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 Lead Authority for the Clwyd Pension Fund), held at County Hall, Mold, on Wednesday, 1 March 2017 at 9.30am.

THE BOARD:

Present:

Chair**:** Mrs Karen McWilliam (Independent Member)

Member Representatives: Mrs Gaynor Brooks,

Employer Representatives: Mr Steve Jackson, Mr Mark Owen

IN ATTENDANCE

Mr Philip Latham (Clwyd Pension Fund Manager and Secretary to the Board)
Mr Alwyn Hughes (Pension Finance Manager)
Mrs Helen Burnham (Pensions Administration Manager)
Mr Colin Lewis (Aquila Heywood - iConnect) – part meeting only

	Actions

1.	**APOLOGIES**

There were no apologies.

2.	**DECLARATIONS OF INTEREST**

There were no declarations at the beginning of the meeting.

3.	**AQUILA HEYWOOD ICONNECT DEMONSTRATION**

The iConnect presentation was given by Mr Colin Lewis who is employed by iConnect which is a subsidiary of Aquila Heywood.

iConnect is a system that enables member data provided by employers to be updated at least monthly which should lead to efficiencies, automation and less errors. Three of the Fund's employers are live using iConnect already; Denbighshire CC, Bodelwyddan Castle and Prestatyn Town Council.

The system assists administering authorities adhere to legal

requirements regarding record. It also assists with managing increased volumes of data due to auto-enrolment, greater HMRC requirements, the need for more frequent updates due to the CARE scheme and greater scrutiny from tPR.

Fundamentally, iConnect automates data gathering and validation. Reminders to employers are auto generated by iConnect. A monthly data upload will be expected from participating employers. Some of the other elements that Colin highlighted included:

- The updates include a record of everything paid that month by the scheme member.
- It includes light weight validation to ensure correct file formats
- It reports back to employer via emails
- If in the correct format, iConnect then compares this month's file to a snapshot of the previous months and identifies any changes within its parameters.
- All personal data, except national insurance numbers, is encrypted.
- There is an alternative online facility for employers with 100 or less employees.
- Where multiple employers have one payroll provider, there is a facility that only one extract needs be provided.
- The administering authority will be able to switch employers between the two types of returns.
- Year end is eliminated and risk reduced.

Following this introduction, Mr Lewis provided a demonstration of iConnect from an employer's perspective.

In response to questions from the Board, Mr Lewis commented that about 35 administering authorities now use iConnect and that monthly data update is fast becoming typical. Previously the charging model would result in all employers paying the same fee for the functionality which put off small employers, with only the large employers seeing a benefit. Now the contract and costs are the responsibility of the Fund which would encourage all employers to come on-board. Mrs Burnham commented that all new employers would be put on the on-line system but that it would take two to three years before every existing employer was on board. For the future, the administering authority is also looking at on-line document transmission and on-line leaver forms.

The Board expressed their thanks to Mr Lewis for an informative

presentation.

4.   **DISASTER RECOVERY (Item 6 moved forward)**

The Chair introduced this agenda item referring to the minutes of the previous Board meeting and the problems that had arisen using the generic FCC plans. Since then approval had been given by the Fund Committee (8 November 2016, Agenda Item 6) to upgrade the existing service provided by Aquila Heywood to include external hosting of IT servers and data management.

Mrs Burnham and Mr Lewis then provided an update on progress to date. The existing service had now been migrated onto the Aquila system; their system uses a third party provider, Blue Chip, to provide hosting, and the Fund has now gone live with this service.

In terms of data security they are a tier 4 data centre on a scale of 1 – 5 with the Government nuclear sites being a 5. The Fund is buying into their business continuity system with a mirror site located in Bedford but some distance from the main site. This should ensure that if the main system failed for some reason then work should continue with little or no impact by switching to the mirror site in Bedford. Blue Chip run regular disaster recovery exercises and we are entitled to one disaster recovery test annually that would be run by the in-house team. Aquila run standard checks every morning and will notify the Fund of any issues as they arise. Data backups are undertaken each night so the worst case scenario would be losing up to one full day's work i.e. if disaster struck late at night but before the back-up had been taken. Once hosting has settled down additional security would be available as access will be via the Aquila Citrix farm.

The Chair asked Mrs Burnham to ensure that testing was extended to cover a scenario where no-one could access the Pensions Administration Team office and with no notice.

HB

5.   **MINUTES AND MATTERS ARISING**

The minutes of the meeting held on the 13 October 2016 had previously been confirmed as a correct record by all Board members via e-mail.

Mr Owen asked about the intellectual property rights in relation to MSS. Mrs Burnham said that the system had been used by Dyfed so this is no longer an opportunity for Clwyd Pension Fund.

Completed and/or outstanding actions were considered as part of agenda item 4 Action Tracker.

6. **ACTION TRACKER**

The Chair introduced this item explaining that the document was designed to track all action points identified by the Board, identify completed or outstanding actions and also ensure that none are overlooked.

The contents of the Action Tracker were discussed. The Chair confirmed that an email had been sent to Flintshire's Chief Officer (Governance) regarding disaster recovery previously. *Mr Owen asked that another email be sent* to update the Chief Officer on the latest situation. Mr Owen also requested that the Board be given the date of the annual disaster recovery check. Mrs Burnham added that they are likely to undertake two tests this year to be sure of the impact. This is being added to the business plan. The Board asked *Mrs Burnham to report back* on the next test at the next meeting.

Chair

HB

RESOLVED:

The Board noted the action tracker.

7. **ASSET POOLING**

An update was given by the Clwyd Pension Fund Manager. There are two key work streams; firstly, the Inter Authority Agreement which was being presented to Flintshire County Council today for approval. It has already been agreed by three of the other seven administering authorities. Secondly, is the contract tender which is expected to be published either this week or next week, however some issues had been raised in relation to the possible impact of MIFID II.

Mr Jackson enquired about the progress with the other pools being established compared to Wales. Mr Latham replied that we expected to achieve the Government's deadline of April 2018 in terms of the specification asking for UK registered investment vehicle. He expanded to highlight that not everything can be invested through an ACS and we would reserve the right to use overseas vehicles. The Government has recently issued a

questionnaire to pools enquiring about status and progress made. The Chair added that some of the other pools were experiencing delays. Mr Latham reiterated that the possible implications of MIFID II could be severe although the Financial Conducts Authority has again said that we would not be put into a position where a fire sale of assets was required.

Discussions then moved onto the governing arrangements of the Wales Pool and where the pension boards fitted in with the Chair commenting that the Joint Governance Committee (JGC), when created, would have to liaise with pension boards as an alternative to direct member representation on the JGC. Nationally both UNISON and the Scheme Advisory Board are supportive of some link to member representation although there are differences of opinion on the approach which could be used. It is possible that requirements relating to scheme member representation may be driven from a national level which may result in changes being required to the Inter Authority Agreement.

The Chair added that there was an all Wales pension board meeting being held exclusively for board chairs. The Chair stated that she would represent the Board's view when discussing scheme member representation. It was noted that the CIPFA guidelines are a bit vague in relation to scheme member representation.

Mr Jackson added that representation at local level is where it is important but highlighted this could also be at a national level, with a pension board representative from one Board potentially attending the Joint Governance Committee.

8. **ADMINISTRATION**

A presentation on the progress in developing the administration team's key performance indicators (KPIs) was given by the Mrs Burnham who also shared hand-outs comparing the output as at the 31st December 2016 to the 31st January 2017 but with a target date of the 28th February. All of the 66 highlighted have been reviewed and are awaiting further information from employers to resolve.

Mr Jackson enquired regarding the causes of the older cases. Mrs Burnham responded that most would be due to deferred benefits but there were some ad-hoc cases, for example, there was one case where they were trying to find a next of kin to pay following the death of a member. Mrs Burnham added that they would try to split the cases going forward to categorise them

between employers, members and the Fund. Mr Latham added that the use of the word 'backlog' was misleading when the Fund was waiting for information and could not progress until that had been received. The Chair agreed and added that the Fund needed to get into a position where, for the older cases, we know that we are waiting for information.

Mrs Burnham stated that some of the 66 cases could well have been passed to the Employer Liaison team, if they related to Flintshire CC. Mr Owen commented that the administering authority needs to be in a position that either the employer or the Employee Liaison Team needs to know that the responsibility is with them as appropriate.

Mrs Burnham added that the work undertaken so far has required a large amount of resources and asked the Board for their opinion on whether the Fund should go down the route of naming and shaming employers who were causing delays or not providing information in the correct format. Currently employers are being reminded that information is outstanding but experience is that how they respond depends on their priorities. Mrs Brookes expressed concern regarding the lack of response from some employers.

Mrs Burnham stated that the formation of the Employer Liaison team had caused some workload issues as five vacancies had been created within the Operations and Technical teams. Three have now been filled and two are out to advert. Pension Assistants had been successful in moving to the ELT with promotions to Pensions Officer. Two of the three posts filled had been filled with Modern Trainees with the remaining filled from Flintshire CC; all following interview. Training will take approximately twelve months and so will impact generally on the team during this period, but there would clearly be benefits in the longer term.

Mr Latham commented that the Board would see on the business plan, when presented to the Committee for approval during March, workforce planning looking ahead for the next three to five years. iConnect and Member Self Service will change how the Administration Team operates and so it is appropriate to consider the structure of the team, as well as for how to integrate succession planning. Mr Jackson expressed his and the Boards' recognition for the hard work being undertaken by the team.

9.   **CONSIDERATION OF 8th NOVEMBER 2016 AND 16TH FEBRUARY PENSION FUND COMMITTEE MEETING**

	Actions

PAPERS

The Chair opened this item up to the Pension Board but no comments were received.

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

The Chair opened this item up to the Pension Board but no comments were received.

11. **PENSION BOARD INSURANCE**

The Pension Finance Manager updated the Board that insurance cover was now in place for the Board.

12. **COMPLIMENTS AND COMPLAINTS**

Following an introduction by the Chair, a summary paper was circulated by Mrs Burnham detailing recent compliments and complaints. In response to a question regarding compensation offered Mrs Burnham responded that the most offered is £500 whereas the Maximum from the Pensions Ombudsman would be £1000 in exceptional cases. The Board accepted the paper but Mr Owen suggested that the information needs to be anonymised going forward.

Mrs Burnham agreed to anonymise future papers regarding compliments and complaints.

HB

13. **FUTURE WORK PLAN**

The Chair presented the future work plan and initiated discussion. It was suggested that GMP reconciliation and outsourcing update should be added to the future work plan.

The Chair agreed to update the work plan.

Chair

14. PENSION BOARD BUDGET MONITORING

The Pension Finance Manager shared a budget update report with the Board and also gave a verbal update to the Board regarding the 2016/17 budget; no issues were raised. The PFM also presented the draft 2017/18 budget to the Board for their consideration

Resolved – That:

a) *The Board accepted the budget monitoring report, and*
b) *That the 2017/18 budget is approved.*

15. FUTURE DATES

The Board Members were reminded of the future Board meeting dates already agreed, namely 27/06/17, 02/11/17, 27/02/18 and 28/06/18. The Chair asked the Board to advise her if there was an issue with any of these dates.

The Pensions Finance Manager also reminded the Board about potential training events including the CIPFA Pension Board event.

16. ANY OTHER BUSINESS

Mr Latham circulated a report by The Pensions Regulator (TPR) regarding regulatory intervention. TPR regulates Pension Boards and the Scheme manager. It was highlighted at the meeting attended by the Mr Latham that many issues identified by the TPR were employer related. The report highlights where the TPR is getting involved with employers following the reporting of breaches. About three had been received by the TPR.

No further business was raised. It was agreed that the **draft minutes would be circulated**.

Board Secretary