

## **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 virtually by WebEx, and on Tuesday 28th September at 9.30 am.

#### **THE BOARD:**

##### **Present:**

Chair: Mrs Karen McWilliam (Independent Member)

Member Representatives: Mrs Elaine Williams

Employer Representatives: Mr Steve Gadd, Mr Steve Jackson

#### **IN ATTENDANCE**

Mrs Karen Williams (Pension Administration Manager)

Mrs Debbie Fielder (Deputy Head Clwyd Pension Fund)

Mr Byron Lloyd-Jones (Aon – Item 13)

Ms Mary Lambe (Aon – Item 13)

Mr Chris Emmerson (Aon)

#### **Actions**

##### **1. APOLOGIES/ WELCOME**

Apologies received from Mr Phil Pumford (Member Representative) and Mr Phil Latham (Head of Clwyd Pension Fund and Secretary to the Board).

Mr Chris Emmerson was introduced and attended to record the minutes of the meeting.

It was discussed that Mr Byron Lloyd-Jones and Ms Mary Lambe would be joining later in the meeting to discuss item 13.

##### **2. DECLARATIONS OF INTEREST**

No new declarations were made or recorded.

##### **3. MINUTES AND MATTERS ARISING**

The Chair asked for comments on the minutes of which there were none and the draft minutes of the meeting held on the 24 June 2021 were confirmed as a correct record by all Board members.

#### **4. ACTION TRACKER**

The contents of the Action Tracker were discussed. As previously agreed, completed actions are now removed from the Action Tracker once reported as completed to the Board.

The following comments were made on the Action Tracker:

- 70<sup>th</sup> action: Mrs Fielder highlighted a decision would need to be made whether or not to renew the contract with Link in light of the fact there is no update on the FCA process with relation to the Woodford case. The Welsh Pension Partnership (WPP) Joint Governance Committee (JGC) are due to have meeting to discuss this. The Board agreed with Fund Officers that this is a significant risk to the Fund. The Board took comfort that this risk is listed on the WPP risk register. Consideration was given to updating the Fund's risk register with respect to risks relating to external providers.
- 77<sup>th</sup> action: Mrs Fielder provided an update on the vacant Governance Officer post. There is no further progress on the business case for the new post, but it was confirmed that this will be progressed urgently after the Board meeting.
- A number of the actions (actions: 90, 96, 97, 99 & 100) have all been completed as part of the latest PenPal release. This newsletter is with the external printer and the expectation is for this to arrive with scheme members during the week commencing 4 October 2021.
- 98<sup>th</sup> action: Some of the Pension Fund Committee members had attended the Giffin/Aon virtual joint cyber resilience training session. It was noted that additional training would be provided on cyber risk in due course.

#### **5. KNOWLEDGE AND SKILLS, AND CONFLICTS OF INTEREST POLICIES**

The Chair provided an update on these two policies which were updated recently and approved by the Committee.

It was noted that there were some quite fundamental updates to the Knowledge and Skills Policy. It was highlighted that as part of this update there are two new metrics which Board members need to be aware of:

- Firstly, 75% attendance of Board members is required at essential training sessions. It was noted that Fund Officers will need to be clear on which sessions are considered essential training.
- All Board members need to attend at least one day each year of general awareness training or events.

Mrs Williams asked whether essential training sessions would be repeated or provided as recordings to help with attendance at these sessions and The Chair confirmed that Fund Officers would ensure that at least one of these options was made available.

The Chair noted that the both the current policies are joint policies (for both the Board and the Committee). It was noted that the Board is required to have their own policies on these topics. The Board was asked to formally adopt these new policies.

**RESOLVED**

The Board agreed to adopt both the updated Knowledge and Skills Policy and the Conflicts of Interest Policy.

**6. COVID-19**

Mrs K Williams provided an update on the Administration Teams resource position since the last meeting. It was noted that the last quarter (to end of June 2021) had seen an increase in staff absences due to COVID-19 issues. This related to both direct staff sickness and absence due to caring requirements. It was also noted that a staff survey had been undertaken to consider future working patterns.

Mrs Fielder provided an update on the Finance Team, noting that they had not seen significant issues relating to sickness due to COVID-19.

Mrs Fielder provided an update on the expected Flintshire County Council policies for future working arrangements. There was a discussion about the specifics of the proposals, and the Officers and

## Actions

Board agreed that a key concern with changing working policies was to ensure that the service levels remained appropriate.

The Board queried when these policies would be implemented and it was confirmed that this would likely be subject to Welsh Government directions and guidance on COVID-19 working practices.

### **7. COMPLIANCE WITH THE PENSIONS REGULATOR'S CODE 14**

The Chair introduced the recent activity undertaken to assess the Fund against the TPR Code of Practice No.14 and the legal role the Board plays in assisting the Administering Authority in ensuring compliance with its requirements. It was explained that whilst the TPR New Code is expected to become a requirement in 2022, it was good practice to continue to assess compliance against the Code currently in force.

Mrs Fielder and Mrs K Williams took the Board through the TPR Compliance Model's findings and focused on areas where the Fund is not fully compliant. The Board discussed the areas of partial compliance with some key points arising for the following items:

- E7 – Adequate systems and internal controls: Mrs Fielder highlighted the outstanding action to produce process notes for tasks which are carried out by the Finance Team. This work has commenced but needs to be expanded and include escalation processes. This same action also relates to area G1. It was noted that the Fund's Auditors are looking at a different set of reconciliations which would help with this process.
- H7 – Information provided to new and prospective members: Mrs K Williams explained that frequently information was not provided on time but it was not clear whether this issue lay with employers or the Fund. It was noted employer statements have now been developed to highlight to employers where data is not being provided on time. Once these statements are issued to employers this section would be considered compliant. This same action also relates to H10.

The Board questioned whether there are timescales for completing these outstanding items. Mrs Fielder noted there was not currently as it was hoped this could be completed by the Fund Accountant who had been seconded to Flintshire County Council for a period.

**Action - Mrs Fielder agreed to consider and adopt appropriate timescales in consultation with the Fund Accountant.**

**Mrs  
Fielder**

**8. ADMINISTRATION UPDATE**

The Chair invited Mrs K Williams to provide the administration update. Mrs K Williams started by covering KPIs outlining that they had fallen slightly due to the impact of COVID-19 on the Administration team as well as being the summer holiday period. Although the statistics show a dip, Mrs K Williams expected that the situation would improve quickly. This also impacted the number of completed cases, but it was expected that completed cases would increase again shortly.

Mrs K Williams then explained that on Member Self-Service (MSS) a significant number of members are continuing to use the benefit projections facility and noted it was pleasing to see this engagement. She did note one area of concern was that there were a number of members who were not registered for MSS or receiving paper copies of statements. She confirmed that these members had all now received a new activation key for MSS inviting them to join and she was hopeful there would be an increase in the number of users going forward.

Mrs K Williams also provided updates on the GMP reconciliation exercise, staffing matters (including some difficulties with recruitment and some resignations), the pensions dashboard project and the upcoming pensions administration software procurement exercise. It was also confirmed that the Fund will be seeking greater levels of engagement with scheme members on pensions taxation issues.

**9. AVCS – PRUDENTIAL SERVICE ISSUES**

Mrs K Williams provided an update on Prudential who are the Fund's AVC provider.

It was discussed that Prudential were continuing to have a number of ongoing service issues. These issues are nationwide and have been reported to TPR and the Financial Conduct Authority.

Fund officers have had a meeting with a service director to discuss service issues. After that meeting Fund Officers had felt more assured that improvements were being made, but were still closely reviewing the service including the accuracy of information relating to AVC values provided by Prudential.

It was noted that Mrs K Williams wanted assurance from Prudential that all members' AVC accounts would be reviewed for accuracy, not just those who raised a complaint, due to the issues with AVCs not

being allocated correctly. The Fund was gathering extra evidence of errors to provide further information for Prudential to support this view. It was noted however, that Prudential were paying compensation to those members affected who complained and ensuring there was no loss of investment due to AVCs being credited late.

The Chair noted that there was significant action on this at a national level, with it being discussed at the LGPS Technical Group.

The Board expressed its dissatisfaction that external providers were having a negative impact on the Fund and its scheme members, but thanked Fund Officers for their continued work in supporting members.

## **10. MCCLLOUD REMEDY PROJECT**

The Board received an update from Mrs K Williams on the progress of the Fund's McCloud programme, which is on track with planned timescales. However, as the consultation response is currently overdue from Government, there may be an impact on the supply of software solutions in finalising their work.

It was noted that the Fund has seen good improvement from employers on data requirements, and the Officers are working with their administration software provider to ensure the Officers understand how to upload the rectification data most effectively. The next stage is to work with this employer data, but it is expected that the hard work already put in by the team would lead to a smoother process in the future.

The Chair thanked the team and employers for their hard work so far.

## **11. DATA IMPROVEMENT PLAN**

The Chair introduced this item and Mrs K Williams provided an update on the data improvement plan and the results of common and scheme specific data from the Fund's pensions administration software supplier Heywoods.

Mrs K Williams advised the Board that this years' scores were:

- For common data an improvement from 96% last year to 97.5%
- For scheme specific data an improvement from 96% last year to 96.99% this year.

Mrs K Williams noted that the biggest issue for the scheme specific data is around post 2014 (CARE) pension data, relating to scheme members on casual contracts, where the data is correct, but the process is identifying the field on the system as an error (incorrectly). The Fund will continue to review as many of these records to further improve the score in the period before the TPR submission.

**12. COMPLIMENTS AND COMPLAINTS (INCLUDING IDRP)**

The Chair asked the Board if anyone had any comments on the papers relating to compliments and complaints and there were none.

At this point Mr Gadd highlighted that the various items Mrs Williams had presented relating to administration had all been extremely positive with evidence based statistics. The Board agreed the information was very informative and reassuring.

**13. CYBER**

*[Mr Byron Lloyd-Jones and Ms Mary Lambe joined the meeting]*

The Chair introduced Mr Lloyd-Jones and covered the background to the cyber security work undertaken by the Fund. It was explained that in particular the Fund reviewed the cyber security arrangements at the Pension Administration Software Provider and the Host Authority.

Mr Lloyd-Jones discussed the findings of the work done with the Pension Administration Software Provider.

The Board welcomed this work and the positive responses received and thanked all of those involved in its production.

*[Mr Byron Lloyd-Jones and Ms Mary Lambe left the meeting]*

**14. BUSINESS CONTINUITY**

Mrs K Williams updated the Board on the work being undertaken to develop the Business Continuity Plan. It was noted that this was a bigger project than originally anticipated, especially around documenting all the decisions and processes. Mrs Williams noted that the Fund needs to be as prepared as possible to ensure an appropriate response should an incident arise. It is expected that the Business Continuity Policy will be completed by the next Pension Board meeting.

**15. ASSET POOLING**

Mrs Fielder provided an updated on the most recent JGC meeting held in September 2021. All the assets of the Pool are outperforming their benchmarks. There were also updates provided on two key areas: the ongoing Link case, and the WPP appointed provider's approach to stock lending and company engagement. It was also confirmed that the WPP is receiving more information in relation to responsible investment than previously, which was seen as positive by the Officers.

Mrs Fielder provided an update on the Fund's position with relation to stock lending covering the current process alongside the positives and drawbacks of the current approach. The Chair noted that much progress has been made in this area.

The Fund is looking to become a signatory to the UK Stewardship Code, given CPF were signatories to the previous code. The Fund is waiting on information from the Pool to be included in their submission. It was noted WPP is targeting end October for their submission and so the information should be available shortly after that.

There was then a discussion about the asset classes available within WPP and whether these met the needs of the Fund. It was noted that Emerging Market equities would be pooled in October 2021 and a tender process for private markets managers, including Private Debt, Infrastructure and Private equity, would be conducted shortly afterwards. This would lead to the Fund having a greater proportion of assets pooled than previously, which is positive progress.

The impact on the activity level of Fund Officers due to pooling was recognised by the Board.

Mrs Fielder highlighted that WPP were providing an update to DLUHC and it was noted that the assets transitioned for Clwyd Pension Fund were lower than other Welsh funds. Mr Gadd asked about the consequences of this and it was explained that this was due to the unique investment strategy for Clwyd , and there is a clear plan of action for further transitions.

**16. RESPONSIBLE INVESTMENT INCLUDING CLIMATE CHANGE/CARBON NEUTRALITY**

**Actions**

There was a discussion about responsible investment and the Fund's current key considerations. It was noted that this is an area that both the public and elected members are very interested in. Fund Officers are keen to ensure useful information around their strategy and approach is in the public domain and information is currently being developed for the Clwyd Pension Fund website too.

**17. RISK REGISTER**

The Board had no comments on this area.

**18. BREACHES LOG**

Mrs Fielder provided an update on an employer Hafan Deg who had failed to pay contributions, and were still uncommunicative with the Fund. It was noted that the employer had once again failed to pay their latest contributions after the Fund had just received back-payments to bring them up to date. Officers are chasing the employer for payment, but it was agreed that **the Fund would contact the guarantor Employer to see if they could assist in any way.** It is quite likely that the employer will need to be reported to The Pensions Regulator even though the amounts are very small and the payments are always paid, albeit late.

**Action – Fund to contact the guarantor Employer to ask if they can assist**

**Mrs  
Fielder**

**19. UPDATES FROM RECENT EVENTS ATTENDED BY BOARD MEMBERS**

The recent events were discussed by the Board including positive views of recent training attended.

**20. CONSIDERATION OF 1st SEPTEMBER 2021 COMMITTEE PAPERS**

The Board noted there were no comments.

**21. INPUT INTO ADVISORY PANEL AND CPF COMMITTEE**

The Board noted there were no comments.

**Actions**

**22. FUTURE WORK PLANS**

The Board discussed items on the future workplan including:

- **Task Force on Climate-Related Financial Disclosures (TCFD)**  
– It is expected that there will be a consultation on TCFD relating to the LGPS soon.
- **McCloud Remedy** – The Fund is expecting final regulations and guidance shortly. This is very likely before 31 March 2022.

**Action - It was noted that work required in relation to pension scams still needed to be added to the work plan following the last meeting, as well as the items discussed.**

**Board  
Secretary**

**23. PENSION BOARD BUDGET**

Mrs Fielder provided commentary on information shared with the Board noting that half-way through the year the Board was broadly on target against budget. It was noted that fees relating to external parties providing training had been underestimated.

**24. FUTURE DATES**

The Board were asked to note dates relating to future meetings, training and other events involving Pension Board members including:

- PFC on 10 November which would include major considerations relating to the RI roadmap
- Essential conflicts of interest training on 3 November
- AJCM on 24 November
- LGA LGPS Conference on 24 January 2022.

The Board were reminded to let Mrs Fielder know of events they have enrolled and attended so that they can be recorded on Training Log.

**Action – Board members to share attendance at events with Mrs Fielder.**

**Mrs  
Fielder**

**25. ANY OTHER BUSINESS**

Mrs Williams mentioned that they were providing webinars on annual allowances/tax charges to scheme members.

There was no other business.

**Actions**

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