

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CLWYD PENSION FUND COMMITTEE**

DATE: **21st MAY 2015**

REPORT BY: **CHIEF OFFICER (PEOPLE AND RESOURCES)**

SUBJECT: **GOVERNANCE UPDATE**

1.00 PURPOSE OF REPORT

1.01 To provide Committee Members with an update on governance related issues.

2.00 BACKGROUND

2.01 A governance update is included on each quarterly Committee agenda and includes a number of governance items for information or discussion. These include updates on key actions/tasks for the quarter as well as any other updates of a governance nature that the Committee need to note or approve.

2.02 The key actions/tasks for the first quarter of 2015/16 are detailed in the Business Plan 2015-17 (see extract at Appendix 1). The items for this quarter are:

- Implement Local Pension Board
- Implement Training Policy
- External factors

2.03 Additional items included for this quarter are:

- Internal Audit reports on:
 - Pensions Administration, and
 - Pensions Investment Management
- Minutes of the delegated responsibilities meeting 24th March 2015

3.00 CONSIDERATIONS

Implement Local Pension Board

3.01 As previously reported to Committee there is a legislative requirement for a Local Government Pension Fund to establish a new Local Pension Board (LPB) and that the first LPB meeting must be held before the 1st August 2015. Flintshire County Council established the Clwyd Pension Board on 3rd March 2015

3.02 The recruitment of the two employer representatives and two member representatives is progressing.

- Employer Representatives: The Chief Executive has written to all employers in the Fund inviting them to nominate representatives; individual expressions of interest had to be submitted by the 8th May 2105.
- Member Representatives: The Joint Trade Unions have been invited to nominate a representative for one of the positions. To enable all our members to have an opportunity to express an interest, articles have been included in both pensioner and active member newsletters.
- Application forms are required by the 18th June (e-mail) or the 19th June (postal). Full information, including a background document, the Clwyd Pension Board Protocol and person specification are available on the CPF web-site.

3.03 The interviews of prospective LPB members will take place in early July with training undertaken in mid-July in preparation for the first meeting planned for the 23rd July 2015.

Implement Training Policy

3.04 The training plan as at May 2015 is included at Appendix 2 and provides an outline of proposed training sessions for 2015/16. Committee Members are asked to note that the three training days identified as being Pension Board Basic Training is open to them, the first of which is planned for Tuesday 14th July. This is particularly important if elements of the training have not previously been attended or if a refresher is desired. Members would not have to attend the full days. Further details will be available closer to the date.

3.05 Members are also reminded that, under the Clwyd Pension Fund Training Policy, they are required to attend at least one day of general awareness training per year. Upcoming conferences that may be of interest to Members, and that would provide further training and updates, are the 12th Annual LGPS Trustees' Conference in Cardiff on the 25-26 June, and the LGC Investment Summit in Newport on the 9-11 September. Further information will be e-mailed to Committee Members.

External Factors Impacting the Fund

3.06 The CPFM attended the Shadow Scheme Advisory Board (SSAB) event on the 24th April. Updates were provided by employers, practitioners and trade union representatives on:

- the achievements of the SSAB
- deficit management in the LGPS
- the LGPS Scheme Annual Report 2012/13, 2013/14 and looking ahead
- governance and standards
- cost management and contributions
- value for money and engagement
- investment and engagement, and
- administration and communication.

3.07 In terms of looking forward significant points to note for on-going work are:

- Deficit management (Agenda item 7 provides more information)
- Separation options (24th March Committee Agenda)
- A review of the implementation of local pension boards
- Revised ill health retirement process
- More data cleansing, member friendly communications and training.

3.08 Some other key messages are:

- The consultation on Local Government Pension Scheme - Opportunities for Collaboration, Cost Savings and Efficiencies. It was acknowledged that no response has been made by the DCLG and that any response would not be forthcoming until after the formation of a new Government. The outcome may not be limited to those options in the consultation.
- A 'larger centre' is required to deliver the work of the SAB which may result in an increased levy on funds; CPF paid £5,640 in 2014/15.

3.09 Regular updates have been provided to the Committee on the work of the SSAB and this will continue. The SSAB's work is continuing until such time as the statutory Board has been established and meets for the first time. In respect of the membership of the statutory Board the DCLG have advertised for a Chair with other members of the statutory Board to be appointed by the DCLG in due course.

3.10 As previously reported, Mercer are providing a business case on a Collective Investment Vehicle for the eight Welsh funds. The final report is imminent and a verbal update will be provided.

3.11 Wales Audit Office are writing a report for Welsh Government (WG) on the eight funds in Wales. It is covering similar areas already to those considered by the DCLG and Welsh Treasurer's on merger and collective investment vehicles. It should be noted that the WG have no current legislative powers to make changes to funds in Wales.

Internal Audit Reports

3.12 A routine annual audit was undertaken of both Pensions Administration and Pensions Investment Management (Appendices 3 and 4) during the final quarter of 2014/15. An audit opinion is issued on a scale red to green, with green being substantial assurance. Both audits were given a green audit opinion.

3.13 In total, one medium priority action and four low priority actions were identified. These are detailed in the reports and remedial actions have been agreed with management. Internal Audit found that all other areas within the scope of their audits were well managed.

Delegated Responsibilities

3.14 The scheduled CPF Committee meeting due to be held on the 24 March 2015 could not meet as planned due to the number of apologies received beforehand leaving it inquorate. However, a number of items due to be considered at the

Committee required urgent attention and were dealt with under delegation. The minutes of this delegated responsibilities meeting are attached at Appendix 5.

4.00 RECOMMENDATIONS

4.01 That Committee Members note the report

5.00 FINANCIAL IMPLICATIONS

5.01 The Fund will contribute £7,500 towards the Welsh CIV Business case

6.00 ANTIPOVERTY IMPACT

6.01 None directly as a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None directly as a result of this report.

8.00 EQUALITIES IMPACT

8.01 None directly as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly as a result of this report

10.00 CONSULTATION REQUIRED

10.01 None directly as a result of this report.

11.00 CONSULTATION UNDERTAKEN

11.01 None directly as a result of this report.

12.00 APPENDICES

12.01 Business Plan – extract of Governance key tasks

12.02 Training Plan – as at May 2015

12.03 Internal Audit report – Pensions Administration

12.04 Internal Audit report –Pensions Investment Management

12.05 Minutes of the delegated responsibilities meeting 24 March

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: Clwyd Pension Fund Local Pension Board Protocol

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