

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 11 September 2024
Report Subject	Clwyd Pension Fund Annual Report and Accounts 2023/24
Report Author	Pension Fund Accountant, Clwyd Pension Fund

EXECUTIVE SUMMARY

LGPS Regulations require the Clwyd Pension Fund (the Fund) to publish an Annual Report before 1 December 2024 and set out what must be included. CIPFA, SAB and MHCLG guidance provides further advice to funds on the content of the report.

The draft Annual Report for 2023/24 is attached for consideration at Appendix 1 and includes the Fund's draft Statement of Accounts.

Attached as Appendix 2 is a response to the Audit Enquiries Letter for 2023/24 from Audit Wales and the Committee are asked to note the response.

The Fund's draft accounts have been submitted to Audit Wales and have been reviewed by Flintshire County Council's Section 151 Officer.

At this stage the Committee are asked to consider the draft Annual Report, which is currently with Audit Wales. In November the Committee will be asked to approve the final audited Annual Report.

RECOMMENDATIONS

1	That the Committee consider the Fund's draft Annual Report for 2023/24, including the draft Statement of Accounts.
2	That the Committee note the Audit Enquiries letter and response.

REPORT DETAILS

1.00	Annual Report and Audit Requirements
1.01	<p>Annual Report</p> <p>The Annual Report meets the requirement under Regulation 57 of the Local Government Pension Scheme (LGPS) Regulations 2013 which require Administering Authorities of LGPS pension funds to produce an annual report. In Wales this includes the year-end financial statements which, unlike in England, are not required to be included as part of the administering authorities' own statements.</p> <p>The Annual Report has been written in accordance with the Regulations and guidance, most notably the new guidance issued by SAB, CIPFA and MHCLG in April 2024, after the end of the 2023/24 financial year. The guidance specifies that funds should use their best endeavours to comply in the 2023/24 scheme year, and this has been followed wherever possible in the preparation of the report. Where this has not been possible, the 2019 CIPFA guidance has been followed and the Fund continues to aim for full compliance with the new guidance in 2025.</p> <p>The guidance aims to ensure annual reports are published in a consistent manner across the LGPS, funds should follow the ordering, structure and terminology used in this guidance when setting out individual fund reports.</p> <p>The report covers the activities of the Fund during 2023/24. The Fund has maintained a position of full funding and has continued to operate in a secure and efficient way, with the needs of members and employers being met effectively.</p> <p>On page 3 of the Annual Report is a summary by the Head of the Pension Fund which identifies key issues relating to the activity of the Fund during 2023/24. The summary is supported by sections including information from the Fund's advisers and senior officers. These are:</p> <ul style="list-style-type: none">- On the overall Fund management,- On the governance and training of Committee and Board members, and risk management,- From the Fund's Independent Advisor,- From the Pension Board,- On the Fund's financial activity,- From the Fund's actuary- From the Fund's investment consultants,- On the administration of the Fund. <p>In addition, the Fund's Statement of Accounts and Annual Governance Statement are included in the Annual Report.</p> <p>Key features of the Annual Report include information or commentary on:</p> <p>Governance</p> <ul style="list-style-type: none">- The Fund's compliance against the Pension Regulator's new General Code of Practice.

	<ul style="list-style-type: none"> - Succession planning for the retirement of the Deputy Head of the Fund. - Completion of the initial activities underpinning the Fund's Cyber Security Strategy and Business Continuity plan. <p>Funding and Investments</p> <ul style="list-style-type: none"> - Maintaining a fully funded position despite a challenging environment, and achieving the 110% funding trigger and subsequently de-risking. - A review of the Investment Strategy and continuing focus on responsible and sustainable investments. <p>Administration and Communication</p> <ul style="list-style-type: none"> - Successful implementation of the new Administration Team structure. - Continuing work to implement the Communications Strategy. - Maintaining a high level of administration performance, alongside progressing key projects relating to regulatory changes such as McCloud and the National Pensions Dashboard. <p>The Annual Report includes statutory and best practice policies and statements. Following the new guidance, these are accessed by web-links within the report. Other non-statutory information relating to the report, which is all available on the Fund's website, are also signposted in the Annual Report.</p>
1.02	<p>Consideration, Audit and Approval of the Annual Report</p> <p>The Flintshire County Council Constitution states that the Clwyd Pension Fund Committee is responsible for approving the Fund's Annual Report including the Fund's financial statements. In addition, the new guidance requires the annual report to be formally reviewed by those charged with the Fund's governance and authorised by the Chair of the Clwyd Pension Fund Committee and Head of Clwyd Pension Fund.</p> <p>In relation to the approval of the draft and audited Statement of Accounts, this is a statutory responsibility of the Section 151 Officer.</p> <p>The Annual Report is provided in draft format for Committee consideration and remains subject to audit. Colleagues from Audit Wales have indicated that the audit is likely to conclude during September. The final version of the report will also be updated, where appropriate, to meet accessibility requirements.</p> <p>The Fund is required to have an audited Annual Report published before 1 December. The Committee will be asked to approve the audited Annual Report and Accounts at their November meeting, and any changes to the draft will be reported at that meeting.</p> <p>Attached at Appendix 2 is the Audit Enquiries Letter for 2023/24 from Audit Wales along with a response from the Chair of this Committee and Section 151 Officer. The receipt of this letter is normal practice and is part of Audit Wales' overall approach to its audit of the accounts. The Committee are asked to note the response.</p>

2.00	RESOURCE IMPLICATIONS
2.01	The proposed audit fee of £49,693 for Clwyd Pension Fund was included in the Audit Wales Plan which was presented to Committee in June.

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

4.00	RISK MANAGEMENT
4.01	The Annual Report and external audit both review and identify whether there are any risks that are not being managed by the Fund. These include strategic, operational, and financial risks. In addition the Fund's risk register includes the risk of ineffective oversight by internal or external audit (governance risk number 8) which is currently on target.
4.02	The external audit of the accounts will specifically consider financial risks and how well the Fund is managing those risks.
4.03	All audit work is carried out on a risk-based approach which is covered in detail within the Audit Wales's reports.

5.00	APPENDICES
5.01	Appendix 1 – Draft Annual Report 2023/24 Appendix 2 – Audit Enquiries letter 2023/24

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> Report to Pension Fund Committee – Audit Wales External Audit Plan (June 2024) <p>Contact Officer: David Bateman, Pension Fund Accountant, Clwyd Pension Fund Telephone: 01352 704178 E-mail: David.Bateman@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>(a) 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>(b) CPF – Clwyd Pension Fund – The Pension Fund managed by Flintshire County Council for local authority employees in the region</p>

and employees of other employers with links to local government in the region

(c) **CIPFA – Chartered Institute of Public Finance and Accountancy** – professional institute for accountants working in the field of public services

(d) **SAB – The national Scheme Advisory Board** – the national body responsible for providing direction and advice to LGPS administering authorities and to DLUHC.

(e) **MHCLG – Ministry of Housing, Communities and Local Government** – the government department responsible for the LGPS legislation. (Previously DLUHC – Department for Levelling Up Housing and Communities)

(f) **LGPS – Local Government Pension Scheme** – the national scheme, which Clwyd Pension Fund is part of