

FLINTSHIRE COUNTY COUNCIL (As Lead Authority for the Clwyd Pension Fund)

CLWYD PENSION FUND BOARD

Minutes of the meeting of the Clwyd Pension Fund Board of Flintshire County Council (as Administering Authority for the Clwyd Pension Fund), held at County Hall on Wednesday 16 May at 9.30am.

THE BOARD:

Present:

Chair: Mrs Karen McWilliam (Independent Member)

Member Representatives: Mrs Elaine Williams

Employer Representatives: Mr Steve Jackson, Mr Richard Weigh

Apologies: None

IN ATTENDANCE

Mr Phil Latham* (Head of Clwyd Pension Fund and Secretary to the Board)

Mrs Debbie Fielder* (Deputy Head of Clwyd Pension Fund)

Mrs Karen Williams (Pension Administration Manager)

Ms Morgan Nancarrow (Governance Administration Assistant)

Mr Chris Emmerson (Aon, Independent Advisers)

*Attended virtually, with all other attendees in person at County Hall.

Actions

1. APOLOGIES/ WELCOME

There were no apologies received prior to the meeting.

The Chair announced two matters arising for urgent discussion:

- The changes to the Pension Fund Committee membership agreed at the recent Annual General Meeting of Flintshire County Council and its implications for the Fund.
- Developments relating to the office accommodation used by the Fund.

The order of items on the agenda for this meeting was changed to accommodate these matters.

2. DECLARATIONS OF INTEREST

Mrs K Williams and Ms Nancarrow declared personal interest in the organisational structure so left the meeting during the discussion at item 6.

Mr Weigh noted his role as Chief Finance Officer for Wrexham County Borough Council during item 13.

3. MINUTES

The Chair asked for comments on the minutes of the previous meeting, of which there were none, and there were no matters arising. The draft minutes of the meeting held on the 6 December 2023 were confirmed as a correct record.

4. PENSION BOARD MEMBERSHIP

The Chair announced that Mr Pumford has stepped down from his role on the Board. The Board thanked Mr Pumford for his time and contributions to the Fund over the years and wished him the best for the future.

Mr Latham explained that the joint trade unions will be contacted to nominate a new representative.

5. ACTION TRACKER

The contents of the Action Tracker were discussed. The Chair highlighted that the upcoming WPP cyber security training session will be delivered by Aon, and encouraged Board members to ask questions around how WPP ensures the security of data and assets.

6. PROPOSED CHANGES TO ORGANISATIONAL STRUCTURE

Mrs K Williams and Ms Nancarrow left the meeting for the duration of this item, and minutes were taken by Mr Emmerson.

Mr Latham had provided the Board with a background document and explained he was looking for the Board's support for the proposed changes which in turn would be taken to the CPF Committee for approval. He explained that the proposed structure is to assist in ensuring that key officers have the necessary skills and can also be retained to ensuring the Fund's ongoing business plan is delivered. The proposal suggests not replacing the existing Deputy Head of Fund role as it would be extremely unlikely they would be able to recruit with the appropriate skills given the level of remuneration. Instead it is focussed on a wider

management team where those officers would have greater responsibilities than in their current roles.

Mr Latham also highlighted the expanding governance requirements, both in relation to the amount of work involved and the level of knowledge required to deliver it. As such the proposals include a new Governance Officer position to support the proposed Pensions Operations Manager and Governance Administration Assistant.

Following a detailed discussion, the Board welcomed the review and agreed to support the new structure including the progression opportunities it provided. They highlighted their wish for the Committee to be made aware of their concerns relating to recruitment and retention in relation to all Pension Fund Team members due to pay levels which are driven by FCC's pay policy, and looking for assurance around this point.

ACTION:

The Chair agreed to feed back to the Committee the Board's support for the proposed new structure, whilst also highlighting the concern about recruitment and retention given the team's current pay levels.

ACTION
Chair of
Pension Board

7. FLINTSHIRE COUNTY COUNCIL AGM

The Chair explained the outcomes of Flintshire County Council's (FCC's) Annual General Meeting (AGM) which took place on 14th May. Cllr Dan Rose, who had not previously been on the Committee, was elected as Chair of CPF Committee, replacing Cllr Ted Palmer. The Chair highlighted that part of the Board's legal role is to assist in ensuring the effective and efficient governance of the Fund.

Mr Latham explained that the CPF Committee Chair's allowance is paid for by the Fund rather than by FCC, but the Council's Constitution does not have a different appointment process to reflect this and that the Chair is agreed annually by the Council in the same way as other FCC committees.

Mr Emmerson noted that the new Chair of PFC will also become a member of the Wales Pension Partnership Joint Governance Committee, meaning there are requirements beyond what is typically expected of a committee chairperson.

The Board acknowledged that the Council is at liberty to make a political appointment to a Committee, and the change of chair is a legitimate decision of the Council. However, the Board felt that a

mid-term change in Chair could impact the effective and efficient running of the Fund and is not ideal.

Mr Jackson noted the need for the Chair of the Committee to have technical knowledge and understanding of LGPS as well experience chairing Committee meetings. Mrs E Williams noted the appointment of a new Chair without experience on the CPF Committee suggests that the Fund officers and advisers will need to assist the Chair in developing the required knowledge and skills.

ACTION:

The Board agreed that the Chair will arrange a discussion with the Chief Executive of FCC to discuss the Council's Constitution relating to appointments to the CPF Committee.

ACTION
Chair of
Pension Board

8. ACCOMMODATION

Mrs K Williams explained FCC's intention to close County Hall in the near future, so CPF will need to move location. It is unclear what Council accommodation will be available to meet the Fund's requirements or the precise timescale.

The Chair commented that this is a significant operational risk, especially given the potentially short timescale and that sourcing accommodation would come at additional cost to the Fund.

Mr Latham noted that CPF is not a separate legal entity from the Council and any property sourced would need to be in the name of FCC, not CPF. Additionally, the CPF Team does not have expertise to source accommodation, security, IT, etc. The Chair noted that CPF should look to FCC to support the move, whilst highlighting the need to make progress quickly and for CPF officers to take control of the situation. The Board shared these concerns and agreed there may be a need for escalation if progress is not made.

ACTION:

The Chair will raise the Board's concerns with the Chief Executive, if progress is not made imminently.

ACTION
Chair of
Pension Board

9. CYBER RISK AND BUSINESS CONTINUITY

Mrs K Williams explained that The Pensions Regulator (TPR) has made clear that as a priority, LGPS funds should make their own arrangements for cyber security rather than fully relying on

administering authorities. The Fund has prepared a Cyber Incident Response Plan (CIRP) in order to provide assurance in the event of a cyber attack. This has been prepared in full consultation with FCC to complement FCC requirements.

Mrs K Williams explained that to prevent delay in translating into Welsh, pre-translated wording would be included in the CIRP to initially notify stakeholders of an incident.

At the next CPF Administration Team meeting the CIRP will be shared to ensure that everyone is aware of the process and key points of contact. A similar session will also be held for the CPF Finance Team.

The Fund's cyber security safeguards will continue to be reviewed as part of routine, day-to-day work.

Mrs Williams also confirmed that the Business Continuity Plan had been finalised.

10. ENGAGEMENT WITH WALES PENSION PARTNERSHIP

Following the Special PFC meeting in April, Mr Latham contacted the Committee for comments in order to compile the main points into a letter to WPP. Only one response has been received. Mr Latham felt it is important for any communication with WPP to reflect the views of the Committee rather than a single officer. Mr Weigh suggested re-circulating the email.

ACTION:

The Board requested that officers arrange for a reminder be sent to Committee members as it would be helpful to receive further input to ensure the Committee are happy with the points covered.

ACTION
Ms Nancarrow

11. PENSION FUND COMMITTEE REPORTING

Mr Latham explained the governance concerns around the size of the Committee agenda packs. Currently the Committee receive a large, detailed agenda pack each meeting. Changes are proposed to reduce the reporting of monitoring information while maintaining the monitoring itself. The proposal was to start alternating the monitoring update reports at meetings, so that in June the Committee will receive a detailed administration update report and only a brief investment monitoring update. Then at the next Committee in September there will be detailed investment and funding update report and only a brief summary update of administration matters. A rota would continue on this basis.

However, any key matters arising will not be delayed, for example while the November meeting will have an administration focus, the TCFD report will still be proposed for approval at this time. There are no changes proposed to governance reporting.

Mr Weigh said that over-provision of information can have the same governance impact as under-provision, and he was in favour of reducing unnecessary reporting.

Mr Jackson agreed, and said that the proposal should help members to digest information and draw out the main points. Mrs E Williams also agreed.

The Chair noted that the Board will provide comment in future if they feel any reporting is missing.

12. THE PENSION REGULATOR'S GENERAL CODE OF PRACTICE

The Chair explained that The Pension Regulator's long awaited new General Code of Practice went live on 28th March 2024, and the old Code of Practice has now been retired. As the new Code includes new content, even for existing areas, LGPS funds may need to make changes to evidence compliance.

The Fund will be aiming to comply with all requirements including areas flagged as good practice only, albeit one module is being delayed for now (Own Risk Assessment). The officers and Aon have carried out a compliance review using the scorecard Aon have developed. The Fund was prudent in its approach and areas have only been marked fully compliant where sufficient documentation is in place to evidence compliance. This means that while the number of total modules that are fully compliant is small, progress against each individual requirement is positive overall.

An action plan is being developed for the non-compliant areas and progress will be reported to the Committee and Board.

Mr Emmerson asked how the Board would like to receive updates on the Fund's compliance going forward. The Board agreed that an action plan should be brought to the next meeting, and subsequently receive updates on actions for each quarter.

Mr Weigh asked why the Scheme Governance module was unanswered and the Chair clarified that the governance and administration views were yet to be collated for this and a further meeting was planned.

ACTION:

Ms Nancarrow to ensure the Board's Workplan is updated for future reporting.

ACTION
Ms Nancarrow

13. GOVERNANCE OF LOCAL INVESTMENTS

Mr Latham explained that historically the Fund has considered local investments to be in Wales and the Welsh/English border areas, and that the Fund was now looking at local investments specific to the Flintshire, Wrexham and Denbighshire areas. The aim is to deliver a positive impact in the local area. Social impact can be considered when selecting investments provided fiduciary duty continues to be met.

The Good Economy (TGE) has established several place-based impact investing labs across England which support local authorities in identifying investment opportunities. Fund Officers facilitated a meeting between the FCC Chief Officer team with a view to considering the potential for all three authorities to work together with TGE to look at opportunities in the Clwyd area.

In terms of managing conflict of interest with local investments, Mr Latham confirmed that Mercer will carry out due diligence and provide a suitability letter on local investments with specific managers. The Chair welcomed the use of a body such as The Good Economy as this means there is distance between the Fund and unitary authorities as scheme employers. This should help reduce pressure being put directly on the Fund and assist in managing conflicts of interest. If any pressure from the unitary authorities does arise, Mr Latham will discuss this with the Board.

Mr Weigh thought it would be helpful to involve the management team at WCBC and DCC to ensure they are aware of the discussions. He highlighted his interest as Chief Finance Officer at WCBC and it was agreed this would be added to the declarations of interest for the meeting.

Mrs E Williams said that past training sessions on ESG have focussed on environmental matters, and she was pleased to see work addressing the social aspect. She felt town and community councils, and scheme members would be interested in the work as well. She thanked officers for the strong planning and work that had gone into the project.

Mr Jackson said the social impact of investments can affect all scheme members, and said it is important for the Fund to retain the team's passion for the topic to keep up the momentum.

Mrs Fielder informed the Board that TGE produced an impact investment factsheet for the Fund last year which is currently being translated for publication. Another factsheet is being worked on for this year. A training session is being held after the next Committee where further questions can be asked.

14. ANNUAL REPORT GUIDANCE AND EXTERNAL AUDIT

Mrs Fielder explained that new guidance has been issued by CIPFA and SAB on the preparation of LGPS Fund Annual Reports. CPF officers are in the process of creating a new compliance checklist to highlight changes from the previous guidance. The majority of investment requirements are already met by the Fund on a voluntary basis, or data is already available to the Fund which means the new requirements can be met.

Mrs K Williams explained that there were substantial changes to the administration KPIs for the report, and she had been involved in a CIPFA roundtable event to share her experience in this area. Generally the Fund is in a good position with KPI reporting, and already meets some of the new requirements. For some new requirements, such as statistics on age and frequency of MSS logins, the Fund is not able to retrospectively collect data but arrangements are being made to record this data for reporting in future years.

Mrs Fielder said that the new requirements apply this year on a 'best endeavours' basis, and this will be made clear to the External Auditor.

The Chair suggested that it would be helpful for the Board to see CIPFA's new guidance checklist completed at a future meeting, to see what the Fund has achieved and what areas remain outstanding.

ACTION:

Ms Nancarrow to add to the Board's future Workplan.

The Chair also noted that the guidance includes a requirement for Funds to ensure that the presentation of information is "suitable for the relevant readership". She asked if there will be consideration of this in future. Mrs K Williams said that the Fund is considerate of accessibility but that there may be some work needed to ensure the report is written according to the Fund's Communications Policy in Plain English. This will be considered and taken forward in future years. The Chair suggested a short summary similar to the infographic that accompanied the Fund's

ACTION
Ms Nancarrow

TCFD report. Mr Latham noted that there are challenges in making technical information digestible for the reader considering the Annual Report's role as a statutory return for the Government. He suggested that an Annual Report summary video could be developed to summarise key points for stakeholders in future.

Mrs Fielder explained that the timescale for preparing the Annual Report and Accounts has been brought forward this year at Audit Wales' request. The aim is to begin audit of the accounts as soon as possible and audit of the complete annual report in early August. The goal will then be to complete audit in time for September Committee, however Audit Wales may not be resourced for this and so this may be deferred to November Committee which is the usual timescale.

15. ADMINISTRATION UPDATE (standard item)

Mrs K Williams took the Board through this update, highlighting:

- The project team which Committee approved in August has now been recruited to and will start up this year with a focus on the pensions dashboard project. Conversations are in progress with FCC's procurement team around the appointment of the Integrated Service Provider. Resource is currently going into confirming scheme member data with the help of a credit score company to verify member details. If any discrepancies are found, scheme members will be contacted for confirmation.
- The majority of data has now been received for the McCloud project. 76% of data from employers using the Employer Liaison Team (ELT) has been uploaded, and 66% from employers in total. There are some complex areas including members with multiple part time jobs and variable hours, and updating these records is time consuming. Target dates will be reviewed at the next data workstream meeting and will then go to PMG and the Steering Group.
- The Fund's telephony service is being looked at to improve Welsh language standards, and to better direct and monitor members' queries.
- Resource planning is currently ongoing around employers' redundancy exercises and a further employer is signing up to use the ELT services.
- There are some backlogs including transfers due to wider national issues, which are reflected in the KPIs.

The Chair asked if there are any changes to staffing, and Mrs K Williams said that the team was considering arranging handover periods for key members of staff approaching retirement.

Mrs E Williams noted the complaint received regarding Prudential, and asked whether historical issues were still ongoing. Mrs K Williams explained that Prudential have been reported to

The Pension Regulator in the past but the situation has been improving. The main issue was around members' AVC contributions in the month before retirement which lead to delays from Prudential notifying final AVC amounts, which are needed for the Fund to carry out final calculations. This is communicated to members within the retirement pack and is also mentioned in the expected timescales to help manage expectations.

Mr Jackson noted the positive relationship between CPF and the Community Councils, and Mrs K Williams said that the engagement meetings have helped to improve this.

16. ASSET POOLING (standard item)

Mr Latham explained that a series of roundtable events are ongoing, one of which he will be attending next week regarding pooling and the possibility of reducing the number of pools in future. To date there has been no update on cross border pooling. Mr Latham suggested that it would be helpful to ask employers for feedback on the current local provisions, as the possibility of fund mergers is also likely to arise. Mr Latham noted that views on the need to consider consolidation seem to be consistent across the political parties.

17. RISK REGISTER (standard item)

Mr Emmerson explained that the Fund's updated Risk Management Policy was approved by Committee in March, and officers are now working with advisers to update the risk registers in the new format which involves a complete review of the contents. Risk ratings have now changed: the black rating has been removed and red risks are now expected to be less likely and have an escalation requirement. Committee/Board members should therefore be mindful of the change in scoring, as this may result in risk ratings looking better when compared to the previous registers.

18. BREACHES LOG (standard item)

There were no updates to the breaches log reported.

19. UPDATES FROM RECENT EVENTS ATTENDED BY BOARD MEMBERS

The Chair recently attended the CIPFA conference for Pension Board members. She noted the following highlights:

- Suggestions for SAB to take ownership in discussions of mergers and gather evidence for and against the current state of the LGPS.

- Knowledge and skills discussions including climate change impacting committee membership decisions.
- Suggestions around committee chairs being remunerated in a similar manner as pension trustees are.
- There was a session on behavioural science in communications impacting engagement, design and branding, and the Chair was pleased to note that CPF have already progressed with much of the areas discussed.

20. CONSIDERATION OF RECENT COMMITTEE PAPERS

There were no comments on this agenda item.

21. INPUT INTO ADVISORY PANEL AND CPF COMMITTEE

The Board agreed that the matters to be discussed with the Chief Executive will also be raised at Advisory Panel, including the appointment of the Committee Chairperson and the Fund's future accommodation. It is expected that the Advisory Panel will also discuss the letter to WPP after this is circulated again for Committee members.

22. TRAINING NEEDS ANALYSIS

The Chair thanked Mrs E Williams and Mr Jackson for completing the training needs analysis questionnaire, noting that this wasn't relevant for Mr Weigh to complete as a new member.

The analysis highlights areas for further development including cyber security, fraud, and breaches of the law, and some CIPFA competencies. Matters specific to the Fund had a good level of knowledge and skills reported. The analysis was used to inform the development of the training plan for 2024/25.

The Chair asked if Board members had any requests for training areas.

Mr Jackson said he was comfortable with the current provision, and thought that the Fund had provided excellent training particularly over the past 12 months, and discussions on investment and responsible investment were handled exceptionally well.

Mrs E Williams agreed that plenty of training was provided and she did not feel that anything was missing. She highlighted the range of topics covered and plenty of opportunities to attend external events.

The Chair asked if there had been anything raised at Committee or Board meetings that Board members had not understood and

would benefit from clarification or further training. She suggested the Fund could ask this question after each meeting.

Mr Weigh said that the training has been focused on the right topics and the Fund has provided training as needed.

The Chair noted there is also risk associated with providing too much training, and Mr Emmerson said that that it may be perfectly reasonable for understanding to be lesser in some areas given CIPFA does not require expert understanding in the Committee and Board roles.

Mrs E Williams said that external events are a good opportunity to converse with members of other Boards, even remotely. She said in her experience this helps to puts matters into a wider perspective, and she feels positively about the way the Fund supports communication between the Committee and Board. The Chair agreed with this.

Mrs E Williams said that she personally feels her understanding of investment matters is weaker than governance matters, and the Chair provided assurance noting that the role of the Board is focussed on administration and governance, not investment.

23. PENSION BOARD ANNUAL REPORT

The Chair explained that as part of good practice, a Pension Board Annual Report is produced annually for inclusion in the Fund's Annual Report. Due to the changed timescales this year, instead of the Board discussing this in advance, a draft has been prepared for Board members to consider and provide feedback or comments. She asked Board members to check in particular that they agree with the attendance of training and meetings. The Board members agreed to approve the draft on the basis that the training log was amended to reflect where Mr Weigh was not a member of the Board, and also to amend Mr Jackson's attendance at an internal training session.

ACTION:

Ms Nancarrow will update the training log.

ACTION
Ms Nancarrow

24. FUTURE WORK PLAN

There were no further changes to the future work plan for the Pension Board, other than the points highlighted during the meeting.

25. FUTURE DATES

Future dates were noted including:

- Proposed Pension Board meeting dates:
 - September/October meeting – to be confirmed
 - Tuesday 3rd December 10:30am – 3:00pm
 - Tuesday 1st April 10:30am – 3:00pm

These were proposed as face-to-face meetings with hybrid facilities if available.
- Proposed Committee dates (9:30am-12:00pm unless otherwise stated)
 - June 19th 2024
 - September 11th 2024 (2:00pm-4:30pm)
 - November 27th 2024
 - February 19th 2025
 - March 19th 2025
 - June 18th 2025
- Training and other upcoming events:
 - 14th May 2024 – Aon Webinar: Cyber and TPR Requirements.
 - 15th May 2024 – CIPFA Annual Local Pension Board Conference
 - 11th – 13th June 2024 – PLSA Local Authority Conference
 - June 18th 2024 - WPP Q1 Training: Product Knowledge and Cyber Security
 - June 19th 2024 - CPF Essential Training: Responsible Investment and Pensions for Purpose
 - Internal training scheduled on afternoons of PFC dates, and the morning of 11 September)

26. ANY OTHER BUSINESS

The Chair noted that this would be Mrs Fielder's final Board meeting. The Board thanked Mrs Fielder for her help to both the Board and the wider Pension Fund over the years.

The meeting closed at 13:34pm