

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 in person at County Hall on Wednesday 6 December at 12.00pm.

THE BOARD:

Present:

Chair: Mrs Karen McWilliam (Independent Member)

Member Representatives: Mrs Elaine Williams

Employer Representatives: Mr Steve Jackson, Mr Richard Weigh (present from 12:41pm, item 8)

Apologies: Mr Phil Pumford

IN ATTENDANCE

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

Mrs Karen Williams (Pension Administration Manager)

Ms Morgan Nancarrow (Governance Administration Assistant)

Mrs Jennie Green (Aon, Independent Advisers)

Actions

1. APOLOGIES/ WELCOME

There were no apologies received prior to the meeting.

The Chair welcomed the new Employer Representative Richard Weigh (Director of Finance and ICT and S151 Officer, Wrexham County Borough Council (WCBC)) to his first Pension Board meeting. She explained Mr Weigh would be joining the meeting at 1.30pm, so the order of items on the agenda would be altered to accommodate this.

The Chair also welcomed Jennie Green of Aon to her first Board meeting.

2. DECLARATIONS OF INTEREST

There were no new declarations made or recorded.

The Chair confirmed that she and the Secretary had discussed conflicts with Mr Weigh at their pre-appointment interview and were confident there were no actual conflicts. His declaration form will be completed following the meeting.

3. MINUTES AND MATTERS ARISING

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 18 October 2023 were confirmed as a correct record by all Board members.

4. ACTION TRACKER

The contents of the Action Tracker were discussed. Mr Jackson noted that good progress was being made on the actions.

5. FUTURE WORK PLAN

The Chair noted that progress on the SAB Good Governance project was expected early in 2024 and a consultation was anticipated.

The Board was asked for input on areas that may need to be added to the 2024/25 to 2026/27 Business Plan. Mr Jackson commented that the Fund's Business Plan is usually very comprehensive, and he had no comments to add at this time. The Chair encouraged the Board to feed any comments into the version that will be brought to the March Committee meeting.

6. PENSION BOARD BUDGET

Mrs Fielder was not present at this meeting, as she was in attendance at a WPP operator procurement meeting, but questions were invited and could be passed on if necessary. The budget was noted and there were no questions.

7. RISK REGISTER

The Chair explained that there was only one change to the risk register as indicated by the arrow on the heat map. This change was in relation to pension administration and the risk is now on target.

The Board requested an update on risks not on target, and the Chair took the Board through these.

The administration risks below target were A1, A2, A4, A5, and A6.

Mrs K Williams explained the impact of the new team structure, and that, given training was still underway, it was still too early to adjust the risk rating of A1.

In addition, the Fund has recently had its first flexible retirement which was cost neutral and further uses of this where appropriate may be helpful for the Funds' continuity planning in future. The Chair noted the importance of ensuring that FCC's process for flexible retirement continues to be suitable for the Fund. The Fund will work with HR to ensure this. Mrs E Williams highlighted that flexible retirement can be a helpful tool for staff progression and provides a more substantial handover period to assist succession planning. Mrs K Williams noted that there can be cost implications but that the benefits can outweigh the cost, and requests will be assessed individually on their own merit.

The Governance risks higher than target were G2, G5, and G6, and finance related risks higher than target were F2, F3, F4, and F9.

Mr Latham noted that reference to the Deputy Head within the finance risk register would be re-allocated due to Mrs Fielder's retirement.

The Chair explained with respect to her own retirement plans that she would be stepping down from the Governance Advisor role, which Ms Alison Murray would take over. However, Mrs McWilliam would continue to Chair the Board. Board members are invited to feed back any comments on this to the Board Secretary.

8. BREACHES LOG

Mr Richard Weigh joined the meeting. The Board considered the breaches log and noted that the outstanding finance breaches related to missing remittances from a single employer, and this had been escalated to Mrs Fielder to resolve.

The main administration breach area that had ongoing concerns related to legal targets for transfers not being met and this had deteriorated due to outstanding GAD guidance. Mrs K Williams explained that breaches are expected to continue to be relatively high in this area until the team catches up.

9. BUSINESS CONTINUITY & CYBER RESPONSE PLAN

The Chair explained that the Fund had previously undertaken disaster recovery planning which was effective during the COVID-

19 Pandemic in facilitating a smooth transition to home working compared to many other Funds. This planning is now being revisited to ensure that business continuity is formalised and that plans are still appropriate for the hybrid working approach.

Mrs Green presented slides explaining the objectives of the Business Continuity Policy, and the Fund's approach to business continuity planning, which was being developed with specialist input and oversight by advisers at Aon. The cyber and business continuity testing schedule is currently in development and will appear on the Fund's 2024-25 business plan.

The Board went through the draft Business Continuity Plan considering the key areas including critical processes for finance, governance and administration functions. Recovery time targets were outlined in the draft based on priority. The appendices also included contact details and media guidelines.

Mr Jackson felt that the Plan was well structured, and he was supportive of the use of broad guidance with more detail where appropriate. He asked what the next steps were for developing the testing schedule and ensuring the Plan is suitable. Mrs K Williams explained that there were existing controls which needed to be clearly covered by the testing schedule, including disaster recovery tests by Heywoods. The Fund was also in conversation with Flintshire County Council (FCC) to ensure the testing schedule included the FCC finance providers including Masterpiece and also to ensure the Fund is included in FCC's testing schedule in such areas.

Mr Jackson suggested that a key area for testing could be business continuity in instances of unexpected staff absence for key members of the team.

Mr Weigh highlighted the fact that this is a service-based Plan that sits on top of FCC's Plan, so it is important to ensure they are aligned. Mrs K Williams explained that FCC had been asked to review the Fund's draft Business Continuity Plan to ensure alignment with FCC Plan, and further meetings are being held to discuss this.

The Chair noted the October 2020 cyber-attack on another LGPS administering authority, the impact of which is still ongoing. This highlights the importance of continuity planning alongside cyber resilience. Mrs Williams provided an update on the Fund's Cyber Incident Response plan.

The Board welcomed the updates and noted the positive progress.

10. RECENT COMMUNICATIONS

The Chair reminded the Board that the Fund's Communications Strategy was reviewed in 2022 to recognise and cater towards more diverse communication needs and the evolving methods of communication using technology. The Fund has created videos to share with Employers ahead of the Fund's Annual Employer and Scheme Member Representatives Meeting. Brief extracts of the introduction and administration videos were played at the meeting.

Analytics showed that there had been 257 downloads and 149 plays of the videos. A significant portion of plays were not watched to the end of the video and the reasons for this were being investigated.

Mr Jackson noted that the Fund was taking a modern approach and was supportive of the use of video. He suggested that an alternative approach would be to run the Annual Employer and Scheme Member Representatives meeting face to face as had been done in the past and provide a recording for those not able to attend. As there was a lot to watch through, he also suggested reviewing the length of the videos, and staging them throughout the year to allow more time to digest each one.

Mrs E Williams commented that there were advantages and disadvantages to both in person communications and videos, and she felt that both are necessary in order to cater for the diverse needs of everybody.

The face-to-face "drop in" session with employers/scheme member representatives was taking place the day after. Given the Fund now hosts administration focussed employer engagement meetings throughout the year which are well-attended, there is potential for these to replace the face-to-face Annual Meeting altogether.

Mr Latham explained that the videos were largely aimed at employers, and that making them available to all scheme members would have additional resource implications due to the legal requirement to also provide communications in Welsh for scheme members (but not employers).

The Fund has also produced a video to guide both active and deferred members through accessing and understanding their Annual Benefit Statement, and this is available on the Member Self Service website. Excerpts from this video were shared with the Board at the meeting.

Mrs E Williams felt that the video was extremely helpful particularly as not all members will engage well with written material. Mr Weigh added that this is an area members are likely to be interested in.

Mrs K Williams confirmed that the viewing statistics with this video in both English and Welsh were very good.

Mr Jackson also agreed that the video was excellent and a useful guide for members' understanding.

He added that he had found the Fund's AJCM very useful in past years, but that he supported the opportunity to make changes and monitor their success.

It was agreed that the Board supported the use of video communications, but that the Annual Meeting may benefit from shorter videos released over a period of time. Following the "drop-in session", a feedback survey would be shared with employers, and the format would be reviewed to inform next year's plans.

Mrs K Williams noted that the Lead Communications and Marketing Officer had left and feedback received from her was that the role requires both marketing expertise and LGPS experience. There is a need to manage expectations for the role in future recruitment exercises. Mr Weigh thought that the communications and marketing experience would be most important to recruit and that LGPS background could be picked up in the role. The Chair agreed and added that communications/marketing is a rapidly changing environment which may contribute to difficulty recruiting to the role, particularly if LGPS expertise is also expected.

Finally, the Chair noted the Fund's Task Force on Climate-Related Financial Disclosures (TCFD) report had been agreed at Committee and the Board had been provided with the draft infographic which was being developed as a summary of the full TCFD report for the Fund's website. Mrs E Williams commented that the infographic was eye-catching and would be more likely to draw readers in compared to the full report. Mr Jackson noted that the infographic is an engaging means of summarising the key points of the report, but that better use of plain English communication within it would make it more accessible.

Mr Weigh suggested clearly communicating the Fund's objectives and actions at the top of the page. The Chair agreed, and noted that a short, two-minute video summarizing the infographic might also be welcomed given interest in responsible investment.

11. EQUALITY, DIVERSITY AND INCLUSION (EDI)

Mrs Green presented some background to EDI, covering

- EDI factors and how they are interconnected
- TPR guidance on EDI, which the regulator specifies is applicable to LGPS. Mrs Green explained the 7 key areas and their application to the Fund
- the draft principles for the CPF EDI policy that had been considered at Committee.

Mr Jackson approved of the principles, and asked if thought had been given to the Committee's diversity of views and access to diversity of views, despite the set structure of the Committee. The Chair explained that it is key for management teams and advisers to be aware of and fully trained on EDI issues, and analysis can be used to identify gaps.

The Chair noted the diversity of knowledge within the Board and that the contributions due to that diversity had been particularly helpful for the Board. Mr Jackson noted that diversity is a challenge in a group as small as the Pension Board and that both employer representatives had a background in finance. The Chair noted that Committee and Board membership can be limited by availability and local demographics, however she highlighted other diversity factors including communication styles and the importance of ensuring all voices are equally considered. The recent Committee Training Needs Analysis exercise had sought to capture some of this information. Mr Weigh agreed that diversity of thought is key for the Board and Committee to ensure a variety of views and beliefs are considered.

Mrs E Williams expressed concern that those with disabilities may be under-represented. The input of those with both hidden and visible disabilities would be very valuable for the Fund in addressing accessibility barriers for scheme members. The Fund should consider whether there are barriers to engagement with the Committee and Board which could be addressed in order to begin filling this gap. The Chair mentioned some recent discussions with the Pensions Administration Manager on this point and highlighted that all member communications undergo reading-age checks. The Fund hopes to engage with those with disabilities through focus groups, and there may be a need for experience and expertise in this area.

The Chair noted that at the November Committee, Cllr Rutherford had noted that an Equality Impact assessment is no longer included as a standard section in Committee reports, and that officers are currently investigating whether this can be included. Mr Weigh explained that WCBC include this element in their

committee papers either directly or via a web link within the papers.

12. AUDIT REPORTS

Mr Latham presented the Board with this year's internal audit, which was focused on risk management. The Fund's approach to risk was based on an FCC model which has been reviewed and is going through a further review. While internal audit is comfortable that the Fund can practise its own approach, they did suggest a review to ensure the approach is still effective and consider whether some of the new elements of the FCC approach should be adopted. However, as FCC is now making a further review of its risk management framework, the decision has been taken to delay the review of the Fund's risk policy to consider the new FCC model as part of the review.

Changes to the Fund's Risk Policy are expected to consider the management of funding and Investment risks. While a high-level overview is suitable for reporting to the Committee, the officers have agreed with the Fund Actuary and Investment Consultants that a more detailed risk register for use by officers and advisers would be beneficial.

Mr Jackson noted the merits of more detail for funding and investments and was supportive of a proposed sub-register for these risks.

Internal audit recommendations for maintaining a more complete audit trail around risk management have already been implemented and will also be factored into the review.

Mr Latham then updated the Board on the annual audit of accounts by Audit Wales which was presented at the November Committee. Some adjustments were made, and Mr Latham said he was ultimately pleased with the outcome. The Deputy Head of Fund, Mrs Fielder, closed the Fund's accounts again this year, and will support the newly appointed Fund Accountant in the end of year accounts in 2024 before her retirement.

13. THE PENSIONS REGULATOR (TPR) ANNUAL SURVEY RESULTS

The Chair took the Board through this report, highlighting cyber risk. She also updated the Board on discussions at the recent Wales Pension Partnership (WPP) Chairs' Engagement Session around WPP's approach to cyber security.

Mrs E Williams asked whether outsourcing varies between Funds in England compared to Wales, and the Chair explained that

Welsh funds typically have smaller number of employers than England, particularly due to the absence of academies in Wales.

14. ADMINISTRATION UPDATE

Mrs K Williams presented this update.

National Pensions Dashboard staging dates have been delayed and a new onboarding deadline for LGPS is expected to be confirmed as September 2025. The Administration Project Team will be working toward this objective. Data cleansing and matching for accuracy are already in progress. The process to appoint a provider is being considered.

The McCloud and Employer Liaison teams remain on track with work on the McCloud project. Upcoming business planning work will review the remaining key milestones and map out an end date for the project. The McCloud regulations came into force in October and Mrs K Williams explained the impact on the Operations team due to software not working as expected and where data has not yet been received or uploaded. This is slowing down some processing of day-to-day processes such as leavers and retirements, but it is not expected that this will be long term. Further statutory guidance is also still needed in some areas. When further guidance and all software upgrades are in place, rectification planning (for retrospective cases) will begin, and once an approach is finalised this will require approval from the McCloud Project Management Group.

It was agreed that the next meeting of the McCloud Steering Group will be scheduled for February.

**Mrs K
Williams**

The 2023 backdated pay award is being applied differently by the three unitary authorities, with WCBC applying the recalculated backpay to all eligible employees, Denbighshire County Council (DCC) applying this only on request, and FCC applying the backpay only to staff in employment at the date of the award. Training is ongoing to ensure the project team is fully resourced to manage the recalculation of benefits as a result of any backdated payments to former scheme members. Additionally, DCC is undergoing a voluntary redundancy exercise, for which 3000 members may be eligible, and the Fund is assisting in this process. These challenges, in addition to the McCloud issue mentioned already, are expected to impact KPIs and the teams are working extremely hard to minimise the impact on scheme members.

The Board wished to congratulate the Administration Team on the October KPI reports and asked Mrs Williams to pass back the Board's thanks for the hard work.

Mrs K Williams attended the Annual LGPS Pension Managers Conference in Torquay, which was particularly helpful in comparing the Fund's progress against the wider LGPS. Mr Jackson noted the update was encouraging.

Mr Weigh asked how the Fund's level of resources compared with other funds and how the Fund's KPIs compare with other funds. Mrs K Williams explained that the Fund is well resourced given its size. While CPF does engage in comparative reporting with LGA, there are differences between funds in how KPIs are measured, which makes like-for-like comparison between funds difficult. The Chair noted that the recent restructure of the administration team included forward-looking workload analysis supported by both Aon and Mercer to help determine the size of the team. Mrs K Williams noted that not all pension fund committees receive a regular administration update as a standard item, and felt that CPF excels in this area.

15. ASSET POOLING

There were no comments or questions on the committee report.

16. UPDATES FROM RECENT EVENTS ATTENDED BY BOARD MEMBERS

Mrs E Williams and the Chair both attended the CIPFA Annual Local Pension Boards autumn training online on 8 November. This event was a half-day, and a full day face-to-face event is also held in May.

Mrs E Williams described some of the headline items including:

- Market updates
- SAB Update by Jo Donnelly – Cost transparency, good governance and TPR general code of practice
- Colin Dobbie (Isio) presented an administration and governance issues from scheme member perspective, covering a range of areas including tax changes, ombudsman cases, and communications. Mrs E Williams felt that CPF is performing well in this area.
- Pooling consultation, which highlighted the general view across the scheme that funds should set their own timescales for transition of assets to pools, rather than a centrally mandated hard transition deadline.

She enjoyed the event, found that attending online was particularly easy and felt that it would be useful to attend in future. The Chair agreed, but noted that she thought the Q&A session was not long enough for attendees to ask questions.

The Chair attended the WLGA Decarbonising Pensions event on 4 December, which was open to pension board and committee

members, officers, and employers. Mr Latham and Mrs Fielder also attended. The Chair explained some areas covered including:

- A view of opportunities while recognising fiduciary duty
- Highlighting that it is important to consider the ongoing climate risk on investments that might appear attractive e.g. considering whether affordable housing will be built in a way that can survive extreme weather caused by climate change.
- Risk reward assessments are an overarching requirement for pension funds, regardless of how attractive an investment might appear from a “responsible” perspective.
- The need to recognise conflicts of interest between funds and administering authorities, particularly around local investments, including highlighting the particular challenge for S151 officers with dual responsibilities.
- CPF was recognised for its achievements in responsible investing.
- A possible next step could be an all-Wales working group to ensure opportunities for LGPS investments are identified.

17. CONSIDERATION OF RECENT COMMITTEE PAPERS

There were no comments on this agenda item.

18. INPUT INTO ADVISORY PANEL AND CPF COMMITTEE

There were no comments on this agenda item.

19. TRAINING NEEDS ANALYSIS

The Fund’s training needs questionnaire was not completed by all Committee members, so a full analysis of the results was not possible.

Mr Weigh felt that this may reflect more general difficulties with getting full and consistent responses to surveys across committees beyond CPF or FCC.

The Chair highlighted Mr Latham’s suggestion to have a conversation with Committee members at one of the training days, which may help to gather further thoughts on training needs.

The Board agreed that a training needs analysis questionnaire with the same approach as that received by Committee would be distributed to Board members for completion before the next meeting.

**Ms
Nancarrow**

20. FUTURE DATES

The late April Pension Board meeting was rearranged due to changes in availability. It was agreed that the next Pension Board meeting will be held on 16 May, and will ideally take place as either a morning or afternoon meeting. [Post meeting this was agreed to be 9.30am to 2pm on 16 May at FCC County Hall].

Other future events noted were the essential training sessions on the afternoons of the February and March Committee meetings and:

- CPF Annual Employer Meeting – 07 December 2023
- LGA Annual Governance Conference (York) – 18-19 January 2024
- LGC Investment Seminar (Carden Park, Chester) – 15-16 March 2024

21. ANY OTHER BUSINESS

There was no other business.