

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 30 August 2023
Report Subject	Clwyd Pension Fund Annual Report and Accounts 2022/23
Report Author	Deputy Head, Clwyd Pension Fund

EXECUTIVE SUMMARY

LGPS Regulations require the Clwyd Pension Fund (the Fund) to publish an Annual Report before 1 December 2023 and set out what must be included. CIPFA best practice guidance provides further advice to funds on the content of the report.

The draft Annual Report for 2022/23 is attached for consideration at Appendix 1. The Annual Report includes the Fund's draft Statement of Accounts.

Audit Wales has prepared an audit plan for 2022 for the Fund (attached at Appendix 2 to this report) covering the work they will carry out and associated matters. Attached as Appendix 3 is a draft response to the Audit Enquiries Letter for 2022/23 from Audit Wales and the Committee are asked to note the response.

The Annual Report is required to include certain statutory policies, and these will be included in the report when it is published, along with signposting to relevant non-statutory policies.

The Fund's draft accounts are subject to review by Flintshire County Council's Section 151 Officer prior to the meeting, and he will provide any necessary feedback to the meeting.

At this stage the Committee are asked to consider the draft Annual Report.

RECOMMENDATIONS

1	That the Committee consider the Fund's draft Annual Report for 2022/23, including the draft Statement of Accounts.
2	That the Committee note and comment on the Audit Wales plan.
3	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 as there is no longer a requirement for these statements to be included as part of the administering authorities' own statements. The Annual Report has been written in accordance with the Regulations and guidance, most notably the guidance produced by CIPFA in 2019 entitled "Preparing the Annual Report". The guidance has been followed wherever possible in the preparation of the report.</p> <p>The report covers the activities of the Fund during 2022/23. Against a backdrop of volatility and uncertainty in the financial markets (e.g. rising interest rates, continued high inflation etc.) dominated by the fallout from the "mini-budget" in September 2022, the Actuary undertook their triennial actuarial valuation, a key outcome of which is to set contribution rates for employers from 1 April 2023 onwards. In spite of the volatility during the year, 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. This has been helped by the return to the office for many officers over the year as part of hybrid working arrangements introduced following the COVID-19 pandemic.</p> <p>Section 2 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 2022/23. The summary is supported by more detailed reports from the Fund's partners and senior officers. These are reports:</p> <ul style="list-style-type: none">- On the governance of the Fund, the training of Committee and Board members, and risk management- From the Fund's Independent Advisor- From the Pension Board- On the administration of the Fund- From the Fund's actuary- From the Fund's investment consultants- On the Fund's financial activity <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:</p> <p>Governance</p> <ul style="list-style-type: none">- Five new elected members of the Committee- Induction and other training undertaken <p>Funding and Investments</p> <ul style="list-style-type: none">- Successful outcome of the actuarial valuation

	<ul style="list-style-type: none"> - Maintaining a fully funded position despite a challenging environment - A review of the Investment Strategy and continuing focus on sustainable investments. <p>Administration and Communication</p> <ul style="list-style-type: none"> - A new Communications Strategy to enhance members' and employers' experience. - Maintaining administration performance, despite continuing increases in case numbers and key projects relating to regulatory changes such as McCloud and the National Pensions Dashboard. - Ongoing recruitment and retention challenges. <p>The Annual Report includes statutory and best practice policies and statements. These are not attached to the draft report as they have previously been approved by the Committee, but are available on the Fund's website. They will be included in the Annual Report when it is published. Other non-statutory information relating to the report, which is all available on the Fund's website, will be signposted in the published version of the Annual Report.</p>
1.02	<p>Consideration, Audit and Approval of the Annual Report</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 commence in October. 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.</p> <p>Attached as Appendix 2 to this report is the Audit Plan which explains the extent of the external audit, key financial risks considered by the auditors, other audit functions carried out, the fee for the audit, the members of the audit team and the timetable for the audit. The Committee are asked to note and comment on the Audit Wales plan. Audit Wales will present the plan at the meeting.</p> <p>Attached as Appendix 3 is the Audit Enquiries Letter for 2022/23 from Audit Wales along with a draft response from the Chair of this Committee. 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	Proposed fees charged for the audit work for Clwyd Pension Fund are included in the Audit Wales Plan at Appendix 2.

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.
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 2022/23 Appendix 2 – Audit Wales Plan 2022/23 Appendix 3 – Audit Enquiries letter 2022/23
6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None Contact Officer: Debbie Fielder, Deputy Head, Clwyd Pension Fund Telephone: 01352 702259 E-mail: debbie.a.fielder@flintshire.gov.uk

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 and employees of other employers with links to local government in the region</p> <p>(c) CIPFA – Chartered Institute of Public Finance and Accountancy – professional institute for accountants working in the field of public services</p> <p>(d) LGPS – Local Government Pension Scheme – the national scheme, which Clwyd Pension Fund is part of</p>