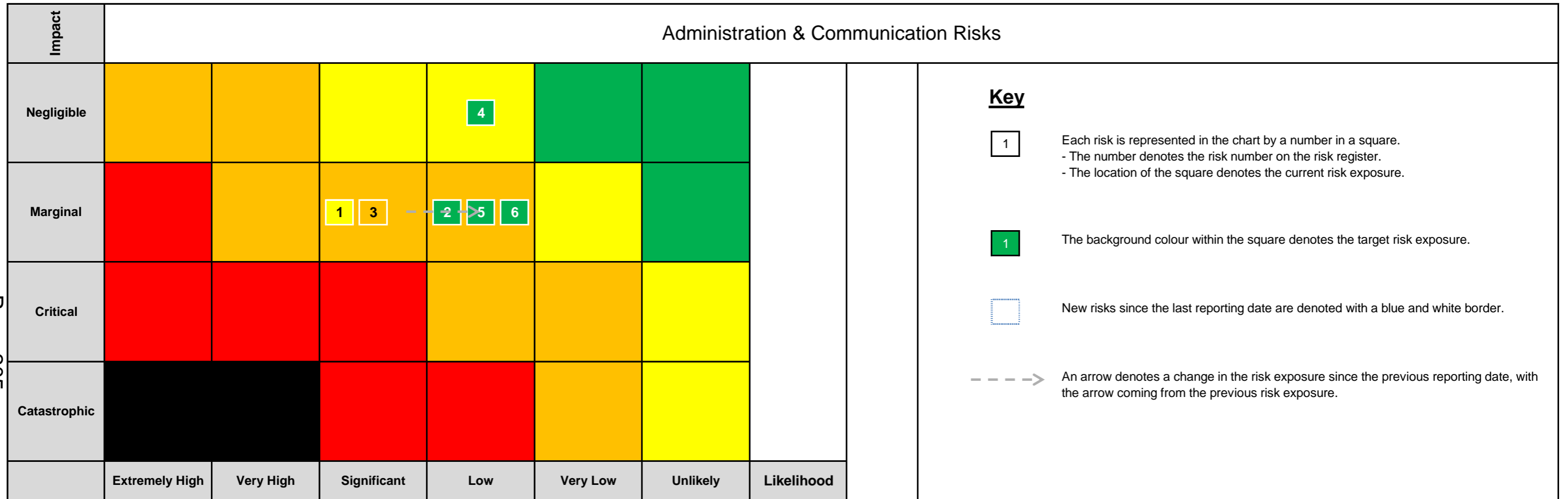
As at 31/01/2022, 42.53% of Clwyd Pension Fund membership has registered for MSS. This means that the percentage of registered members has increased by 5.35% since our last update. This increase is due to the MSS promotional flyer we sent to our active and deferred members in October 2021.

As this was so successful, we will be sending a promotional flyer to our pensioner members at the end of February 2022. By sending this in February, it will give the pensioner members enough time to register for MSS before their annual newsletters and pensions increase letters are issued in April.

As reported in the previous update, Clwyd Pension Fund has held member 1:1s between October 2021 and February 2022. These are now drawing to a close. MSS has been promoted and demonstrated during these 1:1 sessions. By the end of February 2022, there will have been thirty-nine 1:1 days held in total.



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Clwyd Pension Fund - Control Risk Register

Administration & Communication Risks

Objectives extracted from Administration Strategy (05/2021) and Communications Strategy (09/2019):

- A1 Provide a high quality, professional, proactive, timely and customer focussed administration service to the Fund's stakeholders
- A2 Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- A3 Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund
- A4 Ensure the correct benefits are paid to, and the correct income collected from, the correct people at the correct time
- A5 Maintain accurate records and ensure data is protected and has authorised use only
- C1 Promote the Scheme as a valuable benefit and provide sufficient information so members can make informed decisions about their benefits
- C2 Communicate in a clear, concise manner
- C3 Ensure we use the most appropriate means of communication, taking into account the different needs of different stakeholders but with a default of using electronic communications where efficient and effective to do
- C4 Look for efficiencies and environmentally responsible ways delivering communications through greater use of technology and partnership working
- C5 Regularly evaluate the effectiveness of communications and shape future communications appropriately

| Risk no. | Risk Overview (this will happen) | Risk Description (if this happens) | Strategic objectives at risk (see key) | Current impact (see key) | Current likelihood (see key) | Current Risk Status | Internal controls in place | Target Impact (see key) | Target Likelihood (see key) | Target Risk Status | Meets target? | Date Not Met Target From | Expected Back On Target | Further Action and Owner | Risk Manager | Next review date | Last Updated | |
|----------|--|--|--|--------------------------|------------------------------|---------------------|--|-------------------------|-----------------------------|--------------------|---------------|--|-------------------------|--------------------------|---|---------------------------------|--------------|------------|
| 1 | Unable to meet legal and performance expectations (including inaccuracies and delays) due to staff issues | That there are poorly trained staff and/or we can't recruit/retain sufficient quality of staff, including potentially due to pay grades (including due to Covid-19) | All | Marginal | Significant | High | 1 - Training Policy, Plan and monitoring in place 2 - Benefit consultants available to assist if required 3 - Ongoing task/SLA reporting to management/AP/PC/LPB to quickly identify issues 4 - Data protection training, policies and processes in place 5 - System security and independent review/sign off requirements 6 - ELT established 7 - Temporary staff changed to permanent, and further resource increase/recruitment to new posts 8 - Ongoing monitoring of ELT and Ops resource/workload for backlogs 9 - Establishment of aggregation team 10 - Ongoing training within the team 11 - Impact of potential Covid absences being discussed at weekly Covid catch ups and plans in place for ensuring priority work continues unaffected/training of new Lead PO has been undertaken. | Negligible | Low | High | ☹️ | Current impact 1 too high Current likelihood 1 too high | 31/10/2021 | Jun 2022 | 1 - Continue discussions with HR about effective recruitment advertising (KW) 2 - Use internal secondment to officer role and then backfill with new pension assistants (KW) | Pensions Administration Manager | 31/05/2022 | 18/02/2022 |
| 2 | Unable to meet legal and performance expectations (including inaccuracies and delays) due to employer issues | Employers: -don't understand or meet their responsibilities -don't have access to efficient data transmission -don't allocate sufficient resources to pension matters (including due to Covid-19) | A1 / A4 / A5 / C2 / C3 / C4 / C5 | Marginal | Low | Low | 1 - Administration strategy updated 2 - Employer steering group established 3 - Greater engagement through Pension Board 4 - Backlog project in place 5 - Establishment of ELT 6 - Increased data checks/analysis (actuary and TPR) 7 - Implemented further APP data checks to identify issues 8 - Updated Admin Strategy to include a compliance declaration 9 - Increased engagement with employers as to how they are managing due to Covid, and ongoing CPF requirements, and also increased monitoring of employer data coming into CPF 10 - Developed and issuing monthly KPI reporting for employers 11 - Reviewed annual SLA communications with employers 12 - I-connect in place for all Fund employers 13 - Monthly meetings with Employers to discuss any ongoing data issues. | Negligible | Very Low | Low | ☺️ | Current impact 1 too high Current likelihood 1 too high | 01/07/2016 | Sep 2022 | 1 - After 2020/21 year end checks consider need to roll out APP training - in house and employers (KM) 2 - Engage directly with employers on data issues (KW/AH) | Pensions Administration Manager | 31/05/2022 | 18/02/2022 |
| 3 | Unable to meet legal and performance expectations due to external factors | Big changes in employer numbers or scheme members or unexpected work increases (e.g. severance schemes or regulation changes including McCloud, Pensions Dashboards and potential exit cap) | A1 / A4 / A5 / C2 / C3 / C4 / C5 | Marginal | Significant | High | 1 - Ongoing task and SLA reporting to management/AP/PC/LPB to quickly identify issues 2 - Benefit consultants available to assist if required 3 - Recruitment to new posts 4 - McCloud planning undertaken, including governance structure with Steering Group and PMG 5 - The Pension Administration Manager sits on PLSA working group for Pensions Dashboards 6 - The Fund has volunteered to test the integration of the Administration system and Pensions Dashboard | Marginal | Low | High | ☹️ | Current likelihood 1 too high | 27/08/2018 | Mar 2023 | 1 - Ongoing consideration of resource levels post recruitment of new posts (KW) 2 - Ongoing consideration of likely national changes and impact on resource (KW) 3 - Ongoing consideration of potential exit cap on processes etc (KW/KM) 4 - Ongoing consideration of Pensions Dashboards and impact on resource (KW) | Pensions Administration Manager | 31/05/2022 | 18/02/2022 |
| 4 | Scheme members do not understand or appreciate their benefits | Communications are inaccurate, poorly drafted, insufficient or not received (including McCloud and potential exit cap) | C1 / C2 / C3 | Negligible | Low | Low | 1 - Communications Strategy in place and being reviewed to improve engagement 2 - Annual communications survey for employees and employers 3 - Specialist communication officer in team 4 - Website reviewed and relaunched (2017) 5 - Member self service in place 6 - Ongoing identification of data issues and data improvement plan in place 7 - Address tracing exercise undertaken for members who have not set a communication preference 8 - A Member self service activation key has been re-issued to all members who do not have a communication preference set | Negligible | Very Low | Low | ☹️ | Current likelihood 1 too high | 01/07/2016 | Sep 2022 | 1 - Review of and update website during 2022/23 (KM) 2 - Review of success of new website planned for 2022/23 (KM) | Pensions Administration Manager | 31/05/2022 | 18/02/2022 |
| 5 | High administration costs and/or errors | Systems are not kept up to date or not utilised appropriately, or other processes inefficient (including McCloud and potential exit cap) | A2 / A4 / C4 | Marginal | Low | Low | 1 - Business plan has number of improvements (I-connect/MSS etc) 2 - Review of ad-hoc processes (e.g. deaths and aggregation) 3 - Participating as a founding authority on national framework for admin system 4 - Procurement of Altair on business plan 5 - Implementation of other Altair modules including Altair Insights (relating to TPR scores) 6 - Increased engagement with Heywood about change in their business model 7 - Increased engagement with Heywood re McCloud software enhancements 8 - IConnect in place for all scheme employers 9 - Ongoing identification of data issues and data improvement plan in place 10 - Ongoing and continued use of member self service | Negligible | Very Low | Low | ☹️ | Current impact 1 too high Current likelihood 1 too high | 01/07/2016 | Dec 2022 | 1 - Review of and update website during 2022/23 (KM) 2 - Review of success of new website planned for 2022/23 (KM) 3 - Carry out CPF tender for pension admin system (KW) 4 - If delays in system upgrades, look for alternative solutions to administer regulatory changes (KW) | Pensions Administration Manager | 31/05/2022 | 18/02/2022 |
| 6 | Service provision is interrupted | System failure or unavailability, including as a result of cybercrime and Covid-19 | A1 / A4 / C2 | Marginal | Low | Low | 1 - Disaster recover plan in place and regularly checked 2 - Hosting implemented 3 - Implemented lump sum payments via pensioner payroll facility 4 - Regular communications carried out during pandemic with Heywood and FCC regarding areas of risk 5 - First risk review of cyber resilience with Heywood complete. | Negligible | Unlikely | Low | ☹️ | Current impact 1 too high Current likelihood 2 too high | 08/11/2019 | Sep 2022 | 1 - Develop updated business continuity plan for CPF (KW) 2 - Review of cybercrime risk controls (KW/PL) 3 - Develop post Covid-19 approach to working arrangements (KW/PL) | Pensions Administration Manager | 31/05/2022 | 18/02/2022 |

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By virtue of paragraph(s) 18 of Part 4 of Schedule 12A of the Local Government Act 1972.

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