

CORPORATE RESOURCES OVERVIEW & SCRUTINY AND COMMITTEE

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| Date of Meeting | 10 December 2020 |
| Report Subject | Clwyd Pension Fund Update |
| Report Author | Head of Clwyd Pension Fund |

EXECUTIVE SUMMARY

A biannual update on the work of Flintshire County Council as administering authority for the Clwyd Pension Fund is part of the current work plan. The first update included the outcome of the Actuarial Valuation and the financial impact on Flintshire County Council.

The purpose of this report is to provide further information on the Clwyd Pension Fund (the Fund) and the Annual Report 2019/20 is appended. The Annual Report covers all aspects on the performance of the Fund including governance, funding, investment and administration, as well as the audited statement of accounts and statutory policy documents.

The Head of the Clwyd Pension Fund, Pension Administration Manager and Pension Fund Accountant will attend to provide a presentation on the governance of the Fund and answer questions on the Annual Report.

RECOMMENDATIONS

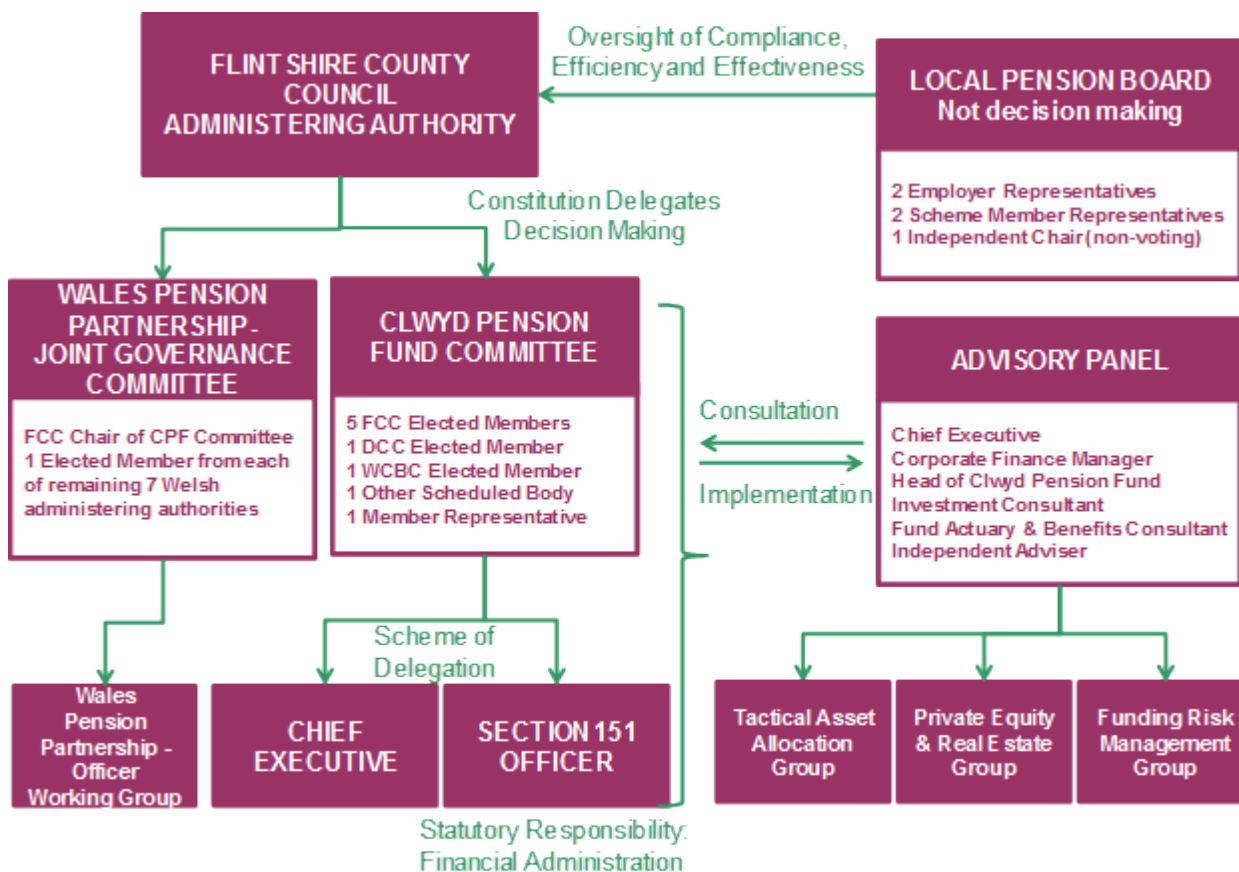
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| 1 | That the Committee considers and comments on the Fund's Annual Report for 2019/20. |
| 2 | That the Committee advises on any area(s) of focus for the next update. |

REPORT DETAILS

| 1.00 | Annual Report |
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| 1.01 | <p>Local Government Pension Scheme (LGPS) Regulations require the Clwyd Pension Fund (the Fund) to publish an Annual Report before 1st December 2020 and provide a copy to the Ministry of Housing, Communities and Local Government (MHCLG). LGPS regulations and Chartered Institute of Public Finance & Accountancy (CIPFA) best practice guidance advise on the content. The Annual Report for 2019/20 is attached for information at Appendix 1.</p> <p>The Annual Report includes:</p> <ul style="list-style-type: none"> • Statement of Accounts, which have been audited by Audit Wales. • Annual Governance Statement • Progress reports from officers, advisors and the Pension Board on areas of governance, funding, investment and administration. • Statutory policy documents • Signposting to the Fund’s website for best practice policies |
| 1.02 | <p>The financial information contained within the Annual Report is as at 31st March 2020 and reflects the impact of COVID 19 as at that date. By October 2020 the market value of the Fund had recovered to over £2bn and the funding position is back on target at 92%. However there is ongoing volatility and uncertainty in markets with COVID 19, Brexit and US Election all factors. Although the investment strategy is diversified to reduce the impact of market events, the Fund’s investment consultant is monitoring the position.</p> <p>As explained in the Annual Report Flintshire County Council as the Administering Authority for the scheme has signed an agreement to formally enter into the Wales Pension Partnership (WPP) with the seven other Welsh LGPS funds. The aim of the WPP is to reduce costs, increase efficiencies and further improve governance over the Welsh LGPS pension funds’ investments. The Fund continues to decide the type of asset it wants to invest in, whilst a professional organisation appointed by the WPP decides which asset manager will be used for each type of investment. In late 2018/19, the Fund’s global equity assets were transitioned to the WPP’s asset managers but no further asset transfers were undertaken during 2019/20. A further 12% of the Fund’s investments have been transitioned to the Wales Pension Partnership in July 2020 and another 10% committed, which should transition during 2021.</p> <p>Progress is being made with implementing the priorities in the Fund’s Responsible Investment Policy regarding climate risk which is part of the Investment Strategy Statement appended to the Annual Report.</p> |
| 1.03 | <p>As with many of the Flintshire’s formerly office based functions, the administration of the Fund continues to be provided remotely. Positive feedback was received from employers at the Fund’s remote Annual meeting in November and the use of the ‘Member Self Service’ facility continues to grow. There are several national LGPS regulatory changes on-going which will impact the administration of the Fund and its employers. These include changes to regulations as a result of age discrimination, changes for certain exiting employees and additional flexibilities for employers.</p> |

1.04 The current environment tests the governance structure of the Fund which is described in the Governance Strategy & Compliance Statement appended to the Annual report. The Committee will receive a short presentation on the governance of the Fund and the national LGPS structure.

The governance structure of the Fund is illustrated below.



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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 |

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| 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. |
| 4.02 | The external audit report of the accounts did not report any risks the Fund is not already aware of and taking action to manage. The Fund has a Risk Policy and the risk register is regularly reviewed. |

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| 5.00 | APPENDICES |
| 5.01 | Clwyd Pension Fund Annual Report 2019/20 https://mss.clwydpensionfund.org.uk/home/investments-and-governance/annual-reports/Annual%20Report%202019.20.pdf |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | Clwyd Pension Fund Committee Agendas Contact Officer: Philip Latham, Head of Clwyd Pension Fund Telephone: 01352 702264 E-mail: philip.latham@flintshire.gov.uk |

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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) CPFC – 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) LGPS – Local Government Pension Scheme – the national scheme, which Clwyd Pension Fund is part of</p> |