

**CLWYD PENSION FUND COMMITTEE**  
**28 February 2024**

Minutes of the meeting of the Clwyd Pension Fund Committee of Flintshire County Council, held as a hybrid meeting at County Hall at 9.30am on Wednesday, 28 February 2024, with remote attendance available via Zoom.

**PRESENT: Councillor Ted Palmer (Chairman), Councillor Dave Hughes (Vice-chair)**

Councillors: Jason Shallcross, Antony Wren, Sam Swash

**CO-OPTED MEMBERS:** Councillor Gwyneth Ellis (Denbighshire County 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).

**APOLOGIES:** Apologies were received from Councillor Anthony Wedlake (Wrexham County Borough Council) during the meeting.

**Advisory Panel comprising:** Philip Latham (Head of Clwyd Pension Fund), Gary Ferguson (Corporate Finance Manager), Sharon Carney (Corporate Manager, People and Organisational Development), Karen McWilliam (Independent Adviser – Aon), Paul Middleman (Fund Actuary – Mercer), Steve Turner (Fund Investment Consultant – Mercer).

**Officers/Advisers comprising:** Debbie Fielder (Deputy Head of Clwyd Pension Fund), Karen Williams (Pensions Administration Manager), Alison Murray (Alternate Independent Adviser – Aon), David Bateman (Fund Accountant), Matt Grundy (Graduate Accountant), Ieuan Hughes (Graduate Investment Trainee), and Morgan Nancarrow (Governance Administration Assistant – taking minutes).

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

The Chair invited attendees to declare any potential conflicts of interest that they may have in relation to the Fund, other than those already recorded in the Fund's register.

There were no new declarations of interest.

**37. MINUTES 29 November 2023**

The minutes of the meeting of the Committee held on 29 November were agreed.

**RESOLVED:**

The minutes of 29 November 2023 were received, approved, and will be signed by the Chairman.

### **38. GOVERNANCE UPDATE AND CONSULTATIONS**

Mr Latham took the Committee through each paragraph of this report, including progress against the business plan and current developments including the Pension Regulator's (TPR) new General Code of Practice and the update from the Scheme Advisory Board (SAB).

Mr Middleman of Mercer explained that the statement from SAB on LGPS surpluses was broadly as anticipated and is consistent with the way CPF's funding strategy addresses surplus which is centred on contribution sustainability in the long term. The statement raises potential conflicts of interest when setting contribution rates. He explained that through its strong governance structure and dialogue with the main employers, the Fund ensures these potential conflicts are well managed and considered by officers and Committee. Other key parts of the statement included employer specific investment strategies where employers are exiting funds, and partial terminations where employers remove part of their liability. These issues are less relevant for the Fund principally because the majority of CPF employers are public sector bodies who are not expected to exit the Fund. However, if this becomes an issue in future, the matter will be brought to Committee for consideration.

Mr Hibbert commented that Central Government appears to incorrectly view LGPS surpluses as a means of reducing Council Tax and as a pot of money for Government to direct. He noted the language used around the Government wishing not to direct funds on how or what to invest in, but to make general suggestions. He felt that if the Government provides an environment in which investments can grow, the Fund will find them and invest in them where suitable.

Cllr Shallcross asked whether the 'line' between surplus and deficit had been moved to reflect the growing pot size needed to provide pensions for the aging population. Mr Middleman confirmed that when funding strategy is looked at and contributions are set, life expectancy and the aging population are taken into account to ensure the funding available is appropriate to meet these needs. He noted that the rate of growth of life expectancy is currently reducing based on latest data, which will be a discussion point to consider at the next valuation and will be picked up later this year as part of the interim funding review.

Mr Latham handed to Mr Turner who explained the paragraph on Sharia Law. Mr Turner said it is useful to have this issue clarified by SAB, and though further advice is still to be delivered, there is expected to be minimal impact on the Fund's investments. Concerns around Sharia Law are typically a concern for defined contribution pensions and Sharia compliant investment options can be offered in these schemes. However, this solution does not apply to the way LGPS funds invest. The clarification from SAB and the legal opinion will provide useful guidance in this area.

Mrs McWilliam asked whether Sharia Law had ever been considered as part of the Fund's AVC fund choices, and whether it should be. Mr Turner was not aware of this having been part of AVC considerations in the past but that this could be checked. He could see no reason this shouldn't be considered in future, and he would be interested to see if there is demand for this within CPF.

Mr Latham continued, highlighting the Minister's comments regarding the reduction of the number of LGPS funds, with roundtable events expected as soon as Easter. At the All

Parliamentary Pensions Group the Minister had also made a comment about Committee knowledge and skills. Mr Hibbert clarified that the Local Government Minister stated he does not see why the knowledge and skills of the Board should be greater than that of the Committee.

Mr Latham made clarifications to the following risks:

- Risk 2 regarded governance of Committee, and this would be discussed at the afternoon training session after the meeting.
- Risk 3 referred to conflicts of interest 'particularly at Pension Fund Committee', however the change in risk status reported in the paper was due to a potential conflict of interest around local investment, which relates to Mr Latham as Head of Clwyd Pension Fund and Mr Ferguson as S151 Officer with respect to his role in signing off local investments. The intention is to ensure that any perceived conflicts around local investments which could impact Flintshire County Council finance are managed appropriately by the Fund.

The Chair handed over to Ms Murray who provided some training on equality, diversity, and inclusion (EDI) and the draft EDI policy. She explained some of the background leading up to the March 2023 guidance being issued by TPR which is relevant to LGPS Funds. She highlighted that varied life experiences can bring greater diversity to the Fund, but that the full talents and experiences of those people cannot be benefited from without also giving attention to equality and inclusion. She explained the approach to the draft EDI policy, recognising there are limitations faced by LGPS Funds in particular. Key benefits for Pension Funds are that EDI can lead to better decision making in the interest of members and employers, as well as better insight and empathy in discretionary decisions, and improved communications with members and employers.

The regulator's guidance sets out practical ways of helping governing bodies to improve EDI. These include providing training and a fund specific policy which sets out what EDI means to the Fund. The draft EDI policy uses the phrase 'equal access', to recognise that different individuals may require different support to create fairness. The draft policy considers diversity as not only protected characteristics, but also broader characteristics such as socio-economic background, life experiences, education, and language. Finally, CPF's proposed definition of inclusion is intended to create an environment where all individuals involved in the Fund's management can perform to their full potential by being involved, valued and supported.

Ms Murray took the Committee through examples of challenges and strengths in relation to delivering EDI, as they apply specifically to LGPS and CPF, and next steps and considerations for the Fund. She also referenced the Government Actuary's Department's 2023 report on the Gender Pensions Gap for the LGPS in England and Wales.

Mrs Carney confirmed that the policy had been shared with FCC prior to the meeting and she was comfortable with the draft. She noted that FCC provides unconscious bias training for employees, and this could potentially be shared with Committee and Board members. She also noted that the majority of employers should be carrying out their own gender pay reporting, and suggested that access to this information could be requested to

measure the Fund's pensions gap position. FCC's equal pay audit was taken to Council last week, and this is available if helpful to the Fund.

As Chair of the Pension Board, Mrs McWilliam commented that over the last few years, she has noticed Elaine Williams' experience and skills in working with the elderly had improved diversity of experiences and knowledge within the Pension Board, particularly around communications. She added that positive work has already done around the communications strategy and that the Board felt that the 'Understanding Your Annual Benefit Statement' guidance video was particularly helpful.

**RESOLVED:**

- a) The Committee considered and commented on the update.
- b) The Committee reviewed and approved the newly created Clwyd Pension Fund EDI Policy

**39. PENSION ADMINISTRATION/COMMUNICATIONS UPDATE**

Mrs K Williams took the Committee through each paragraph of this report. She highlighted:

- Progress on the National Pensions Dashboard project
- Employer Liaison Team (ELT) and the McCloud project. From employers using the ELT service, 100% of McCloud data has now been provided and 54% of this has been successfully uploaded. Of employers not using this service, 78% of data has been received, and 56% has been uploaded. McCloud now affects day-to-day internal processes as additional checks need to be made, and this could impact KPIs in future.
- Data cleansing exercises including an address cleansing exercise, and triennial existence checks which take place for members living overseas as part of the anti-fraud and corruption policy.
- The Fund receives over 24,000 telephone calls annually, and it is proposed that a telephone help desk be set up to direct members to the right officer and help to address Welsh language standards. Mrs McWilliam asked if the telephone statistics include calls to mobile phones. Mrs Williams explained that calls to office phone numbers will be counted, even if they are diverted to a mobile through the Avaya system. Calls to a direct mobile number would not be counted in these statistics, for example if an officer makes an external phone call from their mobile without using the Avaya system, the member could then call back using the direct mobile number. However, this is very unusual, and the majority of phone calls do go through the Avaya system.
- The Fund sends monthly reports to employers informing them of their performance in relation to the 3 main KPIs. Originally, these reports were intended to inform and support the employers to put resources in place and improve processes, however an audit review raised a concern that progress was not being made and recommended that the Fund should look at enforcing its escalation policy for employers continually missing KPI targets. The Fund's preference is to help employers identify areas of improvement and share good practice rather than impose fines. The escalation policy is being revised to reflect this, and part of the revision is updating KPIs within the administration strategy.

- Workload statistics, and resource and staffing updates.
- An update on communications including employer engagement sessions. Employers' feedback on the format of the annual meeting will be presented to Committee when it has been collated.

**RESOLVED:**

- a) The Committee considered and commented on the update.
- b) The Committee approved the amendments to the Pensions Administration Strategy as highlighted in paragraph 1.04 and Appendix 4 which incorporate the updated key performance indicators.

**40. FUTURE MEETINGS**

The Chair asked the Committee to note the following future Committee meeting dates:

- Wednesday 20 March 2024
- Wednesday 19 June 2024

**RESOLVED:**

The Committee noted the upcoming Committee dates.

The Chairman thanked everyone for their attendance and participation. The next formal Committee meeting is on 20 March. The meeting finished at 11:05am.

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**Chairman**