

Pecyn Dogfen Gyhoeddus

Gareth Owens LL.B Barrister/Bargyfreithiwr

Chief Officer (Governance)

Prif Swyddog (Llywodraethu)



Swyddog Cyswllt:

Janet Kelly 01352 702301

janet.kelly@flintshire.gov.uk

At: Cyng Ted Palmer (Cadeirydd)

Y Cyngorwyr: Dave Hughes, Jason Shallcross, Sam Swash a Antony Wren

Aelodau Cyfetholedig:

Steve Hibbert, Y Cyngorwyr: Andrew Rutherford, Gwyneth Ellis

a Anthony Wedlake

Dydd Iau, 22 Chwefror 2024

Annwyl Gynghorydd

RHYBUDD O GYFARFOD HYBRID
PWYLLGOR CRONFA BENSIWN CLWYD
DYDD MERCHER, 28AIN CHWFROR, 2024 AM 9.30 AM

Yn gywir

Steven Goodrum

Rheolwr Gwasanaethau Democratiadd

Sylwch: Gellir mynychu'r cyfarfod hwn naill ai wyneb yn wyneb yn Siambr Cyngor yr Arglwydd Barry Jones, Cyngor Sir y Fflint, Yr Wyddgrug, Sir y Fflint neu ar-lein.

Bydd y cyfarfod yn cael ei ffrydio'n fyw ar wefan y Cyngor. Bydd y ffrydio byw yn dod i ben pan fydd unrhyw eitemau cyfrinachol yn cael eu hystyried. Bydd recordiad o'r cyfarfod ar gael yn fuan ar ôl y cyfarfod ar <https://flintshire.publici.tv/core/portal/home>

Os oes gennych unrhyw ymholiadau, cysylltwch ag aelod o'r Tîm Gwasanaethau Democrataidd ar 01352 702345.

R H A G L E N

1 YMDDIHEURIADAU

Pwrpas: I derbyn unrhyw ymddiheuriadau.

2 DATGAN CYSYLLTIAD (GAN GYNNWYS GWRTHDARO O RAN CYSYLLTIAD)

Pwrpas: I dderbyn unrhyw Datganiadau a chynghori'r Aelodau yn unol a hynny.

3 COFNODION (Tudalennau 3 - 12)

Pwrpas: I gadarnhau, fel cofnod cywir gofnodion y cyfarfod ar 29 Tachwedd 2023

4 DIWEDDARIAD LLYWODRAETHU AC YMGYNGHORIADAU (Tudalennau 13 - 94)

Pwrpas: Rhoi diweddariad i Aelodau'r Pwyllgor ar faterion perthnasol i lywodraethu, a darparu Polisi Cydraddoldeb, Amrywiaeth a Chynhwysiant drafft i gael sylwadau a chymeradwyaeth.

5 DIWEDDARIAD GWEINYDDU PENSIWN/ CYFATHREBU (Tudalennau 95 - 136)

Pwrpas: Darparu'r wybodaeth ddiweddaraf i Aelodau'r Pwyllgor mewn perthynas â materion gweinyddu a chyfathrebu. a chymeradwyo diwygiadau i'r dangosyddion perfformiad allweddol o fewn y Strategaeth Gweinyddu Pensiynau.

6 CYFARFODYDD YN Y DYFODOL

Pwrpas: Cynhelir cyfarfodydd o Gronfa Bensiwn Clwyd yn y dyfodol am 9.30 am ar:-

Dydd Mercher 20 Mawrth 2024

Dydd Mercher 19 Mehefin 2024

Sylwch, efallai y bydd egwyl o 10 munud os yw'r cyfarfod yn para'n hirach na dwy awr.

Eitem ar gyfer y Rhaglen 3

CLWYD PENSION FUND COMMITTEE 29 NOVEMBER 2023

Minutes of the meeting of the Clwyd Pension Fund Committee of Flintshire County Council, held as a hybrid meeting at County Hall at 9.30am on Wednesday, 29 November 2023, with remote attendance available via Zoom.

PRESENT: Councillor Ted Palmer (Chairman), Councillor Dave Hughes (Vice-chair, present until 10:15am)

Councillors: Jason Shallcross, Antony Wren, Sam Swash

CO-OPTED MEMBERS: Councillor Andy Rutherford (Other Scheme Employer Representative), and Mr Steve Hibbert (Scheme Member Representative)

ALSO PRESENT (AS OBSERVERS): Elaine Williams (PFB Scheme member representative), Mark Morgan (Independent member of Flintshire County Council Standards Committee), Neal Cockerton (Chief Executive, Flintshire County Council)

APOLOGIES: Councillor Anthony Wedlake (Wrexham County Borough Council), Councillor Gwyneth Ellis (Denbighshire County Council), Councillor Dave Hughes (present until 10:15am)

Advisory Panel comprising: Philip Latham (Head of Clwyd Pension Fund), Gary Ferguson (Corporate Finance Manager), Sharon Carney (Corporate Manager, People and Organisational Development), Karen McWilliam (Independent Adviser – Aon), Paul Middleman (Fund Actuary – Mercer), Steve Turner (Fund Investment Consultant – Mercer).

Officers/Advisers comprising: Debbie Fielder (Deputy Head of Clwyd Pension Fund), Karen Williams (Pensions Administration Manager), Alison Murray (Alternate Independent Adviser – Aon), Andrew Munro (Investment Analyst – Mercer), Ieuan Hughes (Graduate Investment Trainee), and Morgan Nancarrow (Governance Administration Assistant – taking minutes).

Guest speakers presenting comprising:
Mike Whitely (Audit Wales)

The Chair introduced Mark Morgan of the Flintshire County Council (FCC) Standards Committee, who was in attendance as an independent observer. Representatives of the Standards Committee had been attending meetings across FCC throughout 2022-23, and feedback from this observation would be provided to the Chair in due course.

26. DECLARATIONS OF INTEREST (including conflicts of interest)

The Chair invited attendees to declare any potential conflicts of interest that they may have in relation to the Fund, other than those already recorded in the Fund's register.

There were no new declarations of interest.

27. MINUTES 30 AUGUST 2023

The minutes of the meeting of the Committee held on 30 August 2023 were agreed.

RESOLVED:

The minutes of 30 August 2023 were received, approved, and will be signed by the Chairman.

28. INVESTMENT STRATEGY STATEMENT

The Chair explained that the Fund has followed a thorough process in reviewing its investment strategy statement (ISS) including several training sessions, and the proposed responsible investment (RI) policy was agreed at the last Committee. Following consultation with scheme employers, proposed changes to the wording were circulated in advance of the meeting and the resulting ISS was now brought to Committee for approval.

Mr Turner of Mercer took the Committee through this report, highlighting that no comments had been received from employers in response to the consultation on the Fund's proposed RI policy. He thanked Cllr Swash for his query at the previous meeting regarding the engagement statements, which was considered after the meeting and this wording had now been clarified. The Committee were now asked to sign off on the final version of this ISS.

Mr Turner explained that Officers and Advisers had been in discussion regarding a further review to the ISS. Although the triennial formal review of the ISS was not yet due, the Committee is able to undertake a review sooner where appropriate. Mr Turner explained the rationale for this proposal, which included reviewing the Fund's overall asset allocation to:

- Finalise a plan to reach the target allocation for the WPP Sustainable Active Equity Fund;
- Ensure liquidity flexibility is sufficient to meet private market capital calls and ongoing cashflow needs;
- Ensure the level of capital is robust to maintain hedging within the Cash and Risk Management Framework, given gilt yield volatility and changes to regulations;
- Continue making progress towards climate goals.

Additionally, the Fund has a 'trigger' in place to prompt a formal review and consider potential de-risking when the funding level reaches 110%. Over the last year, the funding position has been as high as 108%, and the Fund could feasibly reach the 110% trigger in the relative near term. Such a review would involve a significant amount of work with the actuary and could take a number of months. Reviewing the position now will help the Fund to pre-empt this.

Investigative analysis will be carried out by the Investment Consultant in discussion with Officers and will be presented at the Committee training session in February 2024.

Mr Turner explained that the work involved in reviewing these aspects of the ISS would be absorbed by the existing budget, so there will be no new additional budget requirement for this.

Mr Hibbert commented that he fully supported the review, and that he viewed the 110% trigger not as a soft target, but as a hard target requiring a review of appropriate options.

Cllr Swash requested that the recommendations for this item be considered separately. He welcomed the amendment to the wording of the RI policy removing reference to 'percentage of companies' and instead refer to 'percentage of investments by value' to remove ambiguity and protect the Fund from potential gaming of percentages. However, he noted that he had voted against this policy at the previous meeting not only because of this wording but also because he did not feel that this part of the strategy takes seriously enough the Fund's responsibility in averting a climate catastrophe, and therefore he felt that he could not support this investment strategy. He also noted that the strategy contained measurements that have not yet been defined, for example stating the expectation for "fossil fuels companies to have a clearly articulated strategy to achieve net zero by 2025 or 2030" without defining criteria for this. His view remained that accepting the strategy as it is currently written is actively harmful to the planet and that by refusing to divest the comparatively small amount the Fund holds in fossil fuel polluters, the Fund plays a small but active part in global warming, and that this threat puts members' pensions at significant risk. He therefore felt that a vote in favour of this strategy would be a breach of his fiduciary duty and he intended to oppose it. However, he was happy to support the second recommendation.

A vote by show of hands was carried out for each of these recommendations.

RESOLVED:

- a) The Committee noted and approved the final ISS.
- b) The Committee noted the rationale for reviewing the investment strategy and agreed to updating the 2023/24 business plan to include a review of the investment strategy early in 2024.

29. CLWYD PENSION FUND ANNUAL REPORT AND ACCOUNTS 2022/23

Mrs Fielder explained that the draft annual report and accounts were presented to the August Committee meeting, and that Audit Wales were now at the final stages of their audit. Following Audit Wales' feedback there had been some changes to the notes within the accounts, and a change to the presentation of the net asset statement where cash is now shown separately, but these changes did not affect the bottom line figures. This was a pleasing audit outcome. The only significant issue to report is in relation to the process the Fund uses to determine outstanding private markets commitments, which has been carried out in the same way for many years. Officers were happy to agree a recommendation to review this process in readiness for the 2023/24 closure of accounts but highlighting this would be a labour-intensive process given the number of private markets mandates involved.

Mr Whitely of Audit Wales thanked Mrs Fielder and the team for their work on the Annual Report and Accounts and their co-operation in dealing constructively with audit queries. He took the Committee through the ISA-260 report, highlighting some key areas:

- Paragraph 6 referred to some work still ongoing. Audit Wales' work in these areas was now complete and there were no further issues arising from those areas.
- Paragraphs 8 and 9 referred to the two threats towards independence and objectivity identified within the audit plan and the mitigating controls to address these. A further threat to independence arose during the audit, after the detailed audit plan was issued. This related to a team member joining the audit team who was in receipt of a pension from Clwyd Pension Fund, and measures were put in place to ensure this member did not access any personal identifiable data, payroll information or information regarding member contribution rates. These controls operated as intended.
- Mr Whitely had replaced Michelle Phoenix as audit manager this year.
- Audit Wales intended to issue an unqualified audit opinion tomorrow, and the auditor general would sign the audit certificate subject to receipt of the letter of representation.
- The initial evaluation of unquoted investment values as being a significant risk was revisited during the audit and was lowered.
- There were no uncorrected misstatements in the accounts, and a small number of corrected misstatements in the accounts which were detailed within the report. Mr Whitely noted that this was a significant achievement.
- There was one significant issue arising from the audit around the process the Fund uses to determine future capital commitments under private equity mandates. Some small errors were identified which when projected to the entire portfolio were estimated to be overstated by £18.5 million. Subsequent to the report being issued, this had been reviewed and the final estimation of this overstatement was slightly reduced to £17.3 million. He highlighted that the Finance Team has plans in place to improve this process going forward.
- Appendix 3 details the corrections made including the £98 million which was a classification issue within the net asset statement whereby cash held in the Fund's bank account was analysed separately this year. The changes were made and the comparative figure was also amended.
- Appendix 4 contains recommendations for improving processes around identifying and monitoring future commitments.

Mr Ferguson thanked both Audit Wales and the pensions finance team on the completion of the audit in line with statutory deadlines, noting there were delays in the auditing of some local authorities' accounts. He was pleased that the auditors were able to confirm that the accounts provide a true and fair view unqualified opinion of the Fund's financial transactions for the year. He noted that there are always likely to be some identified misstatements in such a complex set of accounts, so it was particularly pleasing that all misstatements were adjusted within the accounts the Committee were being asked to approve. The audit recommendation has been accepted by the Fund and was already being actioned in advance of next year's accounts. He therefore recommended that the Committee approves the statement of accounts.

Cllr Dave Hughes congratulated the team on an excellent report.

RESOLVED:

- a) The Committee approved the Fund's Annual Report for 2022/23 including the Statement of Accounts.
- b) The Committee considered the Audit of Accounts Report.
- c) The Committee approved the final Letter of Representation.

30. CLIMATE CHANGE ANALYSIS UPDATE

The Task-force for Climate-related Financial Disclosures (TCFD) report is not yet mandatory for LGPS Funds, however this is viewed as best practice to demonstrate clearly and publicly the monitoring of risks and opportunities from climate change, evidencing progress made and identifying future areas of interest. Alongside the TCFD report, an infographic had been produced as a single page supplement to aid public understanding of the report.

Mr Turner took the Committee through the main areas of the TCFD report, highlighting that a supplementary analysis was carried out showcasing the Fund's progress since the date of the report (31 March 2023), in particular, the impact on decarbonisation of the Fund's transition of assets from the WPP Global Opportunities Equity Fund to the WPP Sustainable Active Equities Fund in June. Other significant work during the year was also highlighted within the TCFD report including work towards an exclusions policy, work in impact private markets investments, and a commitment to implement investment ideas in the TAA portfolio to dedicated ESG (Environmental, Social and Governance) and sustainable funds, where appropriate and available.

In the year ending March 2023 there was an increase in the carbon footprint of the Fund's equity portfolio. As expected, the transition of assets to the WPP Global Opportunities Equity Fund and WPP Emerging Markets Equity Fund contributed to the increased carbon footprint. Additionally, the carbon footprint of the overall market increased due to the strong performance of the energy sector compared to other sectors, as a result of the invasion of Ukraine by Russia.

However, the switch to the WPP Sustainable Active Equity Fund in June 2023 has had a positive impact, bringing the Fund broadly in line with the target trajectory, as intended. Analysis shows that a large portion of the Fund's carbon footprint now arises from emerging markets, making this the next key area for the Fund to target and this will be considered as part of the proposed strategy review.

Mr Hibbert thanked officers and advisers for the interesting report and asked whether it would be possible for future analysis to include comparison to the overall LGPS, or to a similar sized LGPS fund. Mr Turner confirmed that it would be possible to provide a comparative assessment to help consider the Fund's progress relative to other Funds, but emphasised the importance of the Fund focusing on meeting its own targets which currently measure the listed equity portfolio where data is most accurate.

Cllr Shallcross asked whether consideration is given to the potential effects of conflicts arising other than the conflict between Russia and Ukraine, for example whether the Israel/Palestine conflict was expected to have a similar impact on markets. Mr Turner confirmed that he was not currently aware of any climate-related consequences of the

conflict in the middle east, or of any impact on the Fund's portfolio. He noted that there is risk inherent in the possibility of the conflict escalating, which could for example lead to spikes in the oil price, and the impact in such a case would be monitored. He explained that if events led to a material decrease in global equity performance, the Fund is well diversified and the equity protection strategy within the risk management framework was designed to cushion the potential impact of such a scenario.

Cllr Swash requested further detail around the rapid scenario shown on the graph on page 270, which appeared to provide the best result in the long term. Mr Turner explained that this graph shows the potential impact on funding position of different transition scenarios over different time frames (5, 20, and 40 years). The key point from the graphic was how damaging the 'failed transition' scenario would be (55% below the baseline), and the importance of taking positive action to mitigate against this, such as the Fund's switch to the WPP Sustainable Active Equities fund.

RESOLVED:

The Committee considered, discussed and noted the draft Taskforce for Climate-Related Financial Disclosures (TCFD) report and the analysis from the Analytics for Climate Transition (ACT).

31. GOVERNANCE UPDATE AND CONSULTATIONS

Mr Latham took the Committee through this report, highlighting some key areas that had developed since the report was written:

- Richard Weigh, the section 151 officer at Wrexham County Borough Council had been appointed to the vacant employer representative role on the Pension Board.
- There are internal training sessions now scheduled to take place after each of the next two Committee meetings in February and March.
- The LGA Annual Governance Conference takes place in York on 18-19 January. Two members of the Committee will be attending.
- Details of the Carden Park Investment Seminar will be circulated for Committee and Board members.
- The Fund's Annual Employer Meeting takes place at County Hall on 7 December. Employers and Scheme Member Representatives as well as Committee and Board members are invited to attend, engage and ask questions around the video presentations which have been circulated.

Ms Murray took the Committee through the progress on developing the Fund's Equality, Diversity and Inclusion (EDI) Policy and the draft definition of EDI which takes into account both the TPR guidance and FCC policies. The view of TPR is that an appropriate approach to EDI leads to better decision-making, and better outcomes for members and employers.

Cllr Rutherford commented that he welcomes the Fund developing its own EDI policy. He felt that it would be helpful for Committee members to receive an assessment of how decisions could impact EDI, similar to assessing the RI impact of financial decisions.

Mr Latham explained that the Government had now given its response for the DLUHC consultation on next steps for LGPS investments, and handed over to Mr Turner to talk the Committee through the outcomes. Mr Turner explained that there were no near-term actions for the Fund to take, as the Fund is already on track towards the key ambitions of the Government's statement. These ambitions are to be taken forward on a comply-or-explain basis. There is a clear ambition to accelerate the pooling of assets by March 2025, with a longer term ambition for fewer, larger pools with a minimum pool size of £50bn. The Fund's level of assets pooled has been increasing, and this will continue to be a key goal for the Fund, however there are currently barriers to transitioning some areas of the portfolio. Currently WPP (Wales Pension Partnership) does not have a suitable equivalent to the Fund's Cash and Risk Management Framework, or the Tactical Asset Allocation portfolio, and these assets will not be transitioned until an appropriate pooled solution is developed. There are also ambitions for Committee training and reporting requirements, for which the Fund's Governance Advisers will be able to provide support.

Ms Murray added that the Government has said pooling guidance will be revised to set out a preferred model whereby manager selection and strategy implementation may be delegated to pools. In relation to feedback that pools should not provide strategic investment advice to funds due to a conflict of interest, the government responded that it does not consider a conflict exists for pool companies owned by partner funds, although separate advice could be needed for pools that use a third-party operator. The proposal to introduce objectives for investment consultants will also be going ahead, though this is already in place for CPF.

Mr Latham noted regarding the size of the Wales Pool compared with the Government's ambition for pool size as a longer term objective. Although there have been some verbal suggestions that cross-border pooling is not intended, there has been no written mention of this.

Ms Murray added that a further final development since the report was written was publication of TPR's research carried out in January to March on public service pension schemes in relation to governance and administration. This may be considered at the next pension board. The results showed that the majority of schemes had not considered EDI, including a third of LGPS Funds. She noted that the key risk for LGPS funds was recruitment and retention, which the Fund has been taking steps to address.

Mrs McWilliam highlighted that Committee and Board members were invited to attend the Fund's annual meeting for employers and scheme member representatives next week.

RESOLVED:

The Committee considered and commented on the update.

32. PENSION ADMINISTRATION/COMMUNICATIONS UPDATE

Mrs K Williams took the Committee through this report, and highlighted the following developments:

- The staging timeline for the National Pensions Dashboard has now been published, and the Fund will need to complete the onboarding process by

September 2025. The Fund will continue data cleansing, confirm its platform provider and plan further timelines which will be reported on at future Committees.

- Employers had shared positive feedback on the videos the Fund had circulated to provide an update ahead of the Annual Employer Meeting.
- The application window has closed for vacant roles in the administration team and interviews commence next week. The number of responses received seemed to have been improved by the positions becoming permanent roles.
- The Communications and Marketing officer has left the role and feedback from the exit interview would be used to review the job description going forward.
- Mrs K Williams attended the Pension Managers Conference in Torquay last week, and she was pleased to note that many of the challenges discussed at the conference were areas that the Fund is already proactively addressing.
- The Fund has hosted two employer engagement sessions, and the next is scheduled to take place in February. These meetings have highlighted interest in holding an additional meeting for small community and town councils, which is now also being planned.

Cllr Rutherford requested clarification of the statement on page 386 that “If recruitment to a Pension Officer grade is unsuccessful, it is proposed that any remaining vacant Pension Officer positions are recruited at the lower Pension Assistant grade”. Mrs K Williams explained that historically the Fund has struggled to recruit to the Pension Officer grade while pension assistant roles typically received more applications. Where applicants to the pension assistant grade are capable of the pension officer grade, these applicants may be hired on the basis that training will progress them to the pension officer grade. However, during this recruitment exercise, a number of strong applications have been received for the officer grade which is now a permanent role. Cllr Rutherford requested confirmation that this would not result in Pension Assistants carrying out Pension Officer work. Mrs K Williams confirmed that while staff are recruited with the intention to progress towards an Officer role, the Fund does not ask staff to work beyond their pay grade. Mrs Carney added that these arrangements replace the Council’s career grade in supporting staff to advance to further roles within FCC.

RESOLVED:

The Committee considered and commented on the update.

33. INVESTMENT AND POOLING UPDATE

Mr I Hughes talked the Committee through the main points of this report including an update on progress against the business plan, WPP matters, and local and impact investments. He shared a video which the Fund had produced in partnership with the Pensions Management Institute, showcasing the Fund’s responsible investments in clean energy through Capital Dynamics, and small/medium local enterprises through Development Bank of Wales. Mr Hibbert commented that he enjoyed the video which he found to be very informative.

Since the last Committee meeting, Fund Officers had met with officers from the other Welsh authorities on three occasions regarding responsible investment, including the WPP stewardship code submission, climate and ESG risk reporting, and voting engagement reporting by Robeco. Hymans have now produced an RI report on behalf of WPP which was attached as an appendix to the report. The Committee and Board will continue to receive Private JGC papers on engagement and securities lending as agreed at the last Committee meeting.

Mr A Munro took the Committee through the 2023 AVC Review report which discusses the Fund's two AVC providers: Utmost (unit-linked investments) and Prudential (both unit-linked and with-profits investments). There were no concerns with either provider. As a result of the review, Officers were advised to send communications reminding members of their AVCs, as well as periodic reminders of the key characteristics and risks of with-profits funds. The next AVC review will take place by November 2024.

Mrs McWilliam reminded Committee and Board members of the value of AVCs as an additional opportunity for retirement savings, and the importance of reviewing the AVC provisions regularly to ensure that the funds offered and the communications around them remain suitable to protect members' money.

RESOLVED:

The Committee considered, noted, and commented on the update.

34. FUNDING AND INVESTMENT PERFORMANCE

Mr Turner took the Committee through the market conditions and performance, highlighting the reducing rate of increase of inflation and its role in lowering government bond yields, which would be beneficial for CPF by providing a more stable environment for other asset classes including equity markets. Equity markets were performing well and were dominated by the US and a small number of stocks acting as key market drivers.

Mr Middleman explained the Funding update and highlighted that while the funding level was on target at 105% at end of September, there had been a slight decrease since the time of reporting, due to market performance and the effect of inflation on liabilities. Surplus is currently a key discussion point within the LGPS, and a national surplus working group has been established to discuss how surplus should be used, including the potential review of contributions prior to the next valuation given the pressure on council budgets. The Committee will hear more on this over the coming months as we move into the initial stages of the 2025 valuation. Once the Scheme Advisory Board statement was issued Mr Middleman would provide an update. However, he did not feel it would affect the Fund as central to the funding strategy is sustainability of contributions and appropriate use of surplus monies by employers.

The Flightpath Strategy and Cash and Risk Management Framework was working well, though currency is under watch due to its performance. The hedging basis is being updated to better reflect market conditions, but this does not impact overall risk.

Ms Murray commented that SAB's surplus working group had raised concerns around the potential conflict of interest in administering authorities requesting reduced employer contributions. Mr Middleman agreed with this concern and noted the importance of the Committee being made aware of these issues.

Cllr Rutherford asked whether pension funds providing support for councils' budgets could create a deficit that members would ultimately have to pay for, similarly to the 1990s pension holidays. Mr Middleman did not foresee this happening, but noted it would likely be a factor for discussion as surplus debates progress nationally, alongside contribution sustainability and other factors. He highlighted that the funding strategy is ultimately approved by the Committee based on the Actuary's advice so there will be appropriate scrutiny around this issue.

Mr Hibbert noted that many councils were facing issues for having frozen council tax over the years, as the cumulative effect of these measures can be more damaging in the future than beneficial at the time. Similarly, there is a need for the Fund to ensure that actions taken do not place a greater risk in the future for a relatively small benefit now. Mr Middleman agreed that this would also be a key part of the debate and fed into the previous discussions on contribution sustainability and therefore budget impact in the short and longer term.

RESOLVED:

The Committee noted the report and the various actions taken in relation to the funding and risk management framework.

35. FUTURE MEETINGS

The Chair asked the Committee to note the following future Committee meeting dates:

- Wednesday 28 February 2024
- Wednesday 20 March 2024
- Wednesday 19 June 2024

RESOLVED:

The Committee noted the upcoming Committee dates.

The Chairman thanked everyone for their attendance and participation. The next formal Committee meeting is on 28 February 2023. The meeting finished at 11:27am.

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Chairman

Eitem ar gyfer y Rhaglen 4



CLWYD PENSION FUND COMMITTEE

| | |
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| Date of Meeting | Wednesday, 28 February 2024 |
| Report Subject | Governance Update |
| Report Author | Head of Clwyd Pension Fund |

EXECUTIVE SUMMARY

An update on LGPS governance matters and the Fund's policies is provided for discussion at each Committee. This report includes developments since the previous report provided at the November 2023 Committee, including:

- progress against the governance section of the 2023/24 to 2025/26 Business Plan
- a new EDI Policy for the Fund which is presented for approval
- governance-related developments at national and Fund level
- changes to the governance risks on the Fund's risk register and latest changes to our breaches of the law register
- forthcoming training and events, some of which are essential for Members.

RECOMMENDATIONS

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| 1 | That the Committee consider the update and provide any comments. |
| 2 | That the Committee review and approve the newly created Clwyd Pension Fund EDI Policy. |

REPORT DETAILS

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| 1.00 | GOVERNANCE RELATED MATTERS |
| 1.01 | <p data-bbox="320 275 660 309">Business Plan Update</p> <p data-bbox="320 349 1374 562">The business plan update in Appendix 1 shows the latest progress for the governance tasks in the 2023/24 Business Plan. Good progress is being made with all actions under the Fund’s control. There have been delays to national projects including TPR’s new General Code of Practice (although this has now been laid in Parliament), and the Good Governance recommendations.</p> <p data-bbox="320 607 1358 674">In relation to the priorities in the governance section of the business plan, the key points to note are as follows:</p> <ul data-bbox="368 719 1385 2112" style="list-style-type: none"><li data-bbox="368 719 1385 931">• <i>G1 – Committee and Board knowledge and skills:</i> Responses from both the Committee and Board knowledge and skills self-assessment questionnaires have been collated and it is proposed that the analysis of questionnaire responses forms part of a wider discussion on the training plan for 2024/25 to be developed as part of the Fund’s business planning process.<li data-bbox="368 943 1385 1267">• <i>G3 – Review against TPR new General Code:</i> The Pension Regulator’s new General Code was laid in Parliament and will come into force on 27 March 2024. Essential training on the new code has been scheduled for 20 March 2024. An initial high-level review of the Fund’s compliance against the General Code has been completed. A detailed review of the Fund’s processes and practices against the new Code and the production of an action plan to ensure compliance will be included within the 2024/25 business plan. The 2023/24 business plan has been updated accordingly.<li data-bbox="368 1279 1385 1704">• <i>G4 – Ongoing developments in business continuity arrangements including managing cyber risk:</i> Following the receipt of FCC’s input, the final Cyber Incident Response Plan (IRP) has been shared with all parties who will be involved in Cyber Incident Response. Fund officers have continued to refine the testing schedule. Fund officers have also been reviewing the Business Continuity Plan and are considering what impact the upcoming retirement of the Deputy Head of the Fund will have on the plan. It is expected that the IRP, Testing Schedule and Business Continuity Plan will be discussed at the May Pension Board meeting. All elements of business continuity and managing cyber risk will be business as usual in the Fund’s business plan for 2024/25.<li data-bbox="368 1715 1385 1850">• <i>G5: Succession Planning and Ongoing Resource requirements:</i> Further work is being undertaken in relation to succession planning across the team. This is ongoing and forms part of the 2024/25 business plan.<li data-bbox="368 1861 1385 2112">• <i>G6: Implement government changes relating to Scheme Advisory Board good governance review</i> There has been no further progress from Government nor the Scheme Advisory Board on the good governance proposals. DLUHC officials had indicated that we should expect some progress in early 2024 but we do not now expect that a consultation to be published before 31 March 2024. We understand that good |

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| | <p>governance remains a priority so this will be included in the Fund's business plan for 2024/25 and the 2023/24 business plan timescales have been updated accordingly.</p> <ul style="list-style-type: none"> • <i>G7: Review of governance related policies</i> The Fund's Risk Policy was scheduled to be reviewed in Q3 2024. Flintshire County Council has been reviewing its risk management framework and this has been completed only very recently. The review of the Fund's policy has therefore been postponed slightly to enable us to consider any changes to the Council's framework. It is now expected that the updated CPF Risk Policy will be brought to the March Committee meeting for discussion and approval. The business plan timescales have been updated accordingly. |
| | Current Developments and News |
| 1.02 | <p><i>Stewardship Code</i></p> <p>The Financial Reporting Council (FRC) has confirmed that the Fund continues to meet the expected standard of reporting and will remain a signatory to the FRC's UK Stewardship Code, which is excellent news.</p> <p>FRC's list of signatories and reports was updated on their website on 21 February 2024, and the report will be published on the Fund's website.</p> <p>FRC provided feedback on the Fund's submission, identifying areas to address in order to remain a signatory in future. The next Stewardship Report submission is due on 31 October 2024.</p> <p>Wales Pension Partnership has also been successful in remaining as a signatory.</p> |
| 1.03 | <p><i>Pension Board meetings</i></p> <p>Following the update at the last Committee meeting, the minutes from the 18 October 2023 board meeting are attached in Appendix 2.</p> <p>The Pension Board also met on 6 December 2023. Key items discussed included:</p> <ul style="list-style-type: none"> ▪ The Fund's draft Business Continuity Plan, and an update on progress with the Fund's Cyber Incident Response Plan. ▪ Ongoing implementation of the Fund's refreshed Communication Strategy (agreed in 2022), including the videos developed for the Annual Meeting, videos to guide members through their active or deferred benefit statements and the summary TCFD infographic ▪ Equality, Diversity and Inclusion, including TPR's guidance and the definitions/aims agreed for the Fund at the November Committee ▪ The Fund's Internal Audit Report and recommendations relating to the risk register, FCC's review of its Risk Management Framework and Audit Wales' audit of the Fund's accounts ▪ Administration items including an update on Pensions Dashboards and the Fund's progress with the McCloud project ▪ Other governance items, including the risk register and breaches log |

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| | <p>The minutes from the 6 December 2023 meeting are attached in Appendix 3 for further information.</p> <p>The next Board meeting is scheduled for 16 May 2024.</p> |
| 1.04 | <p><i>Equality, Diversity and Inclusion (EDI)</i></p> <p>The Pensions Regulator (TPR)'s guidance on EDI for governing bodies suggests that scheme managers should develop and maintain:</p> <ul style="list-style-type: none"> • an EDI policy including an agreed definition of EDI • the EDI aims of the governing body and • an EDI training plan for the governing body. <p>At the 28 November 2023 Committee Meeting the Committee agreed to the draft definitions of EDI and its benefits to help inform the Fund's policy. A full EDI policy has now been produced, which covers Pension Fund Committee and Pension Board members as well as Fund officers and Senior Flintshire County Council officers who are involved in the governance of the Fund. The policy is attached in Appendix 4 for Committee review and approval.</p> <p>Governing body is a new term introduced by the Regulator to mean those responsible for running a scheme, which for the Fund is the scheme manager. It has been added to the Glossary in paragraph 7 of this update.</p> |
| 1.05 | <p><i>The Pension Regulator's General Code of Practice</i></p> <p>The Pension Regulator's (TPR) new General Code was laid in Parliament on 10 January 2024 and will come into force on 27 March 2024. It brings together 10 existing codes of practice, including Code 14 for Public Service Pension Schemes, into a single code and applies to "governing bodies" of occupational, personal and public service pension schemes, including FCC as administering authority of the CPF. There are also a number of areas where the Code has specific application to the Pension Board.</p> <p>The Code sets out TPR's expectations of the conduct and practice governing bodies should meet to comply with their duties in pensions legislation. It comprises 5 sections: The Governing Body, Funding and Investment, Administration, Communications and disclosure, and Reporting to TPR; split into 51 modules. There are areas that apply (and therefore should be followed, due to underpinning legislative requirements, and there are also areas that TPR highlights as good practice only. Forty two of the 51 modules include areas that either apply or are good practice to the LGPS.</p> <p>Whilst TPR's intention was principally to consolidate existing requirements, rather than make fundamental changes to the content of its code, it is important that the Fund considers its compliance against the requirements of the new Code. A number of areas that previously may not have applied to public service pensions schemes now will apply (or are good practice) under this new consolidated Code. Whilst there is no explicit timeframe for achieving and demonstrating full compliance it is understood that TPR expects schemes to have undertaken a review against the Code's</p> |

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| | <p>requirements to understand where there may be gaps and formulate an action plan.</p> <p>Therefore, an initial high-level review has been completed by officers and the Fund's Independent Adviser, to identify areas where the Fund may not have achieved full compliance or where a reasonable amount of work may be required to evidence full compliance. A more detailed review and production of an action plan to ensure full compliance will be a key component of the governance element of the Fund's Business Plan for 2024/25 which will be brought to the Committee for approval at their meeting on 20 March 2024. Training on the key requirements of the new Code, including initial views on the Fund's compliance will be provided by the Fund's Independent Adviser and officers at the training session scheduled for 20 March after the Committee meeting.</p> |
| 1.06 | <p><i>Managing Cyber risk</i></p> <p>Feedback on the Fund's draft Cyber Incident Response Plan was received from Flintshire IT colleagues in late 2023 and has been reflected within the document. The Pension Regulator issued updated cyber security principles for pension schemes in December 2023 which have also been taken into account.</p> <p>The final Incident Response Plan has been shared with all parties who will be involved in Cyber Incident Response and will be discussed in more detail by the Board at their May meeting.</p> <p>Fund officers have continued to refine the testing schedule to determine the priority order for third-party provider testing, it is planned that the next round of testing will be completed during 2024/25.</p> |
| 1.07 | <p><i>Private Markets Guidance</i></p> <p>On 24 January 2024, TPR issued guidance for private sector trustees considering investing in private markets. It confirms that it does not override any statutory guidance for the LGPS, but nevertheless suggests the guidance may be of interest to administering authorities.</p> <p>The guidance sets out what private market investments are; how they may be accessed; how they differ from public markets; specific cashflow and liquidity considerations; costs, opportunities and risks; legal duties (which are trustee-focused) and a section on key considerations when deciding whether to invest. It also states that schemes need to ensure that there is appropriate governance in place to enable the effective management and monitoring of private market investments, including</p> <ul style="list-style-type: none"> • obtaining appropriate investment advice through the initial investment selection • seeking legal advice on the structure and terms of the investment • addressing operational issues such as meeting investment drawdown requirements, allocating costs, valuing assets, and attributing and monitoring performance • dealing with performance issues" |

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| | <p>The guide provides useful information for inexperienced investors on how to invest in private markets but the Fund already has substantial experience in this area, supported by professional advice from our Investment Consultant (Mercer). Mercer have reviewed the new guidance and confirmed that there is nothing in the guidance which the Fund has not already addressed or is not planning to address.</p> |
| 1.08 | <p><i>LGPS Scheme Advisory Board (SAB) Knowledge and Skills Survey</i></p> <p>Following an initial survey on knowledge and skills issued in March 2023, the Compliance and Reporting Committee (CRC) of the LGPS SAB ran a second survey issued in October 2023 aimed at Board and Committee members. It received a high response rate with 63 of the 86 LGPS Funds responding, with responses from 140 Committee members and 127 Board members.</p> <p>The key findings were presented as part of an update at the 2024 Governance conference and reported to the CRC Committee in February.</p> <ul style="list-style-type: none"> • 45% of respondents had been in their role more than 3 years • 33% were not aware of the knowledge and skills requirements before starting their role (over half of Committee members) and 22% had no prior awareness of the LGPS (close to 40% of Committee members) • 77% had received induction training and 74% had received training within the last 3 months. • 67% agreed that the legislative requirements on Committees and Boards should be the same • 90% would welcome scheme wide guidance on minimum training requirements • 74% would welcome scheme wide training data to compare their fund to others • Training during formal meetings and online training were considered the “most effective” approaches to conducting training • Almost half of respondents said they received between 11 and 30 hours of training a year. <p>The CRC workstream plans to analyse the TPR General Code in relation to Knowledge and Skills, make recommendations for scheme-wide guidance and work with DLUHC on what is needed following the Government’s response to the Next steps on Investments consultation. In its consultation response, Government confirmed its intention to implement a requirement for administering authorities to set a training policy for pensions committee members and to report against the policy.</p> |
| 1.09 | <p><i>DLUHC's Consultation on Investment Issues</i></p> <p>As reported at the November Committee, DLUHC published its response to the consultation “LGPS (England and Wales): Next steps on investments” on 22 November. The Government proposes to largely adopt the proposals set out in the consultation document but as yet no draft Regulations or guidance have been published. The consultation and Government’s response can be found here.</p> |

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LGPS Scheme Advisory Board (SAB) meeting updates

The LGPS SAB met on 4 December 2023 and the meeting summary is attached at Appendix 5. Key items discussed at the meeting included a draft Surplus Statement which was subsequently issued (see below) and the report commissioned on Sharia Law and the LGPS, which was published on 23 January (see further below).

The date of the next SAB meeting is 11 March 2024.

SAB Statement on Surpluses

On 20 December 2023 the LGPS SAB issued a [statement](#) on fund surpluses which was drafted with input from the Surplus Working Group. The Statement is attached as Appendix 6. It emphasises the need for clear communication with employers and for administering authorities to adhere to the statutory guidance and SAB guidance on mid-cycle reviews of employer contributions. It also encourages careful consideration of how conflicts of interests are managed when administering authorities review their own employer contributions.

At the last committee it was highlighted that this Statement was due and there was discussion on what the implications could be on the Fund. As anticipated, it does not affect the Fund given that the existing funding strategy already balances sustainability of contributions and appropriate use of surplus monies to balance affordability based on employers budgets. Therefore, as noted at the last Committee meeting, there is no action at the current time but will likely be a key focus if the Fund remains in the healthy surplus position.

In the run up to the 2025 actuarial valuation an interim funding update will be included in the Business Plan to commence discussions with employers on contribution sustainability which includes affordability and consequently impact on services. As part of the discussions, the Fund have strong governance controls in place to deal with any conflicts with the Administering Authority via the advice received from the Fund Actuary and discussions at the Steering Group meetings which includes all the Section 151 officers from the major Councils in the Fund. Ultimately, any decision on the funding strategy and therefore contributions will be agreed with the Committee as part of the development of the Funding Strategy Statement.

The statement also makes reference to employer specific investment strategies and partial terminations. There has been no interest from employers in these areas so they have not been considered by the Fund to date and we do not expect this to change given the nature of employers in the Fund as they are predominately public sector backed employers who are not expected to exit. If this changes then any considerations will be brought back to the Committee for consideration.

SAB commissioned report on the LGPS and Sharia law

In 2022, following advice from Legal Counsel, the Board commissioned an expert in Islamic finance to provide advice on whether the LGPS is Sharia compliant due to concerns about members opting out on the basis of

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| | <p>religious (principally Islamic) belief and whether this constituted unlawful discrimination on behalf of the scheme.</p> <p>The Board published the report on 23 January. The report concludes that as a part of the contractual arrangement between employer and employees, in the author’s view Muslim employees can continue to contribute to, and benefit from benefits offered by, the LGPS. The Board will now go back to Counsel for her definitive opinion and will consider that advice at the earliest opportunity. No proposals for changes to the scheme will be considered until the Board has had a chance to fully analyse the further advice from Legal Counsel.</p> <p>The Board also said that it hopes the report will provide comfort to Muslim members of the LGPS and encourages some of those who have previously opted out of the scheme to consider re-joining.</p> |
| 1.11 | <p><i>Procurement Act 2023</i></p> <p>The Procurement Act received royal assent on 26 October, and secondary legislation is expected soon. It is part of the Government’s Transforming Public Procurement programme which aims to create a simpler and more flexible, commercial system; open up public procurement to new entrants such as small businesses and social enterprises and embed transparency throughout the commercial lifecycle.</p> <p>There are a number of key changes at each stage of the procurement process, however there will be new flexibility on how tender submissions are scored and clearer rules on the ability to refine award criteria during the procurement process. There will also be greater transparency rules and a stronger exclusions framework, which will allow suppliers to be more easily excluded from tendering if they present “unacceptable risks”.</p> <p>Government has indicated that it expects the new regime to go live in October 2024, with at least 6 months’ advance notice. Existing legislation will apply until the new regime goes live, and will also continue to apply to procurements started under the old rules.</p> <p>The Act and supporting regulations are likely to impact the Fund’s procurement of advisers and suppliers in the future. FCC has already provided training and Fund officers will work with our procurement advisers to ensure the new requirements are understood.</p> |
| 1.12 | <p><i>Financing Growth – Labour’s Plan for Financial Services</i></p> <p>In January 2024 the Labour Party set out their “vision for the [financial services] sector” in a document called Financing Growth, which has implications for the LGPS if there is a Labour Government after the next general election, expected this year.</p> <p>The document proposes setting out best practice for LGPS funds to adopt cost-effective in-house fund management capabilities within pools, in the model of other pension funds. The aim of the plan is to “deliver better returns for savers and create new jobs in regions and nations”. The</p> |

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| | <p>document specifically refers to different models for pooling in the LGPS to increase in-house fund management capacity at pool level.</p> <p>It also sets out an aim to identify and tackle the barriers to pension schemes, including the LGPS, investing more into UK productive assets, noting “cultural and regulation-induced risk aversion”.</p> <p>Fund officers will continue to monitor any announcements or publications which are considered relevant to the Committee and bring these to the Committee’s attention as required.</p> |
| 1.13 | <p><i>Local Government Association comments from Minister Simon Hoare MP</i></p> <p>At the Local Government Authority (LGA) Conference the Local Government Minister, Simon Hoare, discussed the number of LGPS funds, saying “I am giving serious thought to, and would value your opinions on, the prudence of retaining as many as 87 funds, I’m convinced there’s a better way”.</p> <p>The minister noted that the level of expenditure on managing investments, administration, governance and oversight had increased significantly since 2019. The minister did acknowledge that the current level of expenditure is commensurate with the size of the LGPS and the investments managed by LGPS funds but he wanted to focus attention on ensuring that this money is spent "wisely". Whilst retaining the need to provide pension funds with the resources they require to offer an efficient and resilient service.</p> |
| 1.14 | <p><i>Court of Appeal Hearing relating to McCloud/Cost Control Mechanism</i></p> <p>The Fire Brigades Union and the British Medical Association challenged the lawfulness of the Treasury Directions which modified the Cost Control Mechanism* to allocate the cost of the McCloud/Sargeant remedy to members of public service pension schemes who do not benefit from the remedy. The application for judicial review was dismissed by the High Court on 10 March 2023 but leave to appeal was granted. The appeal is being heard in the Court of Appeal between 20 and 22 February 2024.</p> <p>It is not yet known when the outcome will be confirmed, but if the appeal is successful and the decision to allocate McCloud costs to members is reversed then it is likely that the 2016 cost management process for all public service schemes, including the LGPS, would need to be re-opened. By way of reminder, the initial anticipated agreement for the 2016 process for the LGPS in England and Wales (which has a separate SAB mechanism in addition to the Treasury process) was a package of measures (affecting member contributions and benefits) designed to increase the ongoing cost to employers by 0.9% of pay.</p> <p>*following the Independent Public Service Pensions Commission recommendations the Cost Control Mechanism was introduced alongside other 2015 reforms to public service pension schemes under the Public Service Pensions Act 2013. It requires the employer share of the cost of each scheme to be re-assessed every four years by the Government Actuary’s Department using assumptions set by the Treasury and requires action to be taken if the change in cost breaches the statutory limits.</p> |

1.15

Policy and Strategy Implementation and Monitoring*Knowledge and Skills Policy and Training Plan*Policy requirements

The Fund's Knowledge and Skills Policy requires all Pension Fund Committee members, Pension Board members and Senior Officers to:

- attend training on the key elements identified in the CIPFA Knowledge and Skills Framework as part of their induction and on an ongoing refresher basis
- attend training sessions on "hot topic" areas, such as a high risk area or an area of change for the Fund and
- attend at least one day each year of general awareness training or events.

Training Needs Analysis – As part of the Fund's 2023/24 business plan, and in line with the requirements of the Fund's Knowledge and Skills Policy, a training needs analysis is carried out at least once every two years to identify any gaps in knowledge of Committee and Board members. Responses to the recent questionnaire sent out to the Board have been collated and a briefing session will be held after the Committee to discuss the results and seek further views from the Committee and Board to inform the training plan for 2024/25. The proposed training plan will then form part of the Fund's business plan for 2024/25 which will be put forward for approval by the Committee at their meeting on 20 March 2024.

Appendix 7 sets out the Fund's training plan and training undertaken since the last meeting.

Training undertaken.

A summary of attendance at the Fund's essential training sessions (other than induction training) over 2023/24 to date is included below:

| | Date | Number of Committee attending (Proportion of total) | Number of Board attending (Proportion of total) | Number of Senior officers attending (Proportion of total) |
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| Essential Training Sessions – Target attendance is 75% | | | | |
| Governance of Pensions | April 23 | 7 (78%) | 3 (60%) | 4 (80%) |
| Tactical Asset Allocation and Responsible Investing | May 23 | 9 (100%) | 3 (60%) | 3 (60%) |
| Divestment Framework | Aug 23 | 8 (89%) | 1 (25%) | 3 (60%) |
| Total | | (89%) | (50%) | (67%) |

Non-essential, general awareness training attended by Committee members since the last update includes the LAPFF Annual Conference in

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| | <p>Bournemouth in December, and the LGA Governance Conference in York in January. Committee and Board members also attended the WPP Quarter 3 training on Investment Performance Reporting and TCFD Reporting.</p> <p><u>Future training and events</u></p> <p>Officers will continue to provide information on further training sessions and events as this becomes available. In the meantime, if any Committee or Board members wish to attend any of the following optional events that count as general awareness training, please contact the Governance Administration Assistant:</p> <ul style="list-style-type: none"> • LGC Investment Seminar – on 14/15 March 2024 at Carden Park • WPP training – pooling guidance and progress of other pools - 5 March 2024. <p>The following are the next essential training sessions, which should be attended by all Committee and Board members (both will be run in hybrid format). It is proposed to hold these sessions after the Committee meetings and so members should make themselves available for the full day. Lunch will be provided for those attending in person.</p> <ul style="list-style-type: none"> • CPF Investment matters essential training on 28 February 2024 • TPR General code essential training on 20 March 2024 |
| 1.16 | <p><i>Recording and Reporting Breaches Procedure</i></p> <p>The Fund's procedure requires that the Head of Clwyd Pension Fund maintains a record of all breaches of the law identified in relation to the management of the Fund. Appendix 8 details the current breaches that have been identified. There were a number of new breaches relating to a community council (with 1 member), relating to ongoing late remittance advice and late payment of contributions, due to the absence of the Clerk. The Fund has been in touch with the employer and discussions are ongoing to resolve the situation.</p> |
| 1.17 | <p>Delegated Responsibilities</p> <p>The Pension Fund Committee have delegated a number of responsibilities to officers or individuals. There have been no uses of general delegated powers for governance matters since the last update report.</p> |
| 1.18 | <p>Calendar of Future Events</p> <p>Appendix 9 includes a summary of all future events for Committee and Pension Board members, including Pension Fund Committee meetings, Pension Board meetings, Training and Conference dates.</p> <p>It is proposed to move the August Committee to September, with the next Committee dates then expected to be as follows (all morning meetings starting at 9:30am other than on 11 September):</p> <p>20 March 2024 19 June 2024</p> |

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| | <p>11 September 2024* – this will be an afternoon meeting</p> <p>27 November 2024*</p> <p>19 February 2025*</p> <p>19 March 2025*</p> <p>18 June 2025*</p> <p>*Dates from September will be confirmed at the May Annual General Meeting.</p> |
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| 2.00 | RESOURCE IMPLICATIONS |
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| 2.01 | National developments do have an impact on workloads within the in-house CPF Team and the release of the TPR General Code will have significant impact on the Senior Management of the Fund and Finance team due to the additional governance requirements to ensure compliance with the new code. |
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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
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| 3.01 | None |
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| 4.00 | RISK MANAGEMENT |
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| 4.01 | Appendix 10 provides the risk dashboard showing current risks relating to the Fund as a whole, as well as the extract of governance risks. The risk register has been updated since it was last presented to the Committee in November. |
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| 4.02 | <p>There are several changes to the risk scores, actions and internal controls since the last meeting:</p> <ul style="list-style-type: none"> • Risk number 1: Risk is not identified and/or appropriately considered (recognising that many risks can be identified but not managed to any degree of certainty) <p>The current likelihood has increased from Very Low to Low, as the TPR General Code has now been released and the Fund has not yet completed the work to ensure compliance with this new Code. An action has been added to ensure that the Fund achieves compliance with the TPR General Code.</p> <ul style="list-style-type: none"> • Risk number 2: Governance (particularly at PFC) is poor including due to: short appointments, poor knowledge and advice, poor engagement /preparation / commitment & poor oversight, meaning inappropriate or no decisions are made <p>The current likelihood has increased from Very Low to Low, principally due to the amount of ongoing national and Fund-level activity and the current size of meeting packs provided to members which it is recognised may be challenging for members to fully digest before meetings.</p> |
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| | <p>The action relating to the training needs analysis has been updated to recognise progress made with this. An additional action has been added to note the intention to review the approach to PFC meeting papers.</p> <ul style="list-style-type: none"> • Risk number 3: Decisions, particularly at PFC level, are influenced by conflicts of interest and therefore may not be in the best interest of fund members and employers <p>The current likelihood has increased from Very Low to Low, due to the number of remaining risk mitigation actions.</p> <p>A new control has been added to reflect the completion of an action to set out the due diligence process for any non-WPP “local” investments. An additional action has been added to note that Terms of Reference are being developed for all AP Sub-groups.</p> <ul style="list-style-type: none"> • Risk number 5: [The Fund’s objectives are not met due to] Externally led influence and change such as scheme change (e.g. McCloud, potential exit cap, Pensions dashboard, national reorganisation, cybercrime, asset pooling, levelling up and boycotts /divestments/sanctions, Climate lobbying, Operator contract with WPP) <p>The current likelihood has reduced from Significant to Low, reflecting the progress made and new internal controls implemented.</p> <p>The controls have been updated to reflect the Cyber Incident Response Plan that is now in place with the action to complete the project elements of the cybercrime risk mitigations now being removed as these are complete.</p> <ul style="list-style-type: none"> • Risk number 6: Insufficient staff numbers (e.g. sickness, resignation, retirement, unable to recruit) - current issues include age profile / FCC pay grades versus other LAs, asset pools, private sector / cost of living <p>The current impact has reduced from Critical to Marginal, reflecting the progress made against the risk management actions.</p> <p>The actions have been updated to reflect the recruitment of administration staff and the completion of the work done around recruitment, retention and succession planning.</p> |
| 4.03 | Risk number 2 and 6 are the risks furthest from target. |

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| 5.00 | APPENDICES |
| 5.01 | <p>Appendix 1 - Business plan update for governance tasks</p> <p>Appendix 2 - Minutes of the Pension Board meeting on 18 October 2023</p> <p>Appendix 3 - Minutes of the Pension Board meeting on 6 December 2023</p> <p>Appendix 4 - Equality, Diversity and Inclusion Policy</p> <p>Appendix 5 - SAB Meetings – Summary of 4 December 2023 meeting</p> |

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| <p>Appendix 6 - SAB Statement on Surpluses</p> <p>Appendix 7 - Training plan</p> <p>Appendix 8 - Breaches log</p> <p>Appendix 9 - Calendar of future events</p> <p>Appendix 10 - Risk Register</p> |
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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
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| 6.01 | <p>Report to Pension Fund Committee - 2023/24 Business Plan (March 2023)</p> <p>Full hyperlinks for referred to information:</p> <ul style="list-style-type: none"> • 1.05 – TPR’s New General Code https://www.thepensionsregulator.gov.uk/en/document-library/consultations/new-code-of-practice • 1.07 - Private markets investment The Pensions Regulator https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/funding-and-investment-detailed-guidance/private-markets-investment • 1.08 – LGPS Scheme Advisory Board (SAB) Knowledge and Skills Survey https://lgpslibrary.org/assets/Conference%202024/Improving%20and%20measuring%20your%20knowledge%20and%20skills.pdf • 1.09 – Next steps for investment - DHLUC’s consultation response https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-next-steps-on-investments/local-government-pension-scheme-england-and-wales-next-steps-on-investments • 1.10 – SAB Statement on Surpluses https://lgpsboard.org/images/Other/SAB_Statement_on_Surpluses.pdf SAB commissioned report on the LGPS and Sharia law https://lgpsboard.org/images/Reports/ShariaandLGPS/An_Opinion_on_the_Shariah_Compliance_of_LGPS.pdf • 1.12 – Financing Growth – Labour’s Plan for Financial Services https://labour.org.uk/wp-content/uploads/2024/01/Financing-Growth.pdf <p>Contact Officer: Philip Latham, Head of Clwyd Pension Fund</p> <p>Telephone: 01352 702264</p> <p>E-mail: philip.latham@flintshire.gov.uk</p> |

| 7.00 | GLOSSARY OF TERMS |
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| 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, scheme manager or Governing Body – Flintshire County Council is the administering authority, scheme manager and Governing Body for the Clwyd Pension Fund, which means it is responsible for the management and stewardship of the Fund.</p> <p>(c) Committee or PFC – 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) Board, LPB or PB – Local Pension Board or Pension Board – each LGPS Fund has an LPB. Their purpose is to assist the administering authority in ensuring compliance with the scheme regulations, TPR requirements and efficient and effective governance and administration of the Fund.</p> <p>(e) LGPS – Local Government Pension Scheme – the national scheme, which Clwyd Pension Fund is part of.</p> <p>(f) SAB – The national Scheme Advisory Board – the national body responsible for providing direction and advice to LGPS administering authorities and to DLUHC.</p> <p>(g) DLUHC – Department of Levelling Up, Housing and Communities – the government department responsible for the LGPS legislation.</p> <p>(h) JGC – Joint Governance Committee – the joint committee established for the Wales Pension Partnership asset pooling arrangement.</p> <p>(i) CIPFA – Chartered Institute of Public Finance and Accountancy - a UK-based international accountancy membership and standard-setting body. They set the local government accounting standard and also provide a range of technical guidance and support, as well as advisory and consultancy services. They also provide education and learning in accountancy and financial management.</p> <p>(j) TPR – The Pensions Regulator – TPR has responsibilities to protect UK's workplace pensions and make sure employers, scheme managers and pension specialists can fulfil their duties to scheme members. This includes oversight of public service pension schemes, including the LGPS. Specific areas of oversight are set out in legislation and also expanded on within TPR's Guidance and Codes of Practice.</p> |

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| <p>(k) PLSA - Pensions and Lifetime Savings Association – PLSA aims to bring together the industry and other parties to raise standards, share best practice and support its members. It works collaboratively with members, government, parliament, regulators and other stakeholders to help build sustainable policies and regulation which deliver a better income in retirement.</p> <p>(l) HMT – His Majesty's Treasury – HMT has a responsibility to approve all LGPS legislation before it is made</p> |
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Business Plan 2023/24 to 2025/26 – Q4 Update

Governance

Cashflow projections

| | 2021/22 £000s | 2022/23 £000s | 2023/24 £000s | | | |
|--|------------------|------------------|-----------------|-----------------|-------------------------------|-------------------------|
| | Actual | Actual | Budget | Actual | Projected for full year | Final under/ over |
| Opening Cash | (37,078) | (79,645) | (96,470) | (98,282) | | |
| Payments | | | | | | |
| Pensions | 66,794 | 70,660 | 76,800 | 59,062 | 78,562 | 1,762 |
| Lump Sums & Death Grants | 17,158 | 17,183 | 16,000 | 13,381 | 17,841 | 1,841 |
| Transfers Out | 4,459 | 5,974 | 6,000 | 2,785 | 3,713 | (2,287) |
| Expenses | 5,047 | 6,128 | 5,900 | 4,302 | 5,736 | (164) |
| Tax Paid | 73 | 111 | 100 | 0 | 75 | (25) |
| Support Services | 173 | 131 | 135 | 0 | 135 | 0 |
| Total Payments | 93,704 | 100,187 | 104,935 | 79,530 | 106,063 | 1,128 |
| Income | | | | | | |
| Employer Contributions | (49,897) | (56,977) | (60,000) | (49,870) | (66,493) | (6,493) |
| Employee Contributions | (17,530) | (20,070) | (20,200) | (15,879) | (21,172) | (972) |
| Employer Deficit Payments | (14,383) | (14,889) | 9,200 | 6,591 | 8,591 | (609) |
| Transfers In | (6,957) | (6,245) | (6,000) | (3,777) | (5,036) | 964 |
| Pension Strain | (1,482) | (670) | (1,200) | (200) | (250) | 950 |
| Income | (13) | (479) | (200) | (703) | (903) | (703) |
| Total Income | (90,262) | (99,330) | (78,400) | (63,838) | (85,263) | (6,863) |
| | | | | | | |
| Cashflow Net of Investment Income | 3,442 | 857 | 26,535 | 15,692 | 20,799 | (5,736) |
| Investment Income | (11,635) | (12,130) | (12,000) | (11,722) | (15,629) | (3,629) |
| Investment Expenses | 6,162 | 6,999 | 6,000 | 6,544 | 8,725 | 2,725 |
| Total Net of In House Investments | (2,031) | (4,274) | 20,535 | 10,514 | 13,895 | (6,640) |
| | | | | | | |
| In House Investments | | | | | | |
| Draw downs | 66,941 | 82,865 | 131,210 | 108,851 | 143,351 | 12,141 |
| Distributions | (117,117) | (91,626) | (82,502) | (49,623) | (66,164) | 16,338 |
| Net Expenditure /(Income) | (50,176) | (8,761) | 48,708 | 59,228 | 77,187 | 28,479 |
| | | | | | | |
| Total Net Cash Flow | (52,207) | (13,035) | 69,243 | 69,742 | 91,082 | 21,839 |
| | | | | | | |
| Rebalancing Portfolio | 9,640 | (5,602) | | (24,677) | (24,677) | (24,677) |
| Total Cash Flow | (42,567) | (18,637) | 69,243 | 45,065 | 66,405 | |
| Closing Cash | (79,645) | (98,282) | (27,227) | (53,217) | (31,877) | |

Operating Costs

| | 2021/22 | 2022/23 | 2023/24 | | | |
|---|---------------|---------------|---------------|---------------|-------------------------|----------------------|
| | Actual | Actual | Budget | Actual | Projected for full year | Projected under/over |
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Governance Expenses | | | | | | |
| Employee Costs (Direct) | 299 | 281 | 413 | 268 | 366 | (47) |
| Support & Services Costs (Internal Recharges) | 23 | 18 | 17 | 0 | 17 | 0 |
| Other Supplies & Services) | 65 | 64 | 95 | (52) | 94 | (1) |
| Audit Fees | 41 | 47 | 45 | 4 | 47 | 2 |
| Actuarial Fees | 493 | 926 | 722 | 314 | 550 | (172) |
| Consultant Fees | 1,065 | 1,548 | 1,087 | 825 | 1,143 | 56 |
| Advisor Fees | 532 | 586 | 598 | 413 | 581 | (17) |
| Legal Fees | 113 | 74 | 30 | 55 | 60 | 30 |
| Pension Board | 101 | 96 | 111 | 25 | 143 | 32 |
| Pooling (Consultants & Host Authority) | 144 | 163 | 215 | 27 | 224 | 9 |
| Total Governance Expenses | 2,876 | 3,803 | 3,333 | 1,879 | 3,225 | (108) |
| Investment Management Expenses | | | | | | |
| Fund Manager Fees* | 19,490 | 21,298 | 19,755 | 6,589 | 19,755 | (0) |
| Custody Fees | 106 | 158 | 192 | 23 | 192 | 0 |
| Performance Monitoring Fees | 53 | 46 | 46 | 27 | 47 | 1 |
| Pooling (Operator / Manager) | 998 | 930 | 885 | 0 | 885 | (0) |
| Total Investment Management Expenses | 20,647 | 22,432 | 20,878 | 6,639 | 20,879 | 1 |
| Administration Expenses | | | | | | |
| Employee Costs (Direct) | 1,242 | 1,392 | 1636 | 1,141 | 1,541 | (95) |
| Support & Services Costs (Internal Recharges) | 150 | 114 | 114 | 0 | 114 | 0 |
| Outsourcing | 41 | 0 | 0 | 0 | 0 | 0 |
| IT (Support & Services) | 488 | 516 | 718 | 460 | 602 | (116) |
| Other Supplies & Services) | 103 | 125 | 146 | 73 | 117 | (29) |
| Total Administration Expenses | 2,024 | 2,147 | 2,614 | 1,674 | 2,374 | (240) |
| | | | | | | |
| Employer Liaison Team | | | | | | |
| Employee Costs (Direct) | 218 | 320 | 396 | 284 | 347 | (49) |
| | | | | | | |
| Total Costs | 25,765 | 28,702 | 27,221 | 10,476 | 26,826 | (395) |

Key Tasks

Key:

| | |
|----|--|
| | Complete |
| | On target or ahead of schedule |
| | Commenced but behind schedule |
| | Not commenced |
| xN | Item added since original business plan |
| xM | Period moved since original business plan due to change of plan /circumstances |
| * | Original item where the period has been moved or task deleted since original business plan |

Governance Tasks

| Ref | Key Action: Task | 2023/24 Period | | | | Later Years | |
|-----|--|----------------|----|----|----|-------------|---------|
| | | Q1 | Q2 | Q3 | Q4 | 2024/25 | 2025/26 |
| G1 | Committee and Board knowledge and skills | x | x | | | | |
| G2 | Appointments of Local Pension Board and Pension Fund Committee Members | x | x | | | x | x |
| G3 | Review against TPR new General Code | * | * | * | xM | xM | |
| G4 | Ongoing developments in business continuity arrangements including managing cyber risk | x | x | x | | | |
| G5 | Succession planning and ongoing resource requirements | x | x | x | x | xM | |
| G6 | Implement government changes relating to Scheme Advisory Board good governance review | | * | * | xM | xM | |
| G7 | Review of governance related policies | | | x | x | x | x |

Governance Task Descriptions

G1: Committee and Board Knowledge and Skills

What is it?

The Fund has put into place a Knowledge and Skills Policy which covers members of the Pension Fund Committee, members of the Pension Board and Senior Officers. The ultimate aim of this policy is to ensure that those responsible for the management, delivery and governance and decision making in the Clwyd Pension Fund have the appropriate levels of knowledge and skills.

Induction training is completed by all new members at the beginning of their role, with the most recent round of induction training taking place over the summer and autumn of 2022 for new members of the Pension Fund Committee.

A key element of delivering the Knowledge and Skills Policy objectives is ensuring that the level of knowledge and skills is monitored, and gaps in knowledge or skills are determined. We will do this in a number of ways:

- We will carry out a training needs analysis for the members of the Pension Fund Committee and Pension Board customised appropriately to the key areas in which they should be proficient (including the CIPFA competencies). This or an alternative questionnaire will also include questions relating to relevant skills.
- We will regularly ask Pension Fund Committee members and Pension Board members to highlight training needs.
- We will monitor attendance at training and events to ensure any lack of attendance is followed-up.

The output from these will be key in updating the Clwyd Pension Fund Training Plan.

Now that the induction training for the new members of the Pension Fund Committee is complete, a training needs analysis will be carried out and the Fund's training plan will be adapted accordingly.

Timescales and Stages

| | |
|---|------------------|
| Conduct a training needs analysis for Pension Fund Committee members, Pension Board members and for Senior Officers | 2023/24 Q1 |
| Consider the training plan and schedule key sessions where gaps in knowledge are highlighted | 2023/24 Q1 to Q2 |

Resource and Budget Implications

It is expected this will mainly involve the Head of Clwyd Pension Fund and the Independent Adviser. Estimated costs are included in the budget.

G2: Appointment of Local Pension Board and Pension Fund Committee Members

What is it?

The employer and scheme member representatives on the Local Board are appointed for a period of three years. This period may be extended to up to five years. The current appointments will be subject to review as follows:

- Two scheme employer representatives – July 2023 (three-year point)
- Scheme member representative (trade union) – October 2025 (three-year point)
- Scheme member representative (non-trade union) – February 2025 (five-year point)

For information, the representative members (for other scheme employers and scheme members) on the Pension Fund Committee are appointed for a period of not more than six years. The existing representative members were appointed in July 2020 and may be reappointed for further terms. Therefore, their existing appointments will need to be reviewed by July 2026 (which is outside the period of this business plan).

When considering Committee and Board appointments, the aspiration for diversity will be considered, albeit it is recognised that for elected members, this is largely out of the Fund's control as (a) the Councils decide who are to be on the Committee and (b) pool of elected members is subject to local elections.

Timescales and Stages

| | |
|--|--------------------|
| Review Pension Board representatives (two scheme employer representatives) – already commenced | 2023/24 Q1 to Q2 |
| Review Pension Board representatives (two scheme member representatives) | 2024/25 to 2025/26 |

Resource and Budget Implications

It is expected this will mainly involve the Head of Clwyd Pension Fund taking advice from the Independent Adviser. All costs are being met from the existing budget.

G3: Review against TPR new General Code

What is it?

The Pensions Regulator (TPR) is expected to introduce a new code of practice (to be called the "General Code") in 2023 with expectations that this will be laid in Parliament in April and come into force shortly after. The first iteration of the new General Code will include Code of Practice No.14 (the relevant Code for Public Service Pension Schemes) as part of the merger of 10 of the 15 codes currently in place. This is expected to result in changes to the requirements placed on Public Service Pension Schemes, including the LGPS. Once the code has been laid before parliament, work will be undertaken to review whether the Fund complies with the requirements within the new General Code. After the initial review, ongoing compliance checks will be carried out on a regular basis.

Timescales and Stages

| | |
|--|------------------|
| Start reporting the Fund's compliance and activity against the new General Code from TPR | 2023/24 Q1 to Q3 |
|--|------------------|

Resource and Budget Implications

This work will be performed by the Deputy Head of Clwyd Pension Fund and Pensions Administration Manager working with the Independent Adviser. Estimated costs of the review are included within the budgets shown.

G4: Ongoing developments in business continuity arrangements including managing cyber risk

What is it?

The Fund has been carrying out a fundamental review of their business continuity arrangements, which has included developing their cyber resilience given that cybercrime is a key risk to the Fund. Whilst the focus of the last few years has been developing new or enhanced ongoing internal controls, as this development is largely complete, the key focus for the next few years will be ensuring this has become embedded within the Fund's business as usual activities. In order to ensure that this can become business as usual there are some key areas where further work is required including:

- developing a Fund specific cybercrime incident response plan in partnership with FCC.
- documenting processes where gaps were identified as part of the Business Impact Analysis and developing a plan for further staff training.
- creating a testing schedule (covering both general business incidents as well as cyber-attacks).

Timescales and Stages

| | |
|--|------------------|
| Produce a cyber incident response plan | 2023/24 Q1 to Q2 |
| Develop Testing Schedule | 2023/24 Q2 to Q3 |
| Finalise schedule of cybercrime resilience testing for suppliers: already commenced | 2023/24 Q1 |
| Document key processes (where not already documented): already commenced | 2023/24 Q1 to Q2 |
| Identify ongoing officer training needs and produce a training schedule: subject to recruitment: already commenced | 2023/24 Q1 to Q2 |

Resource and Budget Implications

To be led by the Deputy Head of Clwyd Pension Fund and the Pensions Administration Manager with input from the Head of Clwyd Pension Fund and guidance from the Independent Adviser. All expected costs are included within the existing budgets.

G5: Succession Planning and Ongoing Resource requirements

What is it?

The Fund is aware of a number of senior members of staff who are approaching retirement age or have plans to retire over the next two to five years. In order for the Fund to continue to offer the current levels of service and meet their statutory requirements, it is important that suitable succession plans are in place to ensure these roles can be filled with individuals who have the appropriate level of expertise and skills.

Further, there has been and continues to be quite significant increases in the Fund’s work, mainly due to national changes such as McCloud, National Pensions Dashboard, back-dated pay awards and TCFD. Some of the increases in workloads are temporary, but in many there are longer term implications. In addition, there appears to be an increase in the amount of administration case work in certain areas, such as the number of deferred members deciding to take payment of their benefits. This is being investigated further to try to forecast likely future case workloads.

In the short term, officers have increased the establishment with temporary members of staff with contracts that are due to cease in March 2024, and the temporary resource needs will continue to be monitored.

Longer term, work is being carried out to consider the resource requirements and whether any changes should be made to the team structure. This may include creating a project team within the Administration Team as a potential solution to assist with peaks in workload whilst also ensuring that external factors and ad-hoc projects do not impact on business as usual. In the meantime, it is proposed that a new temporary position of Principal Pensions Officer – Projects is created to assist in managing projects until the new team structure is determined.

This will also prepare the Fund to put in place the Workforce Policy that is to be introduced as part of the government’s response to the Good Governance review (see next point).

Timescales and Stages

| | |
|--|------------------|
| Consider the roles that are most at risk and ensure succession planning is in place: already commenced | 2023/24 Q1 to Q2 |
| Forecast future levels of work and consider if any further recruitment is required: already commenced | 2023/24 Q1 to Q2 |
| Develop proposed changes to resources and team structure | 2023/24 Q3 to Q4 |

Resource and Budget Implications

To be led by the Pensions Administration Manager and Deputy Head of Clwyd Pension Fund in relation to their respective teams, with input from the Head of Clwyd Pension Fund and the Independent Adviser. All expected costs are included within the existing budgets including provision for a temporary Principal Pensions Officer – Projects until 31 March 2024.

G6: Implement government changes relating to outcome of Scheme Advisory Board good governance review

What is it?

The national LGPS Scheme Advisory Board (SAB) carried out a project which considered the structure of LGPS pension funds and their relation to the Host Authority. This review then evolved to focus on the elements of good governance aiming to ensure those responsible for managing funds met best practice. A number of recommendations were made including ensuring appropriate conflicts of interest management, knowledge and skills and having a designated LGPS lead officer in each administering authority.

In 2021 the SAB made a number of formal recommendations to DLUHC, including the request for DLUHC to issue statutory guidance relating to the areas of best practice identified by the project. SAB may also issue guidance in due course. The DLUHC consultation on draft regulations and statutory guidance has been delayed due to other national priorities. It is currently expected that this will be issued during 2023/24.

DLUHC has announced that it also intends to require funds to put in place a Workforce Policy as part of the requirements.

Timescales and Stages

| | |
|--|------------------------------------|
| Respond to DLUHC consultation | 2023/24 Q2 to Q3 (estimated) |
| Expected period to review existing arrangements against new statutory guidance and/or guidance | 2023/24 Q4 and 2024/25 (estimated) |

Resource and Budget Implications

Estimated costs for this work are included within this year's budget although costs are uncertain at this time and may vary depending on the final guidance and requirements. It is expected this will mainly involve the Head of Clwyd Pension Fund taking advice from the Independent Adviser.

G7: Review of Governance Related Policies

What is it?

The Fund has several policies focussing on the good governance of the Fund, all of which are subject to a fundamental review, usually at least every three years. The policies that is due for review in 2023/24 are Risk Policy and Business Continuity Policy.

Timescales and Stages

| Policy | Last reviewed | Next review due | Timescales for review work |
|---|-----------------------|-----------------|----------------------------|
| Risk Policy | October 2020 | October 2023 | 2023/24 Q3 |
| Business Continuity Policy | March 2021 | March 2024 | 2023/24 Q4 |
| Conflicts of Interest Policy | September 2021 | September 2024 | 2024/25 |
| Knowledge and Skills Policy | September 2021 | September 2024 | 2024/25 |
| Procedure for Recording and Reporting Breaches of the Law | March 2022 | March 2025 | 2024/25 |
| Cyber Strategy | March 2022 | March 2025 | 2024/25 |
| Governance Policy and Compliance Statement | November 2022 | November 2025 | 2025/26 |
| Fraud Policy | March 2023 (expected) | March 2026 | 2025/26 |

Resource and Budget Implications

It is expected this will mainly led by the Head of Clwyd Pension Fund taking advice from the Independent Adviser. Estimated costs are included in the budget.

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 remotely via Microsoft Teams on Wednesday 18th October at 10.30 am.

THE BOARD:

Present:

Chair: Ms Alison Murray (Alternate Independent Member)

Member Representatives: Mrs Elaine Williams, Mr Phil Pumford

Employer Representatives: Mr Steve Jackson

Apologies:

Independent Member: Mrs Karen McWilliam

IN ATTENDANCE

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

Mrs Karen Williams (Pension Administration Manager)

Mrs Debbie Fielder (Deputy Head of Clwyd Pension Fund)

Ms Morgan Nancarrow (Governance Administration Assistant)

Mr Chris Emmerson (Aon)

Actions

1. APOLOGIES/ WELCOME

Apologies were received from Karen McWilliam prior to the meeting.

As the alternate independent adviser to the Fund, Ms Murray explained that she would be chairing this meeting in Mrs McWilliam's absence.

As Mr Gadd's Board Membership had now come to an end, she took the opportunity to thank him for his commitment to the Board during his time in post.

2. DECLARATIONS OF INTEREST

There were no new declarations made or recorded.

3. MINUTES AND MATTERS ARISING

The Chair asked for comments on the minutes of the previous meeting, of which there were none. The draft minutes of the meeting held on the 18th August 2023 were confirmed as a correct record by all Board members.

4. PENSION BOARD MEMBERSHIP

Mr Latham explained that more than one nomination had been received for the vacant employer representative position and an informal discussion with the Chair of the Board and Mr Latham will be held with each candidate in the coming weeks with the aim to have the new member appointed by November.

5. ACTION TRACKER

The contents of the Action Tracker were discussed. Although there were no outstanding actions, recently completed actions were presented due to the length of time since the last full Board meeting (which was on 1 March).

Mr Jackson and Mr Pumford noted the positive progress being made.

With reference to action 134, Ms Murray noted the Committee's disappointment around Robeco's approach to engagement, a view shared by the Board.

6. SUCCESSION PLANNING FOR THE FINANCE TEAM

Mr Latham explained that the finance team covers the funding, investment and governance of the Fund as well as other areas including Freedom of Information requests. As the Fund needs to rely on advisors for regulated activity the finance team is significantly smaller than the administration team. This makes succession planning particularly key since Mrs Fielder (Deputy Head of the Fund) is due to retire in June.

The current structure of the team is relatively new and includes the Governance Administration Assistant, Fund Accountant and recently recruited Trainee Accountant. It is also expected that the Graduate Investment Officer will become a qualified CFA within the next year.

Mr Latham explained his current thinking for how the Finance team might evolve further in future to ensure the Fund is appropriately staffed, to reassure the Board that appropriate focus would be put on succession planning.

Mr Jackson commented that it was positive to see ongoing planning, and given retention and recruitment is an ongoing challenge he asked if there was any more radical solutions, giving an example of a Scottish LGPS fund which had established a means of employing fund staff externally to Local Government to take closer control of pay grades. Ms Murray explained that the pooling environment in England and Wales would make it difficult to justify this, and that doing so might require a change of LGPS structure more widely. Mr Latham was not aware of any LGPS funds within England and Wales that had developed a model of that kind. Ms Murray agreed, noting the link to local authority pay scales means recruitment and retention to Administering Authorities does seem to be a national problem.

Ms Murray asked if increased pooling would reduce the workload on the Finance team. Mr Latham felt that this was not the case for WPP, because although pooling reduces the need for meetings with managers, these had been replaced by JGC and Officer Working Group business. He also highlighted uncertainty around ongoing national changes and consultations.

The Board thanked Mr Latham for his update and looked forward to future updates on succession planning for the finance team.

7. **WORKFLOW ANALYSIS AND RESTRUCTURE OF ADMINISTRATION TEAM**

Mrs K Williams explained that changes to the structure of the administration team had been approved by Committee in August.

Key points:

- The Fund, with the support of Mercer and Aon, had carried out some workflow analysis to inform the Administration Team structure.
- The McCloud team had been originally composed of existing staff, and temporary contract roles were created to support this change. These contracts were due to end on 31 March 2024.
- Backdated pay awards led to recalculations which impacted business as usual (BAU) KPI-driven work with legal timescales which can impact member experience. This created a need to create a Project Team to protect BAU on a temporary basis.

The changes approved at Committee were to manage retention risk, and prevent loss of expertise within the team. For the McCloud team, temporary positions being made permanent once the project is complete may result in short term overstaffing of the Operations Team, however this risk is offset by potential retirements given the age profile of the team.

The changes were now in progress and staff reactions had been positive. Vacant positions had been advertised internally and were now being advertised externally.

The Communications Officer was moving to another role within FCC towards the month end, which offered a higher salary. Mrs Williams noted that the administration team had lost two other members of the team recently due to salary.

Mr Latham noted the support from HR for the Fund's recruitment processes, and noted that the Fund was currently well resourced compared to other funds nationally. Mrs K Williams noted the Committee and Board's engagement throughout this process also.

Mr Jackson thanked Mrs K Williams for the update. He approved of the work which supports member experience, and the need to allocate resource to support BAU. He also noted that flexible retirement uptake was more widely increasing and as workforce

patterns change it was positive to see the Fund monitor and keep up with this.

Mrs K Williams noted that CIPFA are looking at reviewing the current benchmarking, including monitoring numbers of calls. FCC was able to provide data on incoming calls which showed that the administration team received 24,144 phone calls within the 12 month period to April 2023, and in the 2022/23 Scheme year to date, the Fund has received over 11,000 calls. Data was also available around time taken to answer telephone calls, and Mrs K Williams had requested a further breakdown of this across the teams to review trends throughout the year.

Mrs K Williams explained that the Fund may need to move to an automated service to help direct calls in future, including to better support Welsh language speakers and it was being considered how to manage this.

Mr Pumford noted the workload implication of the number of calls received. Mr Latham noted that this data does not account for email enquiries and MSS requests, so is an understatement of the administration teams' workload.

Mrs Williams also took the board through the website analytics and expected to see phone call data display similar trends over time.

The Fund has also been creating some videos including guidance for member self-service users. Welsh language support continues to pose a challenge for the Fund.

Ms Murray commented that the new administration team structure would hopefully be durable for future changes, and Mrs K Williams confirmed that part of the restructure was aimed to improve planning around national changes. Ms Murray noted that this work all helps to secure the future of the administration team.

8. CYBER AND BUSINESS CONTINUITY

The Fund was continuing to engage with FCC on the Incident Response Plan and members of the finance team were involved in cyber planning as part of progression/succession planning. The draft Business Continuity Plan will then be reviewed for consistency with the IRP.

Action: It was agreed to raise FCC's review of the IRP at the next Advisory Panel to ensure this was progressing.

**Mrs K
Williams**

Mrs Elaine Williams requested an update on the proposal for co-opted members to be given internal FCC email addresses and Mrs K Williams confirmed that this was in progress.

Mrs Fielder noted cyber risk surrounding the Fund's foreign currency transactions, with LGPS Funds and large managers being aware of fraudulent activity. The finance team are aware of this and know what to look out for.

Mr Emmerson noted that discussions were ongoing regarding how the various reviews envisaged by the Cyber Testing Schedule could be carried out, to ensure a cost effective and practical approach which considers the degree of risk posed by various suppliers.

9. RESPONSIBLE INVESTMENT UPDATE

The Board viewed the PMI video which the Fund had recorded with Capital Dynamics regarding local investments in Wales with environmental and social benefits. This was received positively by the Board. Mrs K Williams and Mrs Fielder commented on difficulties with translating the video for Welsh language.

The RI policy of the ISS was currently out for consultation with employers and to date no responses had been received.

The responses to the Stewardship Themes Review had been collated by WPP and funds which hadn't been able to respond were asked if they were happy with the overall WPP response.

Action: Mrs Fielder confirmed that she would share the overall results of the survey with the Board.

Mrs Fielder

Mrs Fielder explained that the preferences of WPP would not necessarily be picked up by Robeco. This was a concern for the Fund, and other constituent funds within WPP JGC voiced similar concerns. Mr Latham explained that discussions would therefore be taking place with Robeco with the aim to better meet WPP's needs, and failing this there would be an opportunity to review their appointment in 2025. He added that engagement arrangements had still been improved by pooling and the cost being shared between funds is advantageous.

The WPP stewardship code was in progress and the draft had now been shared with both the Fund and CPF consultants. The submission deadline is 31 October. The Fund's submission was also near completion but awaiting the WPP submission to make comparisons and any subsequent changes.

Regarding the recent WPP training session on RI, Mrs E Williams felt the session was useful and found it helpful to hear the perspectives of the other Welsh funds. Mr Jackson agreed and felt that the session aligned well with work recently done by the Fund and reinforced the internal training Committee had completed. Mr Jackson noted that there were also written comments being made by fund members during the session.

10. LGPS: NEXT STEPS FOR INVESTMENT CONSULTATION

Following delegation by Committee to the Head of Fund, the consultation response had been submitted. The Fund received the WPP response shortly before submission but no changes to the Fund's response were required.

11. ASSET POOLING

The Board received an update from Mrs Fielder and Mr Latham on the timescale of the WPP operator procurement exercise. Ms Murray noted that after attending the WPP chairs' meeting Mrs McWilliam had been concerned with the short period of time for companies to bid before the closing date in November. The operator presentations would take place in January, with the aim for a decision to be made by March 2024 followed by a six month transition period.

The sale of Link Fund Solutions to Waystone had now completed, and the liability for Woodford remains with Link group. A WPP officer meeting was taking place this afternoon and the Head of Fund was comfortable that this should be a smooth transition however the procurement process could address any issues that arise.

Regarding private markets investments, the tender for property managers was in progress, and infrastructure and private debt drawdowns had begun. Schrodgers had taken on board Mrs Fielder's comments regarding private equity and would have another call with her regarding ESG. Work is also ongoing to develop advisory groups for private markets within WPP to direct future direction.

Ms Murray noted the importance of the board being reassured that the appropriate governance is in place throughout WPP activity.

WLGA Climate change conference in December was still to be arranged, however given that it was set to take place on a Monday in South Wales, in-person attendance from the Fund would be a challenge.

It was noted that Mrs McWilliam had raised concerns around WPP's reliance on Carmarthenshire as host authority for cyber security, and recommended that the Fund pick this up with WPP.

Action: Mr Latham confirmed that the Fund would engage with WPP as part of the implementation of its cyber security strategy.

Mr Latham

12. ADMINISTRATION UPDATE

Mrs K Williams talked the Board through the KPI reports. She noted that the legal requirement KPI scores were particularly low at the moment for transfers due to them being delayed whilst the Fund waited for new Transfer Factors from GAD. KPI scores generally were being addressed as training progressed within the team. As part of the administration team restructure, future refunds will be handled by the Operations team rather than Regulations and Communications.

Ms Murray noted that the priority should remain ensuring that benefit payments are made on time, and that the KPIs show good progress in this area. Mrs K Williams confirmed that retirement payments particularly are prioritised, and Mrs Fielder had noticed improvements in timeliness of these in the Fund accounts.

The website analytics were discussed. At an employer engagement session, an employer requested data on how many of their employees had registered for member self service, and with the MSS analytics, the Fund was able to supply these numbers. MSS is helpful for members to stay updated on their benefit although the Fund continues to receive phone calls for benefit projections from members approaching retirement.

Mrs E Williams was impressed with the increase in engagement of pensioner members, but was surprised that engagement was lower amongst active members. Mrs K Williams explained that different methods were being explored in order to communicate better with those members not looking at immediate retirement. Mrs E Williams praised the overall progress the Fund was making in member engagement, and commented that it may help for members to receive reminders to check in on their pensions. Mrs Fielder agreed, noting that reaching pensionable age is a decision-making event where members naturally come in contact with the Fund and are encouraged to complete forms on MSS online. This may contribute to higher engagement numbers among pensioners.

Mrs K Williams explained that unless an active member has requested their annual benefit statement is provided on paper, it is provided through MSS. This happens whether or not the member has actually registered for MSS. The Fund is always working to encourage members to engage with the statement.

Two employer engagement sessions had now been held, with improved attendance at the second including the three main unitary employers, however there were still more employers who could benefit from attending. In future, an additional session may be held with the smaller community councils to address their more specific issues. A satisfaction survey was provided after the session, and feedback was positive. The next session is scheduled for February.

Work is ongoing relating to the employer performance report and timescales are improving as the teams are engaging with employers. The importance of meeting timescales is also being addressed in the videos for the annual employer update.

Mrs K Williams explained that data quality scores were expected to plateau before reaching 100% as the work to further improve the score outweighs the member benefit. Data quality reports are run monthly and will ultimately weigh into the pensions dashboard exercise.

There have been no pension transfer scams reported to The Pensions Regulator.

13. MCCLLOUD REMEDY

Data continues to be gathered with the ELT expected to complete McCloud data for Flintshire and Denbighshire by Christmas, and Wrexham data in progress to be received by March. Data gathering for Aura, Newydd and smaller employers is complete. Once all data has been collected, rectification of member records can begin.

Mrs K Williams compared this to other funds which have not begun gathering data, and noted that given the regulations had been received in August, the Fund's progress appeared to be positive.

Ms Murray queried whether members currently retiring could be dealt with yet. Mrs K Williams confirmed that this is possible as the software has been tested and is working, but that if the employer had not provided data on the bulk upload yet, it was being collected on the leaver forms instead.

Mrs Fielder asked for more details on the risk register, and Mrs K Williams explained that the data collection target had been missed but it was hoped that these risk would reduce in December once the data of larger employers were received and uploaded.

14. COMPLIMENTS/COMPLAINTS

There were a number of compliments and a single complaint. This was regarding a request for a CETV for a divorce, for which the member had given a week's notice of the court date and the Fund had not been able to meet the timescale as this was not originally communicated in the request. As a result, when a CETV is requested, the team will ask if this is required by a particular date.

No complaints have been taken to the Ombudsman.

15. RISK REGISTER

Key risks had been addressed earlier in the meeting and there were no further comments on this.

16. BREACHES LOG

No new breaches were reported.

17. UPDATES FROM RECENT EVENTS ATTENDED BY BOARD MEMBERS

There were no comments on this agenda item.

18. CONSIDERATION OF RECENT COMMITTEE PAPERS

There were no comments on this agenda item.

19. INPUT INTO ADVISORY PANEL AND CPF COMMITTEE

The action regarding raising the Cyber Incident Response Plan at Advisory Panel was noted.

Action: It was also agreed to raise at AP that the Board was pleased with resourcing in the administration team.

Mrs K Williams

20. FUTURE WORK PLAN

Mr Latham explained that the TCFD regulations had been delayed but that the report would be taken to the next Committee as planned.

The Board noted the future work plan.

21. PENSION BOARD BUDGET

The Budget included some estimates for Aon advisor fees which would normally be broken down by month. Adjustments would be made to these figures for the next Board meeting.

Training costs were over budget due to the additional internal sessions in the summer and there were still further sessions to be planned before the year end. It was explained that in the budget, the term 'external training' refers to training delivered internally but provided by consultants.

22. FUTURE DATES

It was agreed given the short time until the next Board meeting that the 6th December meeting would be arranged with a reduced agenda with a focus on current issues. It was agreed that this will be held face-to-face as an afternoon session from 12pm for approximately 3 hours.

It was agreed to move the meeting planned for 1st May to 30th April.

23. ANY OTHER BUSINESS

There was no other business.

Mae'r dudalen hon yn wag yn bwrpasol

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

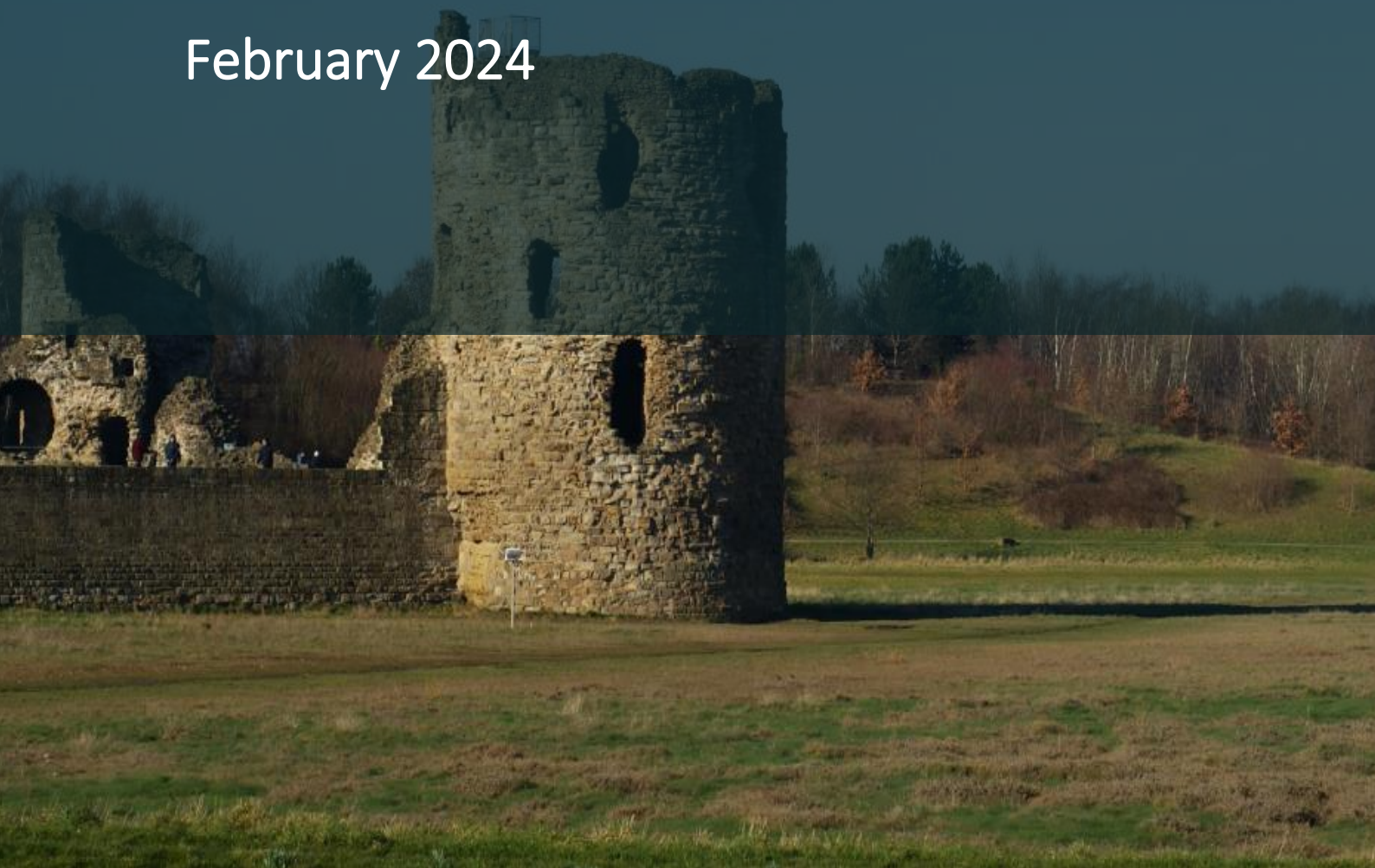
21. ANY OTHER BUSINESS

There was no other business.

Clwyd Pension Fund

Equality, Diversity and Inclusion policy

February 2024



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DRAFT

Introduction

This is the Equality, Diversity and Inclusion (EDI) policy for the Clwyd Pension Fund (CPF), part of the Local Government Pension Scheme managed and administered by Flintshire County Council (“the Administering Authority”).

Our Mission Statement is for the Fund:

- to be known as forward thinking, responsive, proactive and professional providing excellent customer focused, reputable and credible service to all customers
- to have instilled a corporate culture of risk awareness, financial governance, and to provide the highest quality, distinctive services within the resource budget
- to work effectively with partners, being solution focused with a ‘can’ - do approach

The CPF has a number of objectives within its key strategies and policies. Those which are most relevant to this policy include:

- ensuring we use the most appropriate means of communication, taking into account the different needs of different stakeholders, but with a default of using electronic communications where efficient and effective to do so
- acting with integrity and being accountable to our stakeholders for our decisions, ensuring they are robust and well based

To whom this policy applies

This policy applies to all members of the Pension Fund Committee and the Pension Board, including scheme member and employer representatives, whether voting members or not. It applies to the Pension Fund Management Team and senior Flintshire County Council officers on the Advisory Panel, (collectively referred to as the senior officers of the Fund in this Policy).

Aims and Objectives

In relation to EDI, we aim to ensure that where possible, those involved in managing the Fund, including the Pension Board and Pension Fund Committee, comprise individuals with a broad range of characteristics, life experiences, expertise, and skills. By doing this, we believe this will lead to:

- more effective decision-making that reflects member needs and values
- better decision-making that benefits members and employers
- greater understanding, insight and empathy for scheme beneficiaries in areas where discretions are exercised
- improved communications with scheme members and employers

Definitions

We have agreed the following definitions in relation to EDI:

Equality – for CPF, equality is about ensuring that all members and employers have equal access to information about the Fund, the benefits it offers and what the Fund needs from them to administer the benefits. The Fund also recognises that enhancing the diversity of those involved in managing the Fund, including officers, Committee and Board members can improve equality.

Diversity – CPF considers diversity to relate all characteristics which make individuals different; from protected characteristics such as age, disability, race, religion, sex and sexual orientation and broader characteristics such as socio-economic background, life experiences, education levels and languages.

Inclusion – CPF aims to create an environment in which all those individuals involved in managing the Fund can thrive and reach their full potential.

Legislative and related context

Equality Act 2010

The Equality Act 2010 legally protects individuals from discrimination in the workplace and wider society. The Act also contains a specific public sector equality duty which applies to the Council and therefore the Fund. This duty requires public authorities to have regard to the need to

- remove or reduce disadvantages suffered by people because of a protected characteristic,
- meet the needs of people with a protected characteristic and
- encourage people with protected characteristics to participate in public life and other activities.

The Pensions Regulator

The Pensions Regulator (TPR)'s guidance on EDI suggests that the administering authority should develop and maintain an EDI policy which includes:

- an agreed definition of EDI
- the EDI aims of the Fund and
- an EDI training plan for the Fund.

The Pension Regulator's General Code also outlines the following expectations for the "governing body", i.e. those responsible for running the scheme:

- be well balanced and diverse with its members demonstrating varied skills, knowledge and experience
- may wish to consider good practice approaches to make sure their recruitment practices are inclusive
- regularly review their membership to ensure a diverse spread of members with varied technical skills and experience

This Policy seeks to address the Regulator's expectations where it is practical to do so within the governance arrangements for local authority pension scheme funds.

Other Administering Authority Requirements

In addition to the requirements of this Policy, all those involved in the management of the Fund, and to whom this policy applies, must have regard to:

- Flintshire County Council's [Equality and Diversity policy](#) / [Polisi Amrywiaeth a Chydraddoldeb](#)
- Flintshire County Council's Codes of Conduct within the [Constitution](#) / [Cyfansoddiad](#)
- Flintshire County Council's Strategic Equality Plan / [Cynllun Cydraddoldeb Strategol](#)

Committee members (other than co-opted members) have an automatic responsibility to comply with the equality, diversity and inclusion requirements within the Members' Code of Conduct and senior officers have a responsibility to comply with the relevant provisions of the employees' Code of Conduct. This Policy extends those requirements to members of the Pension Board and co-opted members of the Pension Fund Committee.

On appointment and re-appointment, all members of the Pension Board or Pension Fund Committee who are not members or employees of Flintshire County Council will be provided with a copy of the Council's policies and asked to confirm that they will adhere to them.

Chairs' Role

The Chair of both the Pension Fund Committee and the Pension Board can play a key role in embedding the Fund's EDI aims in relation to how Committee and Board meetings are run. Support and training will be provided as required to support the Chairs in fulfilling that role.

Delivering our EDI aims

The actions we will take to deliver the aims of this Policy include:

- Encouraging diversity and inclusion amongst those involved in the management of the Fund, (noting that the Elected Members on the Committee are determined by the relevant Council), including:
 - through the appointment process for Board members and the scheme member and employer representatives on the Committee
 - specifying terms of office for Board and co-opted Committee members
 - considering EDI from a Fund perspective when recruiting to senior officer positions, as long as this does not contradict the Council's policies
- Supporting all those involved in the management of the Fund in understanding unconscious bias and the benefits of EDI through training and other methods
- Encouraging inclusive behaviours and providing a supportive environment for discussions at Committee and Board and Senior Management meetings, encouraging members to contribute to the discussion regardless of expertise level
- Actively considering decisions through a diversity and inclusion lens, including in relation to the exercise of administering authority discretions where appropriate
- Ensuring EDI considerations are taken into account when our policies and strategies are developed or reviewed, whether these relate to administration, communications, governance, funding or investment
- Considering the EDI policies of our advisers and other third parties we work with as part of the procurement process

Monitoring progress against our EDI aims and objectives

We will monitor our progress in achieving our policy aims in the following ways:

- Asking members and employers about their views on how we reflect EDI values when requesting feedback on the support and communications we provide
- Including questions on EDI as part of the regular effectiveness review carried out for the Pension Board and Committee

- Including questions on personal characteristics and preferences as part of regular training needs analysis carried out for Pension Board and Committee
- Seeking specific feedback on EDI from external observers at meetings, where appropriate, for example from the Council's Standards Committee

Reporting

Progress against our EDI aims and objectives and relevant guidance will be reported in the Annual Report and Accounts as part of the Independent Adviser's report.

Approval and Review

This Equality Diversity and Inclusion Policy was reviewed and approved by the Pension Fund Committee on 28 February 2024. It will be formally reviewed and updated at least every three years or sooner if any matters included within it merit reconsideration, including if there are any changes to the Council's requirements, or to the LGPS or other relevant Regulations or Guidance which need to be taken into account.

Further Information

If you require further information about anything in or related to this EDI Policy, please contact:

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LGPS Scheme Advisory Board Summary note of (hybrid) meeting held on 4th December 2023

Full details of the meeting and agenda papers can be found on the [board meetings page](#).

The minutes of the meeting on 17th July were approved.

The main points arising from the meeting are shown below:

Cllr Phillips confirmed that he had written to welcome the **new Local Government Minister**, Simon Hoare MP, to his role, and would be seeking a meeting with him in the New Year.

On the **BDS Bill**, it was reported that no date had yet been set for 3rd reading. All amendments so far presented in Parliament had been defeated although the Minister had given a commitment to clarify the Explanatory Notes to be clear that councillors could express personal views at a Pension Committee or outside of meetings where they were not speaking on behalf of the Administering Authority. The Secretariat would continue to offer technical briefing to MPs and Lords in relation to the Bill.

It was noted that DLUHC's response to their consultation on LGPS investment policy was announced alongside the **Autumn Statement**. The Board gave some initial reactions to the response and agreed that it would make further formal representations to the Department on those issues where its advice did not appear to have been taken on board.

The Board discussed a draft **Surplus statement** and agreed that it would take a little longer to make sure that the tone and content were right. They also considered how best to communicate their message to funds and employers, as well as to members through the trade unions.

The Board agreed that it would take up the option in the current contract with Byhiras to extend by two years the provision of a Code of Transparency monitoring and reporting system. The Board also approved its own **budget and workplan** submission to the Minister for 2024/25.

The Board heard from GAD that the results of the HMT **Cost Control Mechanism** were expected to be announced early in the New Year. The Board set its own assumptions for the separate **Scheme Cost Assessment** that is managed by the Board.

The Board noted that there was a timeline now for production of new **Annual Reporting guidance** in the Spring, which would initially apply on a voluntary basis from December 2024 for 2023/24 fund annual reports. A timetable for revision of the **Funding Strategy Statement Guidance** was being worked up with CIPFA's input.

The Board noted the contents of the report it commissioned from a respected Islamic finance scholar on the issue of **Sharia law and the LGPS**, and the range of views that Muslim members and potential members might have on that question. It was agreed that the report would be published on the SAB website in the next few weeks, with appropriate context and commentary.

Finally, the Board thanked Cllr Yvonne Johnson (Ealing, Labour) for all of her input as her five-year term came to an end at this meeting. She will be replaced Cllr Peter Mason (Ealing, Labour).

Date of Next Meeting – 11th March 2024

Scheme Advisory Board

Scheme Advisory Board (SAB) Statement on Surpluses

Key points:

- Funding levels across the scheme increased at the 2022 valuation and subsequent market movements have led to some funds experiencing further improvements
- Local Government Pension Scheme (LGPS) regulations emphasise the desirability of stability in primary contributions for employers
- Funds should carefully consider their approach to employer-specific investment and funding strategies and take professional advice as needed
- Clear communication with employers about the impact (or lack of impact) of funding improvements is key – as well as the potential longevity of those improvements
- Funds should have a clear rationale and be able to explain their approach to setting secondary contributions and how employers' covenant positions have been recognised
- Employer flexibilities regulations, [statutory guidance](#) and the [Board's guide](#) are clear on the circumstances in which mid-cycle reviews of employer contributions are appropriate

As highlighted in the [2022 Scheme Valuation Report](#), the average funding level of LGPS funds in England and Wales has improved from 98% in 2019 to 107% at 2022 (on local funding bases), with all funds reporting an improvement in their position since 2019. For funds who link their discount rate to gilt yields, more recent market movements are likely to have further increased funding levels for many funds, despite overall asset values being relatively stable. However, with scheme membership continuing to mature, the cash flow position for some funds is becoming as important to manage as their overall funding level.

While being in surplus is clearly a very welcome position for LGPS members and employers, it does raise some novel issues for funds. In line with its statutory function to provide advice on the effective administration and management of the Scheme, the Board has agreed to make this statement.

The Board is already [on record](#) emphasising the importance of stability in employer contribution rates but recognises the extremely challenging financial position within local government and for scheme employers generally. Stability of employer contributions helps employers with financial planning and breeds confidence in the sustainability of the scheme.

The Board is aware that there is increased appetite from some employers and their advisers to try to influence funds' investment and funding strategies. Increased employer engagement is welcome, and many funds have been trying to increase this for some time, but expectations may need to be managed. In particular, tailoring of strategies does require additional resource, governance, support from advisers and consistency with the regulations.

Funds should consider how the costs of tailored approaches might be met and how they fit with their overall risk management approach. They are more likely to be appropriate where there is a critical mass of employers targeting a particular strategy

Scheme Advisory Board

(e.g. admitted bodies looking to de-risk a path to exit the fund). Funds will need to consider their own circumstances, those of their employers and their members – and be ready to provide a clear justification for their approach.

Some employers have also proposed “partial termination” (whereby an employer exits the fund for deferred and pensioner members but remains a participating employer for active members). The objective is to lock in current liability values for deferred and pensioner members, but also means that there is no recourse to that employer if those estimates prove too low in future. If that happens, the extra costs become the responsibility of all employers in the fund. Funds should satisfy themselves that such an approach is consistent with the regulations and will need to consider the best way to help an employer manage risk, as well as whether it is consistent with the interests of other employers in the scheme.

Investment and funding strategies are set in line with the LGPS Investment Regulations 2016 and associated guidance. The Board is currently working with the Chartered Institute of Public Finance and Accountancy (CIPFA) to refresh the existing (2016) funding strategy statement guidance. We have already identified that more guidance is needed around risk management, exit credit policy and how to conduct effective consultation with fund employers.

Smoothing of contributions, where fluctuations are caused by market movements, can work both ways – reflecting a fund’s deficit or surplus position. The LGPS regulations allow funds to set negative secondary contribution rates where there is a surplus, which can help deliver contribution stability. As secondary contributions are set for employers specifically (not at fund level), funds’ funding strategy statements should set out and explain their approach. Funds should also be willing to explain and share their rationale on how their general approach applies to particular employers or cohorts of employers. Parity of treatment is important and means treating like cases alike. That does not necessarily mean treating all employers the same, as different employers have different covenant values and differing circumstances.

[Regulation 64A of the LGPS Regulations](#) permits administering authorities to review an employer’s contribution rate where there has been a significant change to the liabilities or covenant value of that employer. Examples of appropriate trigger points for such a review should be set out in the fund’s funding strategy statement. As [advised previously](#), the Board considers that funds may review the contributions of an employer where there has been a significant change to the liabilities of that employer, for example, if there has been a bulk transfer in, or out. An example of a significant change in covenant would include a material change in an employer’s immediate financial strength (evidence should be available to justify such a view).

Generally, local authorities and other tax-backed employers are not subject to change in covenant. They have a statutory obligation to pay employer contributions to the fund in which they participate. Even in the event of a s114 notice being issued, authorities must honour existing contracts and meet statutory duties, including paying employer contributions.

Scheme Advisory Board

Changes in funding values due to market movements are not of themselves sufficient to trigger a review and are best managed through the triennial valuation process.

Administering authorities wishing to review their own employer contribution will need to consider very carefully how they manage the conflict of interest between their role as an employer in the scheme and as an administering authority.

Given differing levels of expertise and resources amongst the 18,000+ LGPS employers, funds may find it helpful to have specific communications to explain to employers particularly why their accounting surplus looks different from their funding surplus, and why neither are necessarily 'realisable' (even if employer exit is permitted). It may also be advisable for funds to consider how they would respond to enquiries from scheme members about the issues covered in this statement.

In the rare cases where it is proposed to set a negative secondary contribution at a level that puts the overall employer contribution in line with, or below, average employee contributions (generally around 6.5%), funds should consider how best to present this and may wish to seek views from employee representative members on their Local Pension Board, before moving to do so.

December 2023

Mae'r dudalen hon yn wag yn bwrpasol

Training Plan as at 5 February 2024

| External or CPF event? | Essential or Desirable | Title of session | Training Content | Timescale | Training Length (Hours) | Audience | Comments / Timescales |
|------------------------|------------------------|---|---|-------------|-------------------------|---|-----------------------|
| Internal | Essential | Investment Matters and Training Plan | CPF Investment Matters and Training Plan | 28 Feb 2024 | 4 | Committee members, Board members | Afternoon |
| External | Desirable | WPP - Q4 - Market Understanding & Regulatory Requirements | Progress of other LGPS pools & Collaboration Opportunities; Pooling Guidance | 05 Mar 2024 | TBC | | Q4 |
| External | Desirable | LGC Investment Seminar 2024 | LGC Investment Seminar, Carden Park (Chester) | 14 Mar 2024 | TBC | | 14-15th March |
| Internal | Essential | TPR General Code | Includes the role and powers of The Pensions Regulator, as well as the Code requirements | 20 Mar 2024 | 4 | Committee members, Board members | Afternoon |
| Internal | Essential | Investment Considerations - TNFD | An overview of the Taskforce on Nature-related Financial Disclosures (TNFD) including opportunities for investments | TBC | TBC | Committee members, Board members, Senior Officers | TBC |
| Internal | Essential | Investment Considerations - various | To include the expected new Pooling Guidance, levelling up and any other investment related developments. | TBC | TBC | Committee members, Board members, Senior Officers | TBC |
| Internal | Essential | Administration considerations | Overview of Goodwin court case affecting widowers | TBC | 0.5 | Committee members, Board members, Senior Officers | TBC |
| Internal | Essential | Governance update - Various | The role and powers of The Pensions Regulator and Codes of Practice- MIFID2 knowledge and skills requirements and The impact on the Fund around investment restrictions- Changes to be introduced as a result of The national SAB good governance project | TBC | 2 | Committee members, Board members, Senior Officers | TBC |
| Internal | Essential | Governance considerations - Myners Principles | To include reviewing the effectiveness of the Pension Fund Committee | TBC | 0.5 | Committee members, Board members, Senior Officers | TBC |

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Training Plan as at 5 February 2024

| External or CPF event? | Essential or Desirable | Title of session | Training Content | Timescale | Training Length (Hours) | Audience | Comments / Timescales |
|------------------------|------------------------|-------------------------------|------------------------------------|-------------|-------------------------|----------|---|
| External | Desirable | LGA Fundamentals 2024 - Day 1 | LGA LGPS Fundamentals - Agenda TBC | 10 Oct 2024 | TBC | | October 10th (York), 15th (London) or 25th & 30th (Online) |
| External | Desirable | LGA Fundamentals 2024 - Day 2 | LGA LGPS Fundamentals - Agenda TBC | 05 Nov 2024 | TBC | | November 5th (York), 13th (London) or 21st & 28th (Online) |
| External | Desirable | LGA Fundamentals 2024 - Day 3 | LGA LGPS Fundamentals - Agenda TBC | 04 Dec 2024 | TBC | | December 4th (York), 10th (London) or 12th & 17th (Online) |

Previous Events

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|----------|-----------|--|--|-------------|-----|--|--|
| External | Desirable | LGPS Governance conference | LGA Annual Governance conference (York) | 18 Jan 2024 | 6 | | Lunchtime 18th to lunchtime 19th. In person or virtual |
| External | Desirable | PLSA Local Authority Forum | PLSA Local Authority Forum | 14 Dec 2023 | 0 | | London |
| External | Desirable | WPP - Q3 - Reporting | Investment Performance Reporting and TCFD Reporting | 13 Dec 2023 | 2 | | |
| External | Desirable | LAPFF Annual Conference 2023 | LAPFF Annual Conference (Bournemouth) | 06 Dec 2023 | TBC | | Bournemouth 6-8 December |
| External | Desirable | LGA Fundamentals Training programme 2023 - Day 3 | The course provides a scheme overview and covers current issues in relation to administration, investments and governance of the LGPS. | 05 Dec 2023 | 6 | | Various sessions across UK with various dates Taking place over three days with options to attend online and in person |
| External | Desirable | LGPS Pension Managers Conference 2023 | LGPS Pension Managers Conference 2023 (Torquay) | 21 Nov 2023 | TBC | | 21-22 November, Torquay |
| External | Desirable | CIPFA Local Pension Board Autumn Training | CIPFA Annual Autumn Series LPB Training | 08 Nov 2023 | 3.5 | | |

Training Plan as at 5 February 2024

| External or CPF event? | Essential or Desirable | Title of session | Training Content | Timescale | Training Length (Hours) | Audience | Comments / Timescales |
|------------------------|------------------------|---|---|-------------|-------------------------|---|--|
| External | Desirable | LGA Fundamentals Training programme 2023 - Day 2 | The course provides a scheme overview and covers current issues in relation to administration, investments and governance of the LGPS. | 02 Nov 2023 | 6 | | Various sessions across UK with various dates Taking place over three days with options to attend online and in person |
| External | Desirable | PLSA Annual Conference | PLSA Annual Conference | 17 Oct 2023 | TBC | | Manchester, 17th-19th |
| External | Desirable | LGA Fundamentals Training programme 2023 - Day 1 | The course provides a scheme overview and covers current issues in relation to administration, investments and governance of the LGPS. | 05 Oct 2023 | 6 | | Various sessions across UK with various dates Taking place over three days with options to attend online and in person |
| External | Desirable | WPP - Q2 - Responsible Investment | Voting and engagement; Responsible Investment within the WPP sub funds | 21 Sep 2023 | 2 | | |
| External | Desirable | LGC Investments and Pensions Summit | Covering the critical issues and challenges facing the LGPS, including various investment matters, sustainability, cashflows, diversity and inclusion | 07 Sep 2023 | 12 | | 2 day event, Leeds |
| Internal | Essential | CPF Divestment Framework | Understanding proposed changes to CPF's Responsible Investment Policy, including divestments | 02 Aug 2023 | 5.5 | Committee members, Board members, Senior Officers | |
| External | Desirable | Scheme Advisory Board - the Board's Code of Transparency (CoT) | An explanation of the purpose and background of the Board's Code of Transparency | 11 Jul 2023 | 1.5 | | Various sessions across UK with various dates |
| External | Desirable | Scheme Advisory Board - the Board's Code of Transparency (CoT) (Officers) | An explanation of the purpose and background of the Board's Code of Transparency. Various dates and locations across the country June to September. | 11 Jul 2023 | 3 | | Various sessions across UK with various dates |

Training Plan as at 5 February 2024

| External or CPF event? | Essential or Desirable | Title of session | Training Content | Timescale | Training Length (Hours) | Audience | Comments / Timescales |
|------------------------|------------------------|--|--|-------------|-------------------------|--|---|
| External | Desirable | PLSA Local Authority Conference | Includes investment outlook, operational sustainability, communications, ESG, pension dashboards and levelling up. | 26 Jun 2023 | 21 | | 3 day event. 26-28 June, De Vere Cotswolds Water Park Hotel |
| External | Desirable | WPP - Private markets and levelling up/development opportunities | Product knowledge (private markets) | 08 Jun 2023 | 2.5 | | |
| External | Desirable | LGA Employer role training | 0 | 01 Jun 2023 | 6 | | Various sessions across UK with various dates |
| External | Essential | CIPFA - Annual Local Pensions Board Conference | Pension Board Event - CIPFA's Annual Local Pensions Board Conference | 18 May 2023 | 6 | Board members | Held at KPMG Birmingham |
| External | Essential | CPF Tactical Asset Allocation and Responsible Investment | Best Ideas tactical asset allocation portfolio | 03 May 2023 | 4 | Committee members, Board members, Senior Officers | |
| Internal | Essential | CPF Training on Governance of Investments | Governance of Investments | 26 Apr 2023 | 3 | Committee members, Board members, Senior Officers | 10am to 12.30pm - Clwyd Committee Room, Flintshire County Council, Mold |
| External | Essential | Pension Fund Cyber Security | Pension Fund Cyber Security Induction Training | 28 Oct 2022 | 1.5 | Committee members (Induction), Board members (induction) | |
| External | Essential | Actuarial/Funding, Accounting, Audit & Procurement | Actuarial/Funding, Accounting, Audit & Procurement Induction Training | 28 Sep 2022 | 1.5 | Committee members (Induction), Board members (induction) | |
| External | Essential | Investments & Flightpath training | Investments Induction Training | 20 Jul 2022 | 1.5 | Committee members (Induction), Board members (induction) | |

Funding Length 78

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| Ref | A1 | Date entered in register | 19/09/2017 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | Late notification of joining | Owner | SB/AR |
| Party which caused the breach | CPF + various employers | | |
| Description and cause of breach | <p>Requirement to send a Notification of Joining the LGPS to a scheme member within 2 months from date of joining (assuming notification received from the employer), or within 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled.</p> <p>Due to a combination of late notification from employers and untimely action by CPF the legal requirement was not met. 20/11/18 - (Q2) Staff turnover in August/September reduced number actioned. 29/1/19 The introduction of I-connect is also producing large backlogs at the point of implementation for each employer. I-connect submission timescales can also leave only a few days for CPF to meet the legal timescale. 14/8/19 General data cleansing including year-end is affecting whether legal timescale is met. Individual on long-term sick impacting this. 14/2/22 Previous issues no longer relevant. Current situation is purely due to magnitude of cases being received and potentially employer delays. 31/10/2022 Staff member doing this process had internal secondment, so vacancy now needs to be filled, and then trained. 10/3/2023 New staff member is now being trained so will continue to have impact until fully up to speed. 20/02/2024 Additional positions within this area approved at August Committee. Recruitment drive completed and new staff members started early February. Breach expected to continue until new staff are fully up to speed.</p> | | |
| Category affected | Active members | | |
| Numbers affected | <p>2017/18: 2676 cases completed / 76% (2046) were in breach. 2018/19: 3855 cases completed / 66% (2551) were in breach. 2019/20: 3363 cases completed / 50% (1697) were in breach. 2020/21: 3940 cases completed / 39% (1544) were in breach 2021/22; 4072 cases completed / 15 % (626) were in breach 2022/23 -Q1 - 947 cases completed / 5% (50) were in breach -Q2 - 968 cases completed / 12% (112) were in breach -Q3 - 1437 cases completed / 20% (286) were in breach -Q4 - 947 cases completed / 15% (140) were in breach 2023/24 -Q1 - 713 cases completed / 12% (86) were in breach -Q2 - 794 cases completed / 7% (61) were in breach -Q3 - 1234 cases completed / 8% (99) were in breach</p> | | |
| Possible effect and wider implications | <ul style="list-style-type: none"> - Late scheme information sent to members which may result in lack of understanding. - Potential complaints from members. - Potential for there to be an impact on CPF reputation. | | |
| Actions taken to rectify breach | <ul style="list-style-type: none"> - Roll out of iConnect where possible to scheme employers including new admitted bodies to ensure monthly notification of new joiners (ongoing). - Set up of Employer Liaison Team (ELT) to monitor and provide joiner details more timelessly. - Training of new team members to raise awareness of importance of time restraint. - Prioritising of task allocation. KPIs shared with team members to further raise awareness of importance of timely completion of task. <p>Actions prior to 2022 not shown, but recorded on the breaches log. 14/02/2022 - Appointed to vacant positions and Modern Apprentices trained in this area. 22/05/2022 - Training now complete. Expecting further reductions in next quarter results as staff members become more efficient. 12/08/2022 - Number of breaches fallen as expected due to completion of training. Recent staff vacancies will impact on this measure going forward as vacancies are filled and training starts again. 31/10/2022 - Number of breaches has increased this quarter. Staff vacancies have been advertised, shortlisting and interviews planned in the coming weeks. Prioritising workloads will be key so the number of cases in breach do not continue to rise. 03/03/2023 - Vacant positions filled and training underway. 24/05/2023 - Training continues and staff members attained a KPI presentation to fully understand implications if timescales not met. 16/08/2023 - Internal staff movement has had a short term impact on this KPI. Expecting reductions in next quarter results as staff members become more efficient. 10/11/2023 Additional resource approved at last Committee. Expecting further reduction of breaches once appointed. 6/02/2024 Appointments made in December with start dates early February. Improvements expected once training complete.</p> | | |
| Outstanding actions (if any) | 22/05/22 - Analyse new employer reports and escalate to individual employers if required. | | |

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| Assessment of breach and brief summary of rationale | 06/02/2024 - Number completed was significantly higher this quarter but the number in breach remained consistent. Assessment will remain Amber until number in breach reduce. |
| Reported to tPR | No |

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| Ref | A2 | Date entered in register | 19/09/2017 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | Late transfer in estimate | Owner | AR |
| Party which caused the breach | CPF + various previous schemes | | |
| Description and cause of breach | <p>Requirement to obtain transfer details for transfer in, and calculate and provide quotation to member 2 months from the date of request.</p> <p>Breach due to late receipt of transfer information from previous scheme and late completion of calculation and notification by CPF. Only 2 members of team fully trained to carry out transfer cases due to new team structure and additional training requirements. 29/1/19 National changes to transfer factors meant cases were put on hold / stockpiled end of 2018 / early 2019.</p> <p>31/10/2022 New regulatory requirements have resulted in additional steps having to be taken, which makes process longer and more complex.</p> <p>10/11/2023 Due to awaiting new GAD guidance, there was a pause in processing for a few months to November 2023.</p> <p>6/02/2024 Following on from receipt of GAD guidance, further software updates are required to facilitate completion of certain transfers (club transfers).</p> | | |
| Category affected | Active members | | |
| Numbers affected | <p>2017/18: 235 cases completed / 36% (85) were in breach. 2018/19: 213 cases completed / 45% (95) were in breach. 2019/20: 224 cases completed / 32% (71) were in breach 2020/21: 224 cases completed / 25% (57) were in breach 2021/22: 309 cases completed / 28% (87) were in breach 2022/23 -Q1 - 98 cases completed / 9% (9) were in breach -Q2 - 104 cases completed / 19% (20) were in breach -Q3 - 66 cases completed / 12% (8) were in breach -Q4 - 118 cases completed / 17% (20) were in breach 2023/24 -Q1 - 31 cases completed / 55% (17) were in breach -Q2 - 111 cases completed / 59% (66) were in breach -Q3 - 52 cases completed / 54% (28) were in breach</p> | | |
| Possible effect and wider implications | <ul style="list-style-type: none"> - Potential financial implications on some scheme members. - Potential complaints from members/previous schemes. - Potential for impact on CPF reputation. | | |
| Actions taken to rectify breach | <p>17/11/2020 - Continued training of team members to increase knowledge and expertise to ensure that transfers are dealt with in a more timely manner.</p> <p>02/02/2021 - Training to continue. Complex area of work so training taking longer to complete. Training will continue through Q4.</p> <p>21/05/2021 - Staff members attended external training course.</p> <p>08/03/2022 - Have investigated how much of the delay is due to external schemes.</p> <p>22/05/2022 - Additional checks required in transfer process. Schemes taking longer to process therefore knock on effect. Expect this to reduce as industry adjusts to new processes.</p> <p>12/8/2022 - Ensure team is up to date with legislative and procedural changes. Some of these requirements are out of the Funds control so need to ensure required timescales are communicated effectively.</p> <p>31/10/2022 - A review of this process is being undertaken as additional steps are now required.</p> <p>03/03/2023 - Process has been reviewed and improvements expected in the next quarter results.</p> <p>24/05/2023 - Completed training for required staff members</p> <p>16/08/2023 - Transfers have been on hold whilst awaiting GAD guidance and relevant factors for calculation. Guidance has now been received and staff are working through backlog.</p> <p>10/11/2023 - Staff continuing to work through backlog following the pause in processing whilst awaiting GAD guidance.</p> <p>6/02/2024 - Some transfers still on hold whilst awaiting software update following release of guidance. Staff working through backlog of transfers that can be processed. Breach likely to remain until all information received from outgoing pension providers.</p> | | |

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| Outstanding actions (if any) | None |
| Assessment of breach and brief summary of rationale | 6/02/2024 - Number in breach remains high due to previous hold on transfers and outstanding guidance for remaining transfer types to ensure correct completion. Number in breach will remain high until all backlog cases have been processed. As this is temporary, assessment of breach will remain Amber. |
| Reported to tPR | No |

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| Ref | A4 | Date entered in register | 19/09/2017 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | Late notification of retirement benefits | Owner | SB |
| Party which caused the breach | CPF + various employers + AVC providers | | |
| Description and cause of breach | <p>Requirement to provide notification of amount of retirement benefits within 1 month from date of retirement if on or after Normal Pension Age or 2 months from date of retirement if before Normal Pension Age.</p> <p>Due to a combination of:</p> <ul style="list-style-type: none"> - late notification by employer of leaver information - late completion of calculation by CPF - for members who have AVC funds, delays in receipt of AVC fund values from AVC provider. - temporary large increases in work due to retrospective pay award recalculations <p>31/10/2022 Also seeing general increase in number of retirements.</p> <p>20/02/2024 Previous vacancies within this rea now filled.Breach expected to continue until new staff are fully up to speed.</p> | | |
| Category affected | Active members mainly but potentially some deferred members | | |
| Numbers affected | <p>2017/18: 960 cases completed / 39% (375) were in breach. 2018/19: 1343 cases completed / 30% (400) were in breach 2019/20: 1330 cases completed / 25% (326) were in breach 2020/21: 1127 cases completed / 24% (269) were in breach 2021/22: 1534 cases completed / 14% (222) were in breach 2022/23</p> <ul style="list-style-type: none"> -Q1 - 413 cases completed / 19% (81) were in breach -Q2 - 442 cases completed / 18% (81) were in breach -Q3 - 419 cases completed / 14% (58) were in breach -Q4 - 358 cases completed / 18% (66) were in breach <p>2023/24</p> <ul style="list-style-type: none"> -Q1- 370 cases completed / 12% (43) were in breach -Q2 - 478 cases completed / 13% (62) were in breach -Q3- 434 cases completed / 18% (80) were in breach | | |
| Possible effect and wider implications | <ul style="list-style-type: none"> - Late payment of benefits which may miss payroll deadlines and result in interest due on lump sums/pensions (additional cost to CPF). - Potential complaints from members/employers. - Potential for there to be an impact on CPF reputation. | | |

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| Actions taken to rectify breach | <ul style="list-style-type: none"> - Roll out of iConnect where possible to scheme employers including new admitted bodies to ensure monthly notification of retirees (ongoing). - Set up of ELT to monitor and provide leaver details in a more timely manner. - Prioritising of task allocation. - Set up of new process with one AVC provider to access AVC fund information. - Increased staff resources. <p>Actions prior to 2022 not shown, but recorded on the breaches log.</p> <p>12/08/2022 - Staff members leaving and re-calculation of benefits following a retrospective pay award have negatively impacted the performance in this area. Recruitment drive to fill vacant positions and review of resource in this area to tackle number of required recalculations should improve performance following necessary training. 31/10/2022 - Recalculation of benefits still impacting this area with additional recalculations due in relation to retrospective 2022 pay award. Vacancies advertised and shortlisting and interviews planned in the coming weeks. Assessment of workload and staffing in this area is underway to determine appropriate staffing levels for the continued increase in number of cases. 03/03/2023 - New staff have been appointed but will not be fully trained for a number of months.</p> <p>24/05/2023- Training of new staff continues. New project team is being established to remove non KPI/ad hoc pressures from Operations which impacts on workload. Improvements will be made over a period of months.</p> <p>16/08/2023 - Recruitment campaign underway to fill vacant positions within operations team following internal promotion. Further improvements expected once positions filled and new staff members trained. Workload reviewed and new structure being proposed at August Pension Committee for approval. If approved, additional resource will assist with reducing number of cases in breach.</p> <p>10/11/2023 - New structure approved and vacant positions within the retirement team have been filled. Further reductions expected once new recruits are fully trained.</p> <p>6/02/2024 - Training of new recruits is progressing well. Time taken to train and annual leave due</p> |
| Outstanding actions (if any) | <p>22/05/22 - Analyse new employer reports and escalate to individual employers if required. Complete all recalculations so all appropriate staff can focus on retirements.</p> <p>10/3/2023 - Training of new staff to be able to carry out retirements.</p> <p>24/05/2023 - Transfer non KPI/ad hoc cases of work to project team.</p> |
| Assessment of breach and brief summary of rationale | 6/02/2024 - Number of cases completed is consistent with last quarter given the office shutdown over the holiday season. However, number in breach remains too high to reduce assessment. Improvement expected in coming months when training nears completion. |
| Reported to tPR | No |

| | | | |
|--|---|---|------------|
| Ref | A6 | Date entered in register | 20/09/2017 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | Late notification of death benefits | Owner | SB |
| Party which caused the breach | CPF | | |
| Description and cause of breach | <p>Requirement to calculate and notify dependant(s) of amount of death benefits as soon as possible but in any event no more than 2 months from date of becoming aware of death, or from date of request by a third party (e.g. personal representative).</p> <p>Due to late completion by CPF the legal requirements are not being met. Due to complexity of calculations, only 2 members of team are fully trained and experienced to complete the task.</p> <p>31/10/2022 More staff now trained on deaths but they are impacted due to increases in other workloads.</p> <p>20/02/2024 Training taking longer than expected due to complexity of cases and staff members are also training other members of staff in different areas.</p> | | |
| Category affected | Dependant members + other contacts of deceased (which could be active, deferred, pensioner or dependant). | | |

| | |
|--|---|
| Numbers affected | 2017/18: 153 cases completed / 58% (88) were in breach. 2018/19: 184 cases completed / 30% (56) were in breach 2019/20: 165 cases completed / 28% (53) were in breach 2020/21: 195 cases completed / 27% (53) were in breach 2021/22: 207 cases completed / 13% (26) were in breach 2022/23 -Q1- 59 cases completed / 17% (10) were in breach -Q2 - 37 cases completed / 22% (8) were in breach -Q3 - 51 cases completed / 39% (20) were in breach -Q4 - 43 cases completed / 28% (12) were in breach 2023/24 -Q1- 43 cases completed / 28% (12) were in breach -Q2 - 33 cases completed / 36% (12) were in breach -Q3 - 53 cases completed / 26% (14) were in breach |
| Possible effect and wider implications | - Late payment of benefits which may miss payroll deadlines and result in interest due on lump sums/pensions (additional cost to CPF). - Potential complaints from beneficiaries, particular given sensitivity of cases. - Potential for there to be an impact on CPF reputation. |
| Actions taken to rectify breach | - Further training of team - Review of process to improve outcome - Recruitment of additional, more experienced staff. 3/6/19 - Review of staff resources now complete and new posts filled. 3/2/20 - Training of additional staff now complete. 18/8/21 - Further work completed identifying where the delay fell e.g. request or receipt of information to facilitate the calculation of benefits, and action taken to improve these issues. 31/10/2022 - Due to pressures of other processes and vacancies within the team, key staff responsible for this process are stretched. Vacancies advertised, shortlisting and interviews planned within coming weeks. 03/03/2023 - Vacant positions have now been filled and training is underway. 16/08/2023 - Training nearing completion, improvements expected in coming months. 10/11/2023 - Training still ongoing as also training new staff members on retirement process. A number of these breaches incurred due to being notified of death quite late into the 2 month legal timeframe. |
| Outstanding actions (if any) | 10/3/23 Ensure all training continues as quickly as possible to free up people to refocus on death cases. |
| Assessment of breach and brief summary of rationale | 06/02/2024 - Number completed has increased but number in breach remains to high to reduce assessment. |
| Reported to tPR | No |

| | | | |
|---|--|---|------------|
| Ref | A23 | Date entered in register | 21/05/2021 |
| Status | Closed | Date breached closed (if relevant) | 06/02/2024 |
| Title of Breach | Incorrect member contributions paid | Owner | KW |
| Party which caused the breach | Aura | | |
| Description and cause of breach | When employees are stepping up from their substantive post to higher graded post, incorrect employee and employer contributions have been made. This is due to an incorrect recording on the payroll system. | | |
| Category affected | Active and Deferred | | |
| Numbers affected | 20 current and previous employees | | |
| Possible effect and wider implications | - As a result the employees may have less valuable pension rights, and so LGPS CARE pay and contributions will need to be checked and difference in contributions paid retrospectively. - LGPS Contributions will need to be collected from employer, and employee/employer contributions paid into Clwyd Pension Fund in relation to retrospective period. | | |

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| Actions taken to rectify breach | <p>21/05/2021- Process has been updated to ensure correct contributions/CARE pay going forward.</p> <p>- Liaising with employer to determine how best to put employees back in correct position retrospectively and letters to be sent to members to explain.</p> <p>14/10/2021 Current employees contacted and all have agreed to pay outstanding contributions/payment plans agreed.</p> <p>14/02/2022 - CPF Pensions Administration Manager has been chasing for final cases to be resolved.</p> <p>22/05/2022 - Employer and Payroll provider being chased by CPF. Escalated to Payroll Team Leader.</p> <p>12/08/2022 - Financial figures have now been provided by payroll department to the employer. Letters to the nine members that have left employment have been issued with a response date of the 16/9/22.</p> <p>31/10/2022 - One member has now paid the difference in contributions and eight remaining are still due. Employer contributions to be paid in November.</p> <p>10/3/2023 - Employer contributions were paid in November for the one member. For eight remaining members, Aura has written to them and has sent reminders to them but responses are still awaited.</p> <p>24/5/2023 Remaining employer contributions now paid. Emailed to instruct Aura to settle member contributions either themselves or FCC, if not reimbursed by members.</p> <p>16/08/2023 - meeting held with Aura to progress this. Further meeting planned in the coming weeks.</p> <p>10/11/2023 - advice taken from Aon regarding outstanding contributions and forwarded to Aura or their consideration.</p> <p>6/02/2024 - Meeting held between Aura, FCC and CPF in January to confirm resolution. Aura will pay employee and employer contributions to CPF in February payroll file. FCC will update payroll system and notify CPF of the member updates to correct member pension records.</p> |
| Outstanding actions (if any) | |
| Assessment of breach and brief | 6/02/2024 - Resolution agreed and appropriate action taken. Breach can now be closed. |
| Reported to tPR | No |

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|--|--|---|------------|
| Ref | A26 | Date entered in register | 10/11/2023 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | Late transfer out estimate | Owner | AR |
| Party which caused the breach | CPF | | |
| Description and cause of breach | <p>Requirement to provide details of transfer value for transfer out on request within 3 months from date of request (CETV estimate). Note this is the same as breach A3 which was closed previously.</p> <p>Late completion of calculation and notification by CPF due awaiting new GAD guidance (which resulted in a pause in processing for a few months to November 2023).</p> | | |
| Category affected | Active and deferred members | | |
| Numbers affected | <p>2023/24</p> <p>-Q2 - 103 cases completed / 32% (33) were in breach</p> <p>-Q3 - 72 cases completed / 19% (14) were in breach</p> | | |
| Possible effect and wider implications | <p>- Potential financial implications on some scheme members.</p> <p>- Potential complaints from members/new schemes.</p> <p>- Potential for impact on CPF reputation.</p> | | |
| Actions taken to rectify breach | 10/11/2023 - Transfers have been on hold whilst awaiting GAD guidance and relevant factors for calculation. Guidance has now been received and staff are working through backlog. | | |
| Outstanding actions (if any) | None | | |
| Assessment of breach and brief summary of rationale | 13/02/2024 - Transfers are yet to return to normal following the hold that was previously imposed whilst awaiting guidance. As this is temporary and given the number in breach is reducing the assessment of breach will remain green. | | |
| Reported to tPR | No | | |

| | | | |
|--|---|---|-------------|
| Ref | F110 | Date entered in register | 01 Jun 2023 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Marchwiell Community Council | | |
| Description and cause of breach | <p>A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made.</p> <p>The remittance advice relating to April 2023 was not received within the deadline. Multiple previous breaches, however only one within the last two years, F73.</p> | | |
| Category affected | Active members and employer | | |

| | |
|--|---|
| Numbers affected | 1 active member |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. |
| Actions taken to rectify breach | 21/06/2023 - Emailed to request outstanding remittances. No response received. See subsequent actions F112-F117,F119,F124 |
| Outstanding actions (if any) | See F124 |
| Assessment of breach and brief summary of rationale | Amber - Multiple unresolved missing remittances with risk of recurrence, however effect is limited to a single employer and single active member. Fund is aware of circumstances and wider implications are unlikely. |
| Reported to tPR | No |

| | | | |
|--|---|---|-------------|
| Ref | F112 | Date entered in register | 23 Jun 2023 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Marchwiell Community Council | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. The remittance advice relating to May 2023 was not received within the deadline. Previous breach in 2023/24 is F110. | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | 21/07/2023 - Escalated to Deputy Head of Fund, emailed Chair of Marchwiell CC. Chair confirmed the Clerk had been contacted. See subsequent actions F113-F117,F119,F124 | | |
| Outstanding actions (if any) | See F124 | | |
| Assessment of breach and brief summary of rationale | Amber - Multiple unresolved missing remittances with risk of recurrence, however effect is limited to a single employer and single active member. Fund is aware of circumstances and wider implications are unlikely. | | |
| Reported to tPR | No | | |

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|--|--|---|-------------|
| Ref | F113 | Date entered in register | 01 Aug 2023 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Marchwiell Community Council | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. The remittance advice relating to June 2023 was not received within the deadline. Previous breaches in 2023/24 are F110, F112 | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | See subsequent actions F114-F117,F119,F124 | | |
| Outstanding actions (if any) | See F124 | | |
| Assessment of breach and brief summary of rationale | Amber - Multiple unresolved missing remittances with risk of recurrence, however effect is limited to a single employer and single active member. Fund is aware of circumstances and wider implications are unlikely. | | |
| Reported to tPR | No | | |

| | | | |
|--|--|---|-------------|
| Ref | F114 | Date entered in register | 23 Aug 2023 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Marchwiell Community Council | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. The remittance advice relating to July 2023 was not received within the deadline. Previous breaches in 2023/24 are F110, F112, F113 | | |
| Category affected | Active members and employer | | |

| | |
|--|---|
| Numbers affected | 1 active member |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. |
| Actions taken to rectify breach | 06/09/2023 - Email received from clerk explaining absence. 07/09/2023 - Emailed clerk to request outstanding remittances. Response received. 08/09/2023 - Emailed clerk. Response received. See subsequent actions F115-F117,F119,F124 |
| Outstanding actions (if any) | See F124 |
| Assessment of breach and brief summary of rationale | Amber - Multiple unresolved missing remittances with risk of recurrence, however effect is limited to a single employer and single active member. Fund is aware of circumstances and wider implications are unlikely. |
| Reported to tPR | No |

| | | | |
|--|--|---|-------------|
| Ref | F115 | Date entered in register | 26 Sep 2023 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Marchwiell Community Council | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. The remittance advice relating to August 2023 was not received within the deadline. Previous breaches in 2023/24 are F110, F112, F113, F114 | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | 25/09/2023 - Emailed clerk. Response received 28/09/2023. 03/10/2023 - Emailed clerk to request outstanding remittances. No Response received. See subsequent actions F116-F117,F119,F124 | | |
| Outstanding actions (if any) | See F124 | | |
| Assessment of breach and brief summary of rationale | Amber - Multiple unresolved missing remittances with risk of recurrence, however effect is limited to a single employer and single active member. Fund is aware of circumstances and wider implications are unlikely. | | |
| Reported to tPR | No | | |

| | | | |
|--|---|---|-------------|
| Ref | F116 | Date entered in register | 22 Oct 2023 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Marchwiell Community Council | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. The remittance advice relating to September 2023 was not received within the deadline. Previous breaches in 2023/24 are F110, F112, F113, F114, F115 | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | 06/11/2023 - Escalated to Debbie Fielder as Deputy Head of Fund. Emailed to request outstanding remittances. Response received 09/11/2023. 09/11/2023 - DF replied, requesting outstanding remittances. See subsequent actions F117,F119,F124 | | |
| Outstanding actions (if any) | See F124 | | |
| Assessment of breach and brief summary of rationale | Amber - Multiple unresolved missing remittances with risk of recurrence, however effect is limited to a single employer and single active member. Fund is aware of circumstances and wider implications are unlikely. | | |
| Reported to tPR | No | | |

| | | | |
|------------|------|---------------------------------|-------------|
| Ref | F117 | Date entered in register | 23 Nov 2023 |
|------------|------|---------------------------------|-------------|

| | | | |
|--|---|---|----|
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Marchwiell Community Council | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. The remittance advice relating to October 2023 was not received within the deadline. Previous breaches in 2023/24 are F110, F112, F113, F114, F115, F116 | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | See F119,F124 | | |
| Outstanding actions (if any) | See F124 | | |
| Assessment of breach and brief | See F124. | | |
| Reported to tPR | No | | |

| | | | |
|--|---|---|-------------|
| Ref | F118 | Date entered in register | 04 Jan 2024 |
| Status | Closed | Date breached closed (if relevant) | 08 Feb 2024 |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Home Farm Trust (HFT) | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. The remittance advice relating to November 2023 was not received within the deadline. There are no previous breaches in 2023/24. | | |
| Category affected | Active members and employer | | |
| Numbers affected | 19 active members | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | Emailed to request outstanding remittance. Response received, delay due to staffing changes. See F121. | | |
| Outstanding actions (if any) | | | |
| Assessment of breach and brief | Remittance received 08/02/2024 | | |
| Reported to tPR | No | | |

| | | | |
|--|--|---|-------------|
| Ref | F119 | Date entered in register | 04 Jan 2024 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Marchwiell Community Council | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. The remittance advice relating to November 2023 was not received within the deadline. Previous breaches in 2023/24 are F110, F112, F113, F114, F115, F116, F117 | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | See F124 | | |
| Outstanding actions (if any) | See F124 | | |
| Assessment of breach and brief | See F124. | | |
| Reported to tPR | No | | |

| | | | |
|--------------------------------------|-------------------------------|---|-------------|
| Ref | F120 | Date entered in register | 04 Jan 2024 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | Late payment of contributions | Owner | DF |
| Party which caused the breach | Marchwiell Community Council | | |

| | |
|--|---|
| Description and cause of breach | Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions. Contributions in relation to November 2023 were not received within the deadline. No previous breaches of this type, but outstanding remittances ongoing (see F119). |
| Category affected | Active members and employer |
| Numbers affected | 1 active member |
| Possible effect and wider implications | - Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer. |
| Actions taken to rectify breach | See F125 |
| Outstanding actions (if any) | See F125 |
| Assessment of breach and brief summary of rationale | Amber - No previous late payments, however several breaches outstanding relate to missed remittances. Effect is limited to a single employer and single active member. Fund is aware of circumstances and wider implications are unlikely. Evidence of action being taken to rectify. |
| Reported to tPR | No |

| | | | |
|--|---|---|-------------|
| Ref | F121 | Date entered in register | 23 Jan 2024 |
| Status | Closed | Date breached closed (if relevant) | 08 Feb 2024 |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Home Farm Trust (HFT) | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. The remittance advice relating to December 2023 was not received within the deadline. Previous breach in 2023/4 is F118. | | |
| Category affected | Active members and employer | | |
| Numbers affected | 19 active members | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | 22/01/24 - Emailed to request outstanding remittance. 07/02/24 - Emailed reminder. Response received advising that both outstanding remittances will be sent today. | | |
| Outstanding actions (if any) | | | |
| Assessment of breach and brief | Remittance received 08/02/2024 | | |
| Reported to tPR | No | | |

| | | | |
|--|--|---|-------------|
| Ref | F122 | Date entered in register | 23 Jan 2024 |
| Status | Closed | Date breached closed (if relevant) | 30 Jan 2024 |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Offa Community Council | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. The remittance advice relating to December 2023 was not received within the deadline. No previous breaches. | | |
| Category affected | Active members and employer | | |
| Numbers affected | 3 active members | | |
| Possible effect and wider | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | Emailed to request outstanding remittance. Response received, explaining clerk has left employment. 30/01/2024 - Remittance received. | | |
| Outstanding actions (if any) | | | |
| Assessment of breach and brief | Remittance received 30/01/24 | | |
| Reported to tPR | No | | |

| | | | |
|------------------------|-------------------------------|---|-------------|
| Ref | F123 | Date entered in register | 23 Jan 2024 |
| Status | Closed | Date breached closed (if relevant) | 07 Feb 2024 |
| Title of Breach | Late payment of contributions | Owner | DF |

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|---|--|
| Party which caused the breach | Offa Community Council |
| Description and cause of breach | Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions. Contributions in relation to December 2023 were not received within the deadline. No previous breaches. |
| Category affected | Active members and employer |
| Numbers affected | 3 active members |
| Possible effect and wider implications | - Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer. |
| Actions taken to rectify breach | Emailed to request outstanding remittance. Response received, explaining clerk has left employment. Locum confirmed will raise a cheque ASAP. 07/02/2024 - Payment received. |
| Outstanding actions (if any) | |
| Assessment of breach and brief | Payment received 07/02/24 |
| Reported to tPR | No |

| | | | |
|--|--|---|-------------|
| Ref | F124 | Date entered in register | 23 Jan 2024 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | No submission of contribution remittance advice | Owner | DF |
| Party which caused the breach | Marchwiell Community Council | | |
| Description and cause of breach | A remittance advice detailing information in relation to contribution payments should be submitted to CPF at the same point as the payment is made. The remittance advice relating to December 2023 was not received within the deadline. Previous breaches in 2023/24 are F110, F112, F113, F114, F115, F116, F117, F119 | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider implications | Unable to verify information being paid or reconcile with member year end information. | | |
| Actions taken to rectify breach | 05/02/2024 - Received email from outgoing clerk to incoming clerk, passing on details of outstanding payments and remittances. Advised to expect remittances this week. | | |
| Outstanding actions (if any) | Chase if remittances not received by 19/02/24. | | |
| Assessment of breach and brief summary of rationale | Amber - Multiple unresolved missing remittances with risk of recurrence, however effect is limited to a single employer and single active member. Fund is aware of circumstances and wider implications are unlikely. Evidence of action being taken to rectify. | | |
| Reported to tPR | No | | |

| | | | |
|--|--|---|-------------|
| Ref | F125 | Date entered in register | 23 Jan 2024 |
| Status | Open | Date breached closed (if relevant) | |
| Title of Breach | Late payment of contributions | Owner | DF |
| Party which caused the breach | Marchwiell Community Council | | |
| Description and cause of breach | Contributions must be paid by the 22nd (if BACs) or 19th (if cheque) of the month following the deductions. Contributions in relation to December 2023 were not received within the deadline. One previous breach of this type (F120). | | |
| Category affected | Active members and employer | | |
| Numbers affected | 1 active member | | |
| Possible effect and wider implications | - Could expose employers to late payment interest charge. - Assumptions regarding funding assume regular monthly payment; not adhering to this regulatory requirement could result in changed actuarial assumptions for the employer. | | |
| Actions taken to rectify breach | 05/02/2024 - Received email from outgoing clerk to incoming clerk, passing on details of outstanding payments and remittances. | | |
| Outstanding actions (if any) | Chase if payment not received by 19/02/24. | | |
| Assessment of breach and brief summary of rationale | Amber - One previous unresolved late payment, however several breaches outstanding relate to missed remittances. Effect is limited to a single employer and single active member. Fund is aware of circumstances and wider implications are unlikely. Evidence of action being taken to rectify. | | |
| Reported to tPR | No | | |

Mae'r dudalen hon yn wag yn bwrpasol

Calendar 2023-24 Feb-24

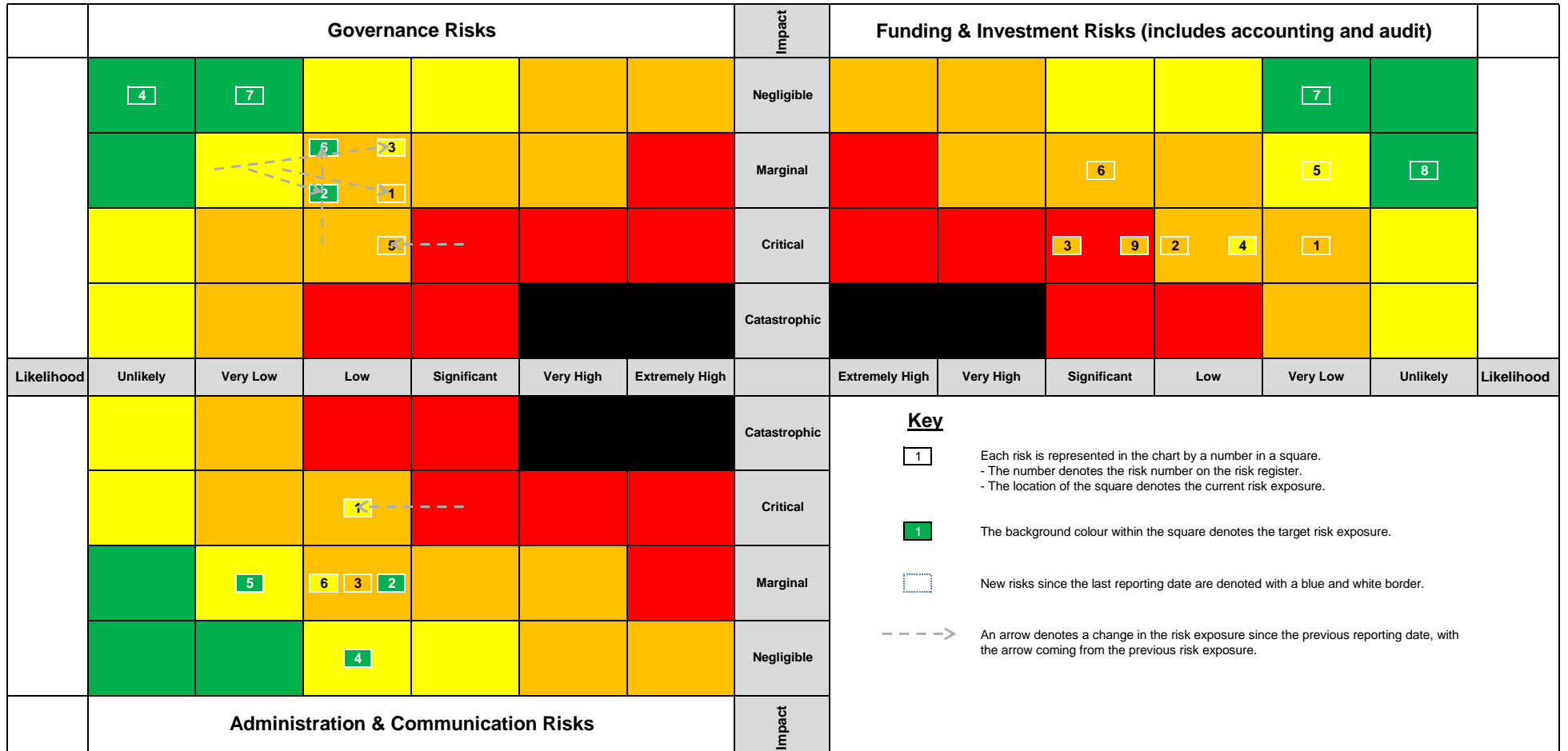
| Month | Date | Day | Committee | Pension Board | Other Events | Location |
|---------------|--------|-------|----------------------|---------------|--------------|----------------------|
| 2024 | | | | | | |
| Feb | | | | | | |
| | 28-Feb | Wed | PFC 9.30am - 12.30pm | | | County Hall (Hybrid) |
| Mar | | | | | | |
| | 20-Mar | Wed | PFC 9.30am - 12.30pm | | | County Hall (Hybrid) |
| 2024/5 | | | | | | |
| | 16-May | Thurs | | PB 10am-3pm | | County Hall (Hybrid) |
| | 19-Jun | Wed | PFC 9.30am - 12.30pm | | | County Hall (Hybrid) |

Tudalen 91

Mae'r dudalen hon yn wag yn bwrpasol

All Fund Risk Heat Map and Summary of Governance Risks

Tudalen 93



Clwyd Pension Fund - Control Risk Register

Governance Risks

Objectives extracted from Governance Policy (03/2023), Knowledge and Skills Policy (09/2021) and Procedures for Reporting Breaches of the Law (03/2022)

- G1 Act in the best interests of the Fund's members and employers
- G2 Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies
- G3 Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
- G4 Act with integrity and be accountable to our stakeholders, ensuring they are robust and well based
- G5 Understand and monitor risk
- G6 Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- G7 Clearly articulate our objectives and how we intend to achieve those objectives through business planning, and continually measure and monitor success
- T1 Ensure that the Clwyd Pension Fund is appropriately managed and that its services are delivered by people who have the requisite knowledge and expertise, and that this knowledge and expertise is maintained within the continually changing Local Government Pension Scheme and wider pensions landscape.
- T2 Those persons responsible for governing the Clwyd Pension Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, ensure their decisions are robust and well based, and manage any potential conflicts of interest.
- B1 Ensure individuals responsible are able to meet their legal obligations and avoid placing any reliance on others to report.
- B2 Assist in providing an early warning of possible malpractice and reduce risk.

| Risk no. | Risk Overview (this will happen) | Risk Description (if this happens) | Strategic objectives at risk (see key) | Current Impact (see key) | Current Likelihood (see key) | Current Risk Status | Internal controls in place | Target Impact (see key) | Target Likelihood (see key) | Target Risk Status | Meets target? | Date Not Met Target From | Expected Back on Target | Further Action and Owner | Risk Manager | Next review date | Last Updated |
|----------|--|---|--|--------------------------|------------------------------|---------------------|---|-------------------------|-----------------------------|--------------------|---------------|--------------------------|-------------------------|--|------------------|------------------|--------------|
| 1 | Losses or other detrimental impact on the Fund or its stakeholders | Risk is not identified and/or appropriately considered recognising that many risks can be identified but not managed to any degree of certainty) | All | Marginal | Low | | 1 - Risk policy in place 2 - Risk register in place and key risks/movements considered quarterly and reported to each PFC 3 - Advisory panel meets at least quarterly discussing changing environment etc 4 - Fundamental review of risk register annually 5 - TPR Code Compliance review completed annually 6 - Annual internal and external audit reviews 7 - Breaches procedure also assists in identifying key risks | Marginal | Low | | ☺ | | | 1 - Complete actions required to ensure compliance with TPR General Code (PL) | Head of CPF | 30/06/2024 | 02/02/2024 |
| 2 | Inappropriate or no decisions are made | Governance (particularly at PFC) is poor including due to: - short appointments - poor knowledge and advice - poor engagement/preparation / commitment - poor oversight | G1 / G2 / G3 / G4 / G5 / G6 / G7 | Marginal | Low | | 1 - Independent advisor focussing on governance including annual report considering structure, behaviour and knowledge 2 - Oversight by Local Pension Board 3 - Annual check against TPR Code 4 - Knowledge and Skills Policy, rolling training plan, monitoring (regular self assessments and attendance) and induction training in place for PFC and PB members based on CIPFA Code/Framework 5 - There is a range of professional advisors covering all Fund responsibilities guiding the PFC, PB and officers in their responsibilities, with formal Advisory Panel 6 - Terms of reference for the Committee in the Constitution allows for members to be on the Committee for between 4-6 years but they can be re-appointed 7 - Different categories of Committee and Board members have different end of term dates, to ensure continuity 8 - Approved schedule of officer delegations, including ability for urgent matters to be agreed outside of formal Committee (involving Chair of PFC) 9 - PFC, PB and AP training held virtually, hybrid or face to face depending on importance and to maximise attendance, with recordings of training circulated thereafter 10 - PFC and PB effectiveness surveys completed to ensure that PFC and PB meetings are as effective as possible | Negligible | Very Low | | ☺ | 05/05/2022 | Jun 2024 | 1 - Agree training plan for 2024/25 (PL) 2 - Review approach to PFC meetings and papers issued to members (PL) | Head of CPF | 30/06/2024 | 02/02/2024 |
| 3 | Our legal fiduciary responsibilities are not met | Decisions, particularly at PFC level, are influenced by conflicts of interest and therefore may not be in the best interest of fund members and employers | G1 / G2 / G4 / G6 / T2 | Marginal | Low | | 1 - CPF Conflicts of Interest Policy focussed on fiduciary responsibility regularly discussed and reviewed 2 - Independent advisor focussing on governance including annual report considering structure, behaviour and knowledge 3 - All stakeholders to which fiduciary responsibility applies represented at PFC and PB 4 - Knowledge and Skills Policy, rolling training plan, monitoring (regular self assessments and attendance) and induction training in place for PFC and PB members including training on fiduciary responsibility and the CPF Conflicts Policy 5 - There is a range of professional advisors covering all Fund responsibilities guiding the PFC, PB and officers in their responsibilities, with formal Advisory Panel 6 - Clear strategies and policies in place with Fund objectives which are aligned with fiduciary responsibility 7 - WPP Conflicts of Interests Policy in place 8 - Framework in place for investment decisions relating to climate/RI, which includes regulated advice from Investment Consultant. 9 - Robust process and due diligence completed for any non WPP "local" investments | Marginal | Very Low | | ☺ | 28/02/2023 | Sep 2024 | 1 - Ensure WPP due diligence process is being following in all cases for investments with potential conflict (e.g. local/Welsh) (PL) 2 - Ongoing monitoring of FCC Climate Committee (PL) 3 - Terms of Reference being developed for all AP subgroups (PL) | Head of CPF | 30/06/2024 | 02/02/2024 |
| 4 | Appropriate objectives are not agreed or monitored - internal factors | Policies not in place or not being monitored | G2 / G7 | Negligible | Unlikely | | 1 - Range of policies in place and all reviewed at least every three years 2 - Review of policy dates included in business plan 3 - Monitoring of all objectives at least annually 4 - Policies stipulate how monitoring is carried out and frequency 5 - Business plan in place and regularly monitored | Negligible | Unlikely | | ☺ | | | | Dep. Head of CPF | 30/06/2024 | 02/02/2024 |
| 5 | The Fund's objectives/legal responsibilities are not met or are compromised - external factors | Externally led influence and change such as scheme change (e.g. McCloud, potential exit cap, Pensions dashboard, national reorganisation, cybercrime, asset pooling, levelling up and boycotts / divestments / sanctions, Climate lobbying, Operator contract with WPP, TPR General Code) | G1 / G4 / G6 / G7 | Critical | Low | | 1 - Continued discussions at AP, PFC and PB regarding this risk 2 - Fund's consultants involved at national level/regularly reporting back to AP/PFC 3 - Key areas of potential change and expected tasks identified as part of business plan (ensuring ongoing monitoring) 4 - Asset pooling IAA in place 5 - Officers on Wales Pool OWG, and Pension Board Chair attending WPP LPB Chair meetings 6 - Business Continuity and Cyber Security Policy in place 7 - Ongoing monitoring of cybercrime risk by AP 8 - McCloud full programme management in place 9 - Pensions dashboard planning currently underway 10 - Cybercrime Incident Response Plan and Third Party Testing Schedule in place | Marginal | Low | | ☺ | 28/02/2017 | Jun 2024 | 1 - Refresh and document business continuity assessments/procedures (KW) 2 - Establish formal project for Pensions Dashboard (KW) 3 - Ongoing engagement with WPP in relation to the WPP Operator | Head of CPF | 30/06/2024 | 02/02/2024 |
| 6 | Services are not being delivered to meet legal and policy objectives | Insufficient staff numbers (e.g. sickness, resignation, retirement, unable to recruit) - current issues include age profile / FCC pay grades versus other LAs, asset pools, private sector / cost of living. | G3 / G6 / G7 / T1 | Marginal | Low | | 1 - Fundamental review of succession planning and resources carried out over 2017 to 2020 and new structures put in place 2 - Ongoing task/SLA reporting to management AP/PFC/PB to quickly identify issues 3 - Quarterly update reports consider resourcing matters 4 - Consultants provide back up when required 5 - Additional resources, such as outsourcing, considered as part of business plan 6 - Impact of potential or actual vacancies and/or other absences being discussed regularly ensuring priority work continues unaffected 7 - Resourcing regularly considered as part of major projects (e.g. McCloud) 8 - Administration team restructure undertaken and agreed during 2023 | Negligible | Very Low | | ☺ | 01/07/2016 | Jul 2024 | 1 - Ongoing consideration of business continuity including succession planning (PL) 4 - Consultants provide and implement plan for retirement of current Deputy, including a review of the senior management team structure. | Head of CPF | 30/06/2024 | 02/02/2024 |
| 7 | Legal requirements and/or guidance are not complied with | Those tasked with managing the Fund are not appropriately trained or do not understand their responsibilities (including recording and reporting breaches) | G3 / G6 / T1 / T2 / B1 / B2 | Negligible | Very Low | | 1 - TPR Code Compliance review completed annually 2 - Annual internal and external audit reviews 3 - Breaches procedure also assists in identifying non-compliance areas (relevant individuals provided with a copy and training provided) 4 - Knowledge and Skills policy in place (fundamental to understanding legal requirements) 5 - Use of nationally developed administration system 6 - Documented processes and procedures 7 - Strategies and policies often included statements or measures around legal requirements/guidance 8 - Wide range of advisers and AP in place 9 - Independent adviser in place including annual report which will highlight concerns 10 - Outstanding actions relating to TPR Code reviewed regularly | Negligible | Very Low | | ☺ | | | 1 - Further documented processes (as part of TPR compliance) e.g. contribution payment failure (DF) 2 - Training for Committee and Board members on the requirements of TPR's General Code (PL) | Head of CPF | 30/06/2024 | 02/02/2024 |

Eitem ar gyfer y Rhaglen 5



CLWYD PENSION FUND COMMITTEE

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| Date of Meeting | Wednesday, 28 February 2024 |
| Report Subject | Administration and Communications Update |
| Report Author | Pensions Administration Manager |

EXECUTIVE SUMMARY

This update report includes matters arising relating to administration and communications since the previous update report provided at the November Committee meeting.

This update includes matters that are mainly for noting, albeit comments are clearly welcome. As this Committee's focus is mainly on administration, communications and governance matters, some additional information has been incorporated into the report.

The one area that does need approval relates to some changes to the Key Performance Indicators in the Fund's Administration Strategy (see paragraph 1.04 and Appendix 4).

The report includes updates on:

- Progress against the administration and communications related matters in the Fund's 2023/24 Business Plan
- Current Developments and News – including updates on the Fund's McCloud programme, existence checking and phone call statistics
- Monitoring against the Administration Strategy in relation to day-to-day tasks and key performance indicators – showing the position to the end of January 2024
- Updated risk register – including a positive change as a result of recent recruitment.

RECOMMENDATIONS

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| 1 | That the Committee consider the update and provide any comments. |
| 2 | That the Committee approve the amendments to the Pensions Administration Strategy as highlighted in paragraph 1.04 and Appendix 4 which incorporate the updated key performance indicators. |

REPORT DETAILS

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| 1.00 | ADMINISTRATION AND COMMUNICATIONS RELATED MATTERS |
| 1.01 | <p>Business Plan 2023/24 Update</p> <p>Progress against the business plan items for quarter four of this year is positive for the majority of items with some areas continuing into 2024/25 as illustrated in Appendix 1. Key items to note relating to this quarter's work (Q4) are as follows:</p> <ul style="list-style-type: none"> • A2 – McCloud judgement – as usual an update on this programme is included later in this report. • A3 – National Pensions Dashboard – the Pension Administration Manager and Project Team Leader have started to put a detailed project plan together following the publication by the LGA of a Pensions Dashboards connection guide for LGPS administering authorities. The Pensions Dashboards (Amendment) Regulations 2023 came into force on 9 August 2023 and replaced the original staging timetable with a single, connection deadline of 31 October 2026., Further guidance is expected imminently in relation to LGPS specific staging dates. The staging timeline will indicate when schemes (by size and type) are expected to connect to the dashboard. The staging date for the LGPS (and the other public sector pension schemes) is expected to be 30 September 2025. The business plan schedule has been updated accordingly into 2025/26. • A8 – Implement the new Communications Strategy – Further information is provided later in the update report. The key areas of work for this quarter are: <ul style="list-style-type: none"> ○ a review of the Fund’s website content ensuring clear and concise language is being used. This is expected to be complete by the end of this quarter ○ planning a wider suite of member and employer videos covering all areas of the Fund including funding and investments ○ finalising the Fund’s branding guidelines. • E1 – McCloud Employer Liaison Team (ELT) Services – Good progress continues to be made with the provision of data for those employers using the ELT. All bulk McCloud data has now been collected from employers and provided to the McCloud Team with a small batch of data to be sent by the end of March. The ELT will continue to respond to any queries from the McCloud Team as and when they may arise. |
| 1.02 | <p>Current Developments and News</p> <p>The following details developments and news in addition to business as usual</p> <p><i>McCloud update</i></p> <p><u>McCloud Regulatory Update</u> – On 24 January, the Department for Levelling Up, Housing and Communities (DLUHC) issued new LGPS actuarial guidance. This guidance did not contain new factors but provided</p> |

information about how the McCloud remedy will affect certain calculations. It included the following:

- Early payment of pension guidance
- Late retirement guidance
- Individual incoming and outgoing transfers guidance
- Interfund transfers – addendum

The publication of transfers guidance means that all relevant information is now in place for the fund to calculate Cash Equivalent Transfer Values (CETVs) for members protected by the McCloud remedy. Therefore, discussions are taking place with the Fund's software supplier to understand timescales for updating the software to take account of this new guidance so that it can be implemented.

The interfund guidance addendum (which relates to transfers to and from other LGPS funds) confirms that interfund payments can continue to be calculated by members affected by the McCloud remedy until 24 March 2024 based on the transitional arrangements put in place by DLUHC in October 2023

The LGA has provided part 1 of its administration guide, and further sections are awaited which will cover other types of calculations and revisiting past calculations.

Statutory McCloud remedy guidance is awaited and is expected to cover governance, identifying members in scope, case prioritisation, certain payment issues, and compensation. This is expected by 31 March 2024.

CPF Programme Update - An update on the progress of the Clwyd Pension Fund McCloud programme is attached as Appendix 2. The programme currently has an overall health status of green, meaning that it is largely on track, albeit individual workstreams are running to different timescales than originally planned due to delays in receiving employer data, final regulations and national guidance. Updated workstream timescales will be provided as part of the 2024/25 Business Plan at the March Committee meeting.

The McCloud Team continue to engage and work with employers regarding the submission of their data. As data collection is nearing completion, a continued focus is on data validation and upload to ensure timescales are adhered to and programme milestones are achieved.

As per The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, the Fund has an obligation to inform members of any material changes to the scheme regulations within three months of the changes being laid. All members have now been issued a newsletter via their preferred method of communication informing them of the changes and signposting them to more information should they require it.

Engagement with the Fund's software supplier is continuing to ensure changes are implemented in a timely manner. There is a current issue

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| | <p>relating to new retirement and leavers cases where McCloud data has not already been updated in their pension records, which is resulting in them being extremely time consuming to process, involving manual intervention. An update to the software is scheduled during February and, subject to testing, it is expected this will largely resolve this issue. A representative of the McCloud Team attends a weekly webinar hosted by the software providers, along with other LGPS funds, to share best practice ideas and discuss any issues.</p> <p>Benefit rectification for previous retirements and leavers is still to commence and this has been delayed due to external factors including the final regulations being laid so near to the coming into force date. This delay has made it challenging for software providers to update the software to cover the types of cases where retrospective calculations need to be carried out. As mentioned above, statutory guidance is still awaited on how Funds will be expected to prioritise their retrospective cases. Rectification needs to be completed by 31 August 2025 due to the legislative requirement to include the McCloud underpin in 31 March 2025 Annual Benefit Statements.</p> |
| 1.03 | <p><i>Other updates</i></p> <ul style="list-style-type: none"> • <u>TPR Scheme Return</u> – The Pensions Administration Manager has completed the annual Pension Regulator’s scheme return. The return requires information relating to member and employer statistics to be submitted along with the Fund’s Common and Scheme Specific data scores. The scores reported this year were 97% and 98% respectively. This sees a 1% reduction in the Common data score and there has been no change to the Scheme Specific score. This is due to an increase in “Gone Away” addresses being reported back to the Fund following an address tracing exercise. These missing addresses mainly relate to deferred members where incorrect/old addresses are held on the system. It is expected that the new data cleansing exercise that is planned in preparation for National Pension Dashboard will improve this score going forward. • <u>Backdated 2023 pay award</u> – as mentioned at the last committee meeting, as a result of the national pay award, there will be a number of scheme member calculations that will need recalculated and communicated to scheme members, as a result of the national pay award. So as not to impact on business as usual, particularly whilst managing other challenges due to McCloud software not being available yet, these will be picked up by the new Project Team when it is formally created in June. • <u>Existence checking</u> – A requirement of the CPF Anti-Fraud and Corruption Strategy is that a triennial existence check is made in relation to the Fund’s overseas pensioners. All 58 pensioners whose pension is paid into an overseas bank account have been contacted with 78% of the pensioners having now had their identity confirmed. Normal processes will be followed for the remaining 22% of members and a further update will be provided at the next meeting. • <u>Telephony Service</u> – Investigations are continuing into the potential suitability of a telephony service within FCC for the Fund to utilise which should provide a clearer route to the correct person to deal with |

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| | <p>the enquiry. Part of this work has involved understanding how many phone calls were received by all staff members and what the requirements of this service would be. Appendix 3 illustrates the number and frequency of phone calls that are being received and how many are answered before going through to voicemail. For 2022/23 a total of 24,144 phone calls have been received by the Fund with 18,268 calls received so far this year up to 31 January 2024. This number is higher than expected and further monitoring is required to understand how these can be reduced going forward to ease the impact of these calls on staff resource including ensuring scheme members and employers are aware of when and where they can find answers to their questions on the website and member self-service. It is also intended that the number and nature of scheme member emails are included in future monitoring.</p> |
| 1.04 | <p>Policy and Strategy Implementation and Monitoring</p> <p><i>Administration Strategy</i></p> <p>As a result of ongoing work to streamline the Fund’s key performance indicator monitoring, the Pensions Administration Manager has been reviewing the existing key performance indicators to ensure they remain appropriate. It is recommended that some small changes are made to these, and an updated version of the key performance indicator table which is included in the Pensions Administration Strategy is attached as Appendix 4, for the Committee’s approval.</p> <p>The key changes are:</p> <ul style="list-style-type: none"> • Small changes to the working days of some of the “overall” target times to align with how the new monitoring will measure months • Removing the “legal” target for quotations, as it transpires this is no longer a legal target • Adjusting the “overall” target for refunds of contributions, to measure from the date of leaving, which is consistent with other leaver targets • Adding a new key performance indicator for issuing bank credit information for refunds of contributions. <p>The Committee are asked to approve the amendments as outlined in the Appendix.</p> |
| 1.05 | <p>The latest monitoring information in relation to administration is outlined below:</p> <p><u>Day to day cases</u> – Appendix 5 provides the analysis of the numbers of cases received and completed on a monthly basis from April 2022 up to and including January 2024, and how this is split in relation to our three unitary authorities and all other employers.</p> <p>The number of incoming cases for November to January was 8,308). The number of cases completed by the team since the last update for the same period was 8,209, which is positive given the training of new members of staff that is being undertaken, as detailed further in section 2.01 of this report.</p> |

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| | <p>The number of open cases increased slightly to 5,950 at the end of January from 5,908 at the end of October., It is positive that the increase in open cases is not more significant considering the complexity and additional time constraints that have been added to already difficult processes following the implementation of the McCloud remedy (detailed in section 1.02 of this report). The Pension Administration Manager will continue to monitor the impact that the McCloud regulations/guidance and system functionality is having on case completion numbers.</p> |
| 1.06 | <p><u>Key performance indicators</u> – Appendix 6 shows our performance against the KPIs measured monthly up to and including January 2024. The summary reports illustrate the number of cases that have been completed over either 3 months or 12 months, as well as the proportion completed within the agreed KPI target timescales.</p> <p>As can be seen, across three months and twelve months, there are several KPIs where the number of completed cases has increased and others that have reduced. Key points to note are:</p> <ul style="list-style-type: none"> • Joiners – 746 joiner cases have been completed over the last three months which is 391 less compared to the previous 3-month period. However, this reflects a normal three-month period of joiners (whilst also considering the holiday season) as there is usually a spike in October which reflects the annual appointment of school staff that were included in the previous 3-month update. Although the CPF KPI remains unchanged, there has been a dip in the legal and overall (member experience) KPIs. • Leavers – 354 leaver cases have been completed which is 229 less compared to the previous 3-month period. Performance against the all KPI remained unchanged (or minimal change) and 448 more leaver cases have been processed than in the previous 12-month period. • Transfers in and out were on hold pending new GAD guidance being issued and although guidance was received in January, not all transfers are able to be processed due to an outstanding system update and awaiting further guidance. Processing has recommenced for those cases that can be actioned but the numbers of both in and out transfers being completed will continue to fluctuate until business as usual can resume. Work continues to catch up on those cases previously on hold. • The key processes that continue to be closely monitored are retirements, leavers and deaths. Improvements are beginning to show in relation to the death process (all three of this period’s 3-month KPIs have increased when compared to the previous period) and staff training continues across all areas. <p>As mentioned previously, staff members are no longer working additional hours; this along with the holiday season will have had an impact on business-as-usual productivity. The next 3-month period will be a better reflection of what operations looks like so that resource can be planned appropriately. The Operations Team continues to prioritise cases where a payment is made either to an individual or a third party. The management of meeting challenging regulatory timescales which apply to significant</p> |

| | numbers of cases will continue to be difficult whilst newly appointed staff are trained. Resourcing is considered further later in this report. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 1.07 | <p>Internal dispute resolution procedures (IDRP)</p> <p>In relation to the cases for 2022/2023:</p> <ul style="list-style-type: none"> • There were nine Stage One appeals against employers. Six have been rejected, two have been upheld and one is still ongoing. <ul style="list-style-type: none"> ○ Of the six that have been rejected, four relate to non-award of ill health retirement and two relate to the tier of ill health awarded ○ For the two that have been upheld, both members have now been awarded tier 1 ill health retirement ○ The one outstanding appeal is due to the fact that the member is disputing the tier of ill health retirement that they have been awarded • One Stage Two appeal was submitted against the employer. The member appealed that they were only awarded tier 2 ill health retirement. This appeal was rejected. <p>In relation to cases for 2023/2024:</p> <ul style="list-style-type: none"> • There are two Stage One appeals against employers. Both are still ongoing. <ul style="list-style-type: none"> ▪ One is for non-award of ill health retirement ▪ One is due to the fact that the member is disputing the tier of ill health retirement that they have been awarded • There is one Stage Two appeal which has been submitted against the employer. The member appealed that they were only awarded tier 2 ill health retirement. This appeal was rejected. <p>It is pleasing that there have been no appeals against the administering authority in either of these years, and that the number of employer appeals has decreased during 2023/24 compared with 2022/23.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="4" style="text-align: center; border-bottom: 1px solid black;">2022/2023</th> </tr> <tr> <th style="text-align: center;">Received</th> <th style="text-align: center;">Upheld</th> <th style="text-align: center;">Rejected</th> <th style="text-align: center;">Ongoing</th> </tr> </thead> <tbody> <tr> <td style="border-top: 1px solid black;">Stage 1 - Against Employers</td> <td style="text-align: center;">9</td> <td style="text-align: center;">2</td> <td style="text-align: center;">6</td> <td style="text-align: center;">1</td> </tr> <tr> <td style="border-top: 1px solid black;">Stage 1 - Against Administering Authority</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="border-top: 1px solid black;">Stage 2 - Against Employers</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="border-top: 1px solid black;">Stage 2 - Against Administering Authority</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <th rowspan="2"></th> <th colspan="4" style="text-align: center; border-bottom: 1px solid black;">2023/2024</th> </tr> <tr> <th style="text-align: center;">Received</th> <th style="text-align: center;">Upheld</th> <th style="text-align: center;">Rejected</th> <th style="text-align: center;">Ongoing</th> </tr> <tr> <td style="border-top: 1px solid black;">Stage 1 - Against Employers</td> <td style="text-align: center;">2</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">2</td> </tr> <tr> <td style="border-top: 1px solid black;">Stage 1 - Against Administering Authority</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="border-top: 1px solid black;">Stage 2 - Against Employers</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="border-top: 1px solid black;">Stage 2 - Against Administering Authority</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> </tbody> </table> | | 2022/2023 | | | | Received | Upheld | Rejected | Ongoing | Stage 1 - Against Employers | 9 | 2 | 6 | 1 | Stage 1 - Against Administering Authority | 0 | 0 | 0 | 0 | Stage 2 - Against Employers | 1 | 0 | 1 | 0 | Stage 2 - Against Administering Authority | 0 | 0 | 0 | 0 | | 2023/2024 | | | | Received | Upheld | Rejected | Ongoing | Stage 1 - Against Employers | 2 | 0 | 0 | 2 | Stage 1 - Against Administering Authority | 0 | 0 | 0 | 0 | Stage 2 - Against Employers | 1 | 0 | 1 | 0 | Stage 2 - Against Administering Authority | 0 | 0 | 0 | 0 |
| | 2022/2023 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Received | Upheld | Rejected | Ongoing | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Stage 1 - Against Employers | 9 | 2 | 6 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Stage 1 - Against Administering Authority | 0 | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Stage 2 - Against Employers | 1 | 0 | 1 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Stage 2 - Against Administering Authority | 0 | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2023/2024 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Received | Upheld | Rejected | Ongoing | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Stage 1 - Against Employers | 2 | 0 | 0 | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Stage 1 - Against Administering Authority | 0 | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Stage 2 - Against Employers | 1 | 0 | 1 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Stage 2 - Against Administering Authority | 0 | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | <p>There are no Clwyd Pension Fund cases that are currently with the Pensions Ombudsman.</p> |
| 1.08 | <p>Communications Strategy</p> <p>The Communication Strategy focuses on improved member and employer engagement. To help achieve this the following meetings have taken place since the last update report:</p> <ul style="list-style-type: none"> • a face-to-face meeting specifically for the Town and Community Council employers hosted by the Communication and Regulations team leader. Those that attended found the meeting useful and a good way of discussing common challenges and best practice solutions. Further meetings are planned for later in the year. • the third Employer Engagement meeting in 2023/24 was held this month. Feedback from this meeting including the Annual Employer and Scheme Member Representatives meeting will be provided verbally at the Committee meeting. • the first Pensioner focus group meeting made up of volunteer pensioner members. The objective being to provide feedback/make suggestions for the content of the next edition of the Clwyd Catch Up newsletter which is issued to all pensioner and dependant members. Feedback from the meeting will be provided verbally at the Committee meeting. |
| 1.09 | <p>The Communications Team has maintained regular engagement with employers and scheme members over recent months. Other key points in relation to communications include:</p> <ul style="list-style-type: none"> • Five 1-2-1 member sessions have taken place • Leaver Form completion training has been provided for several employers • Ten update emails have been sent to all employers including information relating to the Deferred Diaries, Penpal and Pension Extra newsletters that were being issued, LGA training date information for 'Employer Role in the LGPS' and an updated authorised medical practitioner list for considering ill-health retirements. |
| 1.10 | <p>Appendix 7 provides an updated summary of MSS registered users, which shows that enrolment to MSS has increased slightly since the last update with now over 54% of the scheme membership having registered. The number of members that have opted for paper correspondence remains at approximately 18% of the scheme membership.</p> <p>For those members registered on MSS, use of the facilities remains high. During November and December:</p> <ul style="list-style-type: none"> • 81 members have requested a retirement pack for their deferred benefit. • 9,948 benefit projections have been calculated. • there have been 368 changes to members' expression of wish details, 256 address updates and 15 bank account changes. |

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| 1.11 | <p>Delegated Responsibilities</p> <p>The Pension Fund Committee has delegated a number of responsibilities to officers or individuals. No delegations have been used since the last Committee.</p> |
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| 2.00 | RESOURCE IMPLICATIONS |
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| 2.01 | <p>Since the last update, following the approval of the new administration structure, all temporary positions have been made permanent and all additional/existing vacant positions have been appointed to except for one Pension Assistant position in the Project Team.</p> <p>This position has been kept vacant for the time being due to more efficient functionality being developed by Heywood within the processes associated with the Pension Assistant role. Depending on what efficiencies are realised may result in a review of resource within this area. Whilst waiting for this functionality to be completely developed, the existing Flintshire apprentice within the team will assist in this role which is the normal practice for all trainees.</p> <p>As previously mentioned, following the resignation of the Communication and Marketing Officer to work for FCC Social Services, this role is being reviewed given the changes to the Communication Strategy and what skill sets are required. The intention is to advertise this role in April once a review of the job description is complete.</p> <p>Again, due to the significant recruitment of new staff members, training requirements will continue to be very labour intensive, so improvements in KPI performance will be over a number of months rather than immediately. Staffing levels will be continuously reviewed within the McCloud, ELT, Project and Operations Teams.</p> |
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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
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| 3.01 | None directly as a result of this report. |
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| 4.00 | RISK MANAGEMENT |
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| 4.01 | <p>Appendix 8 provides the dashboard and the extract of administration and communication risks.</p> <p>Since the November Committee, the register has been reviewed and updated, and the key changes are:</p> <ul style="list-style-type: none"> • Risk number 1: Unable to meet legal and performance expectations (including inaccuracies and delays) due to staff issues – the current likelihood score has been changed from Significant to Low resulting in an improvement to the Current Risk Status from red to amber. This is due to the completion of a number of risk associated actions; being the |
|------|--|

| | |
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| | <p>recent review of work levels and implementation of the new team structure which resulted in additional resource being approved and subsequently appointed. This was the risk furthest away from target and whilst still not on target, it is now nearer target. As training and succession planning takes place, the rating should decrease further.</p> <ul style="list-style-type: none"> • Risk number 3: Unable to meet legal and performance expectations due to external factors. No change to risk status but will continue to monitor following an imminent software update. A review of the actions has meant action one relating to implementation of the new team structure has been completed and a further action added in relation to software testing following the upgrade which is expected to assist with processing of McCloud business as usual cases. • Risk number 5 – High administration costs and/or errors due to systems not being up to date/not utilised properly or other inefficiencies – an addition to the risk description and a new action have been added relating to the National Pensions Dashboard. |
| 4.02 | Other changes relate to the internal controls and target dates. Work continues in other areas to reduce the risks that are furthest away from target, which are risks 1 and 2. |

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| 5.00 | APPENDICES |
| 5.01 | <p>Appendix 1 – Business Plan progress Appendix 2 – McCloud Programme update report Appendix 3 – Phone call statistics Appendix 4 – Administration Strategy proposed amendments Appendix 5 – Analysis of cases received and completed Appendix 6 – Key Performance Indicators Appendix 7 – Member Self Service update Appendix 8 – Risk register update</p> |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | <ul style="list-style-type: none"> • Report to Pension Fund Committee – Pension Administration Strategy (March 2021) • Report to Pension Fund Committee – Communications Strategy (June 2022) • Report to Pension Fund Committee - 2023/24 Business Plan (March 2023) <p>Contact Officer: Karen Williams, Pensions Administration Manager Telephone: 01352 702963 E-mail: karen.williams@flintshire.gov.uk</p> |

| 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) PFC – 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) LPB or PB – Local Pension Board or Pension Board – each LGPS Fund has an LPB. Their purpose is to assist the administering authority in ensuring compliance with the scheme regulations, TPR requirements and efficient and effective governance and administration of the Fund.</p> <p>(e) LGPS – Local Government Pension Scheme – the national scheme, which Clwyd Pension Fund is part of.</p> <p>(f) TPR – The Pensions Regulator – a government organisation with legal responsibility for oversight of some matters relating to the delivery of public service pensions including the LGPS and CPF.</p> <p>(g) SAB – The national Scheme Advisory Board – the national body responsible for providing direction and advice to LGPS administering authorities and to DLUHC.</p> <p>(h) DLUHC – Department of Levelling Up, Housing and Communities – the government department responsible for the LGPS legislation.</p> |

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Business Plan 2023/24 to 2025/26 – Q4 Update

Administration and Communications

Key Tasks

Key:

| | |
|----|--|
| | Complete |
| | On target or ahead of schedule |
| | Commenced but behind schedule |
| | Not commenced |
| xN | Item added since original business plan |
| xM | Period moved since original business plan due to change of plan /circumstances |
| * | Original item where the period has been moved or task deleted since original business plan |

Administration (including Communications and Employer Liaison Team) Tasks

| Ref | Key Action: Task | 2023/24 Period | | | | Later Years | |
|---|---|----------------|----|----|----|-------------|---------|
| | | Q1 | Q2 | Q3 | Q4 | 2024/25 | 2025/26 |
| Essential Regulatory-Driven Areas | | | | | | | |
| A2 | McCloud judgement | x | x | x | x | x | |
| A3 | National Pensions Dashboard | x | x | * | * | x | xM |
| Priority Fund-Driven Projects | | | | | | | |
| A8 | Implement the new Communications Strategy | x | x | x | x | x | |
| Employer Liaison Team (ELT) Projects | | | | | | | |
| E1 | McCloud ELT Services | x | x | x | x | x | |

Administration and Communication Task Descriptions

Essential Regulatory Driven Areas

A2: McCloud judgement

What is it?

The McCloud judgement relates to an age discrimination case brought by a member of the Judicial Pension Scheme challenging the protections for older members introduced when the Government reformed public service pension schemes in 2014 and 2015. The Court of Appeal ruled that the transitional provisions gave rise to unlawful age discrimination. Government subsequently confirmed that there would be changes to all the main public service pension schemes, including the LGPS, to remove the discrimination.

When the LGPS changed from a final salary to a career average pension scheme in 2014, members who were within ten years of their Normal Pension Age (NPA) on 1 April 2012 were given a “better of both” promise, i.e. when a protected member takes their pension, the benefits payable under the career average and final salary schemes are compared and the higher amount is then paid. This protection is called the underpin.

To remove the discrimination, the Government proposes to provide all qualifying members with protection based on a remedy period from 1 April 2014 to 31 March 2022. It consulted on the proposed changes to the LGPS to do this in 2020, and in May 2021 issued a statement confirming the key changes it will make to the LGPS to remove the discrimination. The Department for Levelling Up Housing and Communities (DLUHC) recently published its response to the consultation, providing clarity on the remedy which enables the Fund to take further steps towards implementation.

Draft LGPS remedy regulations are currently being consulted upon and are expected to be made in the coming months, before coming into force on 1 October 2023.

Implementation of the McCloud remedy involved a large-scale retrospective data collection exercise, which is drawing to a close. Guidance on missing/unreliable member data has been provided by the Scheme Advisory Board (SAB), enabling the McCloud data collection exercise to be completed.

Additionally, it has a significant impact on administration processes and systems, and requires a robust communication exercise with employers and scheme members. The additional resource requirements are significant.

Whilst final regulations are awaited, the focus is on:

- finalising the collection of data to calculate the new statutory underpin
- liaising with the pensions administration software supplier to ensure software is updated in line with the new regulations
- planning which processes and calculations will need to change to implement McCloud into ongoing administration
- planning for the recalculation of leavers' benefits
- planning communications, particularly to scheme members.

The Fund established the McCloud programme to implement the remedy for Clwyd Pension Fund in 2020, including some team members who are 100% dedicated to this work for the duration of the programme.

Timescales and Stages

| | |
|---|------------------|
| Data collection from all employers, validation and upload to Altair (ongoing) | 2023/24 Q1 |
| Review of leavers' benefits (benefit rectification) – planning, process recalculations and prepare letters to members | 2023/24 Q1 to Q2 |
| Review of and updating ongoing administration processes, calculations and letters to comply with regulations coming into force on 1 October 2023 | 2023/24 Q1 to Q2 |
| Communications with members (and employers as appropriate) | 2023/24 Q1 to Q4 |
| Final regulations come into force, including retrospective changes to members' benefits | 01/10/2023 |
| Implement new regulations: <ul style="list-style-type: none"> • new administration processes, calculations and letters • issue benefit rectification letters and pay updated benefits | 2023/24 Q3 to Q4 |

Resource and Budget Implications

Although the work is being led and managed by a separate Fund McCloud programme team, it impacts across all of the Administration Team. The additional internal resource allocated to the dedicated McCloud programme team is expected to continue throughout 2023/24. There continues to be additional costs relating to consultancy (including programme management which being provided by Aon), incidentals such as postage and printing, and system costs. The budget for 2023/24 is £270k in total.

A3: National Pensions Dashboard

What is it?

The National Pensions Dashboard is a Government initiative first announced in the Budget 2016. The idea behind the dashboard is to allow all pension savers in the UK access to view the values of all of their pension pots, including state pension, through one central platform. The Pension Schemes Act 2021 provides the legal framework for implementing the dashboard. All pension schemes must connect to the dashboard infrastructure by their "staging date" as determined by the Department for Work and Pensions (DWP) with the dashboards made publicly available shortly after schemes have onboarded. The staging date for all public sector pension schemes including the LGPS was 30 September 2024. However, the DWP issued a written ministerial statement on 2 March 2023 announcing a delay, allowing additional time to ensure that the dashboard infrastructure is safe and secure and works for both pension schemes and the end users of the service. Legislation is expected soon which will amend the timings and provide further clarity. However, the Fund intends to continue with its existing dashboard project. The reason for this is the significance of

dashboards and the steps required to becoming ‘dashboard ready’ and, because the staging date for LGPS was already significantly later than the earliest date for private sector schemes, the delay to the Fund’s staging date may not be significant.

Due to the ongoing work for McCloud, some of the requirements in relation to the data which must be able to be viewed through the dashboard have a later deadline of 1 April 2025 (known as the “value” data) which displays the current value of the member’s pension benefits and projections for active members.

A formal Fund Pensions Dashboard project to implement the dashboard will be established in early 2023/24. Key elements of the project will include:

- appointing an Integrated Service Provider (ISP) who will collect dashboard data from the Fund and provide it to the National Pensions Dashboard so members can see it.
- testing the functionality provided by the ISP including the interfaces between the Fund’s administration system and the ISP
- ensuring data is in a fit state for sharing - work had already commenced in 2022 in this area (for example, a bulk exercise to pay outstanding refunds has been undertaken)
- agreeing what fields of data will be used to “match” scheme members which will then allow the ISP to release Fund members’ information to the National Pensions Dashboard
- determining what reporting needs to be developed and testing it
- identifying and implementing changes to ongoing administration processes
- identifying the impact on resources in the long-term
- communicating with scheme members.

The dashboard requirements also extend to Additional Voluntary Contributions. Therefore the Fund needs to engage with Prudential and Utmost, who are its AVC providers, to ensure they are meeting the dashboard requirements.

Although the Fund will be relying on its ISP, its administration software provider (Heywood) and the AVC providers to carry out the majority of the work relating to the implementation project, there will be additional work for the Fund including new processes when the dashboard is up and running. Also, the Fund’s responsibility is to ensure the legal requirements relating to dashboards are met. Therefore there will still be a significant amount of work for the Fund relating to the implementation of the dashboard and once it is live.

The Pensions Administration Manager is participating in a PLSA working group on the development of the Dashboard. The Fund has also volunteered to be part of the testing of the pension dashboard enhancements being integrated into the administration software.

Timescales and Stages

| | |
|---|---|
| Project set up, appointing ISP, initial engagement with AVC providers, data cleansing | Already commenced 2022/23 to 2023/24 Q1 |
| Agree the Fund’s staging date and finalise detailed project plan | 2023/24 Q1 to Q2 |
| Consider and agree data matching criteria | 2023/24 Q1 to Q2 |
| Ongoing data cleansing and system functionality testing (including reporting) | 2023/24 Q1 to September 2024 |

| | |
|--|-----------------------|
| Review and update administration processes, and consider impact on future resources/budget | 2023/24 Q1 to Q4 |
| Develop and issue various member communications | 2023/24 Q2 to 2024/25 |
| Latest staging date | Unknown |
| Final work on value data post McCloud benefit rectification and data updates | 2024/25 |

Resource and Budget Implications

The proposed 2023/24 budget includes estimated additional system costs for the ISP (including set up costs) and consultancy costs for project management set up and technical support. Costs will be monitored throughout the year and any necessary changes will be brought back to Committee for consideration. The biggest uncertainty will be the impact on the workload of the Pensions Administration Team once the dashboard goes live. Ongoing resources will be considered as part of the 2024/25 budget.

Priority Fund Driven Projects

A8: Implement the new Communications Strategy

What is it?

The Fund approved a new Communications Strategy in June 2022 and since then officers have been working on implementing the strategy including developing the Fund's new logo and branding. The new Strategy is focussed on increasing awareness and understanding of the scheme, encouraging stakeholders to take ownership and providing positive experiences including through embracing technology for greater accessibility as well as efficiencies. All communication materials are being updated to make them clearer and more concise, and hence improving readability.

The ongoing work involved in implementing the new strategy is outlined in the table below.

Timescales and Stages

| | |
|---|------------|
| Launch redesigned communications with new logo and branding | 2023/24 Q1 |
| Gather feedback via scheme member and employer surveys, focus groups and employer engagement discussion. Establish test review group for new communications (already commenced) | 2023/24 Q1 |
| Create communication plan for 2023/24 | 2022/23 Q4 |
| Update the communication plan post survey results, focus groups and feedback | 2023/24 Q1 |
| Update for future years and to implement wider segmentation, videos and other improvements | Q4 |

| | |
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| Review and update the branding, structure and content of the Fund's website (already commenced) | 2023/24 Q1 to Q4 |
| Videos and webcasts - Develop initial phase of videos and webcasts for the website (already commenced) | 2023/24 Q1 to Q4 |
| Agree plan and create wider suite of videos and webcasts | 2023/24 Q4 to 2024/25 |
| Investigate options to improve telephony – monitoring and user experience – and agree a plan for implementation | 2023/24 Q1 |
| Review and update content in communications (e.g. lower reading age) and develop messaging and branding guidelines. | 2023/24 Q1 to Q4 |
| Continue to develop the range of online processes within MSS | Ongoing as functionality becomes available |
| MSS promotional communications to active and deferred members not already registered/stated communication preference | 2023/24 Q3 and ongoing |
| Create and deliver a visual roadmap (the journey to retirement) | 2024/25 |
| Ongoing development and delivery of communications relating to new communication plan | 2024/25 and 2025/26 |

Resource and Budget Implications

These projects are mainly being delivered from internal resource, particularly the Communications Team and the Website and Technical Development Officer. The internal costs are included in the existing budget. Aon are providing a small element of ongoing external guidance which is included in their budget. There is a significant amount of work involved in reviewing and updating all communications including the content of the existing website but it is hoped this can be completed using internal resource. There may be additional costs relating to new or updated telephony systems and websites but the costs are unknown at this point in time.

Employer Liaison Team Task Descriptions

Employer Liaison Team Projects

Understanding the continuing pressure on resources and budgets for employers, the Fund offers assistance to its Employers in providing accurate and complete notifications to the Fund (and other Employer duties) in a timely manner. The Employer Liaison Team (ELT) mainly assists in providing notifications regarding new starters, personal/employment changes and leavers/retirements in the LGPS. It undertakes outstanding requests for information in order to cleanse the pension records. All ELT costs are recharged to employers using the ELT service through their employer contribution rate. Resources continue to be reviewed to meet demand depending on ongoing employer uptake albeit there is no planned increase in the FTE posts already in place. The total budget allocated for 2023/24 is £363k. £60k of this total budget relates to temporary McCloud services.

E1: McCloud ELT Services

What is it?

Provide and continue developing ELT services in relation to data provision and other ongoing support to assist with the impact of the McCloud Judgement.

Timescales and Stages

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|---|---------|
| Assisting employers with data collation for McCloud | 2023/24 |
|---|---------|

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Cronfa Bensiynau
CLWYD
Pension Fund

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Clwyd Pension Fund

McCloud Programme Update

Prepared for: Clwyd Pension Fund Pension Fund Committee

Prepared by: Aon

Date: 9 February 2024

| McCloud Programme Dashboard | | Programme Health: | Key | Description |
|--|--|-------------------|-----|-------------|
| <p>Programme background: The Court of Appeal has ruled that changes to public service pension schemes, including the LGPS, for future service made in 2014 and 2015, were discriminatory against younger members. The Government eventually gave a commitment to make changes to all public service pension schemes to remove discrimination.</p> <p>Programme purpose: To implement the regulations the Government will make to remedy the discrimination against younger members of the LGPS for the Clwyd Pension Fund.</p> | | | | Complete |
| | | | | On track |
| | | | | Overdue |
| | | | | At risk |
| | | | | Not started |

Key deliverables 1 July 2023 – 31 March 2024

| Programme workstream deliverables / Description | Responsibility | Sign-off | Deadline | Notes |
|---|-----------------------------------|----------|----------------------------|---|
| <p>1. Data collection – checking, validations & uploading</p> <ul style="list-style-type: none"> i. Data collection ii. Data checking and quality analysis (data validation procedure) iii. Testing of systems iv. Data uploading to Altair | Data workstream | PMG | March 2024 | <p>McCloud team formed a proposal around data validation process – PMG approval provided in October 2022.</p> <p>Data collection for the in scope membership expected to be complete by:</p> <ul style="list-style-type: none"> - End June 2024 (small employers) - End June 2024 (larger employers excluding Wrexham) - End June 2024 (Wrexham) <p>Following this, data validation process commenced in September 2023 and loaded to Altair / fully validated by end March 2024. The team have carried out testing of the Heywood system over two separate weeks.</p> <p>PMG approval has been given to upload data</p> |
| <p>2. Heywoods' tools</p> <ul style="list-style-type: none"> i. New Insights report (uploads check), Interface & McCloud data views | Data workstream | PMG | November 2023 | Discussions with Heywoods taking place around the new Insights report, Interface and McCloud data views. CPF have confirmed their requirements around the Insights report. |
| <p>3. McCloud communications (McCloud wording)</p> <ul style="list-style-type: none"> i. DBS / ABS Pensioner / deferred / active newsletter | Comms workstream | PMG / SG | Various over 2023 | Deferred newsletter issued in November 2023. Additional Pensioner newsletter issued in December 2023. Active member newsletter issued in December 2023 |
| <p>4. Consultation outcome announcement / ministerial statement / regulations</p> | n/a | n/a | Autumn 2022 to Autumn 2023 | <p>Consultation announcement from DLUHC released 31 May 2023. CPF provided input into the response prepared by Aon in response to the consultation and submitted in June. On 8 September, Government issued its response to the consultation which confirmed the consultation proposals will be implemented.</p> <p>The regulations have now been made and came into force on 1 October 2023. Further regulations are still needed on teachers excess service</p> |
| <p>5. Benefits rectification</p> | Benefits rectification workstream | n/a | Q3 2024 | Planning continues but delivery on hold whilst LGA guidance is |
| <p>6. Programme meetings</p> <ul style="list-style-type: none"> i. Data workstream (every ~6-8 weeks) ii. Communications workstream (~1-2 per quarter) iii. Benefits rectification & ongoing administration workstream (~every 6- 8 weeks) iv. PMG (~1-2 per quarter) v. SG (bi-annually) | Programme Manager | n/a | Ongoing | <p>Regular workstream meetings for ongoing administration and benefits rectification workstream now taking place.</p> <p>Update reports provided to SG where full meetings are not deemed required.</p> |

Programme success criteria (SC)

| | |
|-----|--|
| SC1 | Identify in-scope members with 100% accuracy |
| SC2 | Obtain and load to the administration system all data required to calculate final salary underpin, adopting agreed assumptions where data cannot be reasonably obtained |
| SC3 | Administration processes and systems are all amended and operate in line with the regulations from the effective date |
| SC4 | Benefit rectification is completed accurately for all affected members by the required/agreed date |
| SC5 | Member communications are effective, evidenced by few queries and complaints |
| SC6 | Automation minimizes the impact on resources and SLAs/KPIs during implementation, rectification and ongoing administration |
| SC7 | The programme is completed without unplanned disruption to business as usual and other Clwyd Pension Fund projects |
| SC8 | The programme is completed within budget and timescale (subject to reasonable tolerances), noting that these will be agreed and reassessed from time to time throughout the programme. |
| SC9 | The additional costs falling to employers transpire to have been reasonably estimated at the 2019 actuarial valuation |

Programme Risks – current risks furthest from target

There are several risks that the programme's success criteria will not be achieved – these have been identified by CPF's programme management, are captured in a formal risk log and monitored on an ongoing basis. The current risks that are red and furthest from target are shown on in the table below.

| Risk no | Risk overview (this will happen) | Risk description (if this happens) | Programme Group | Owner | Success criteria at risk | Current risk impact | Current risk likelihood | Current risk status | Proposed controls in place | Target risk impact | Target risk likelihood | Target risk status |
|---------|---|---|----------------------------|----------------|--------------------------|---------------------|-------------------------|---------------------|--|--------------------|------------------------|--------------------|
| 4 | Detrimental impact on BAU | Due to delivery of the programme there is a detrimental impact on BAU | Programme Management Group | Karen Williams | SC7 | Critical | Significant (50%) | | <ol style="list-style-type: none"> 1. Thorough programme planning, scoping of work and recruitment programme at programme kick off to ensure resource not being taken from BAU 2. Forward planning and ongoing monitoring of resource requirements to minimise reliance on BAU 3. Actions taken as a matter of urgency where concerns are raised 4. Flexibility to utilise resource (including training or physical resource) from consultants if required 5. Refer all stakeholders to roles and responsibilities document to ensure resources are matched with correct roles alongside regular reminder at points throughout the programme 6. Regular contact with software supplier leading to strong engagement looking for alternate efficiencies 7. Consider interface process being carried out in McCloud team (after training) | Negligible | Unlikely (5%) | |
| 38 | Aggregations - cases already aggregated | Could require large resource for manual calculations/data updates records | Programme Management Group | Karen Williams | SC2, SC3, SC4, SC8 | Critical | Very High (65%) | | <ol style="list-style-type: none"> 1. Monitor system functionality. 2. Take care with data collection for those with multiple employments | Negligible | Unlikely (5%) | |

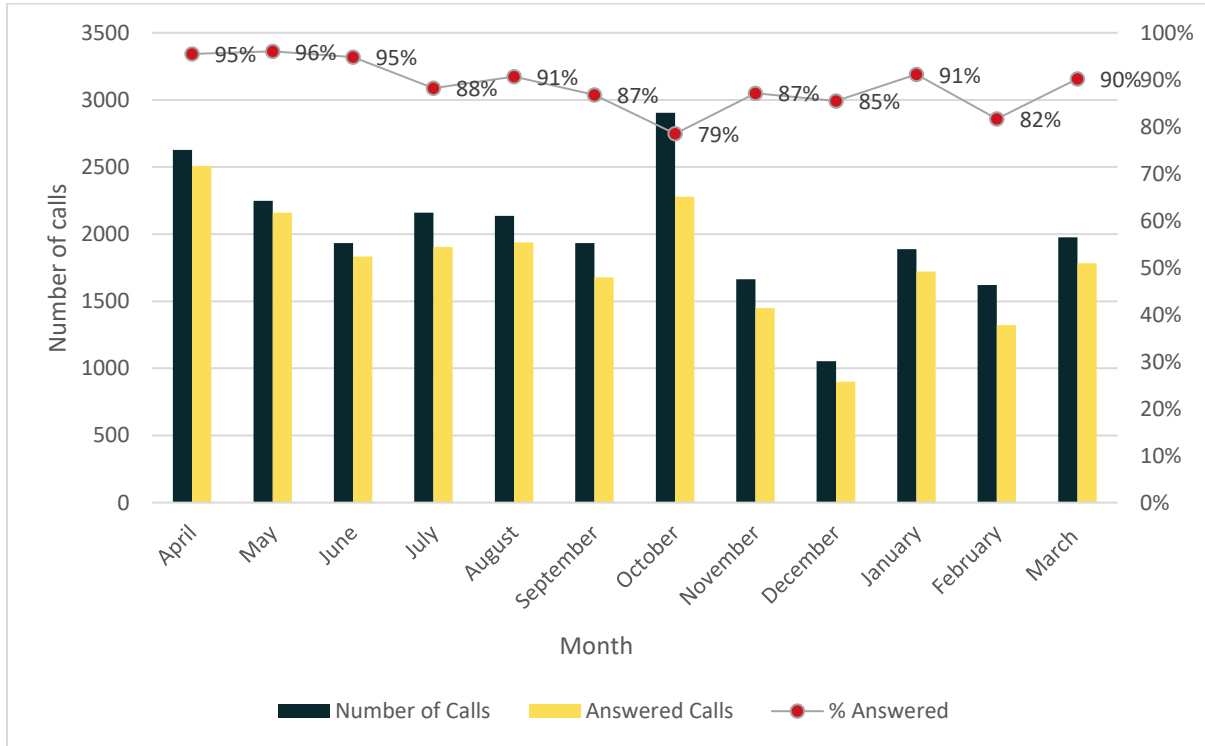
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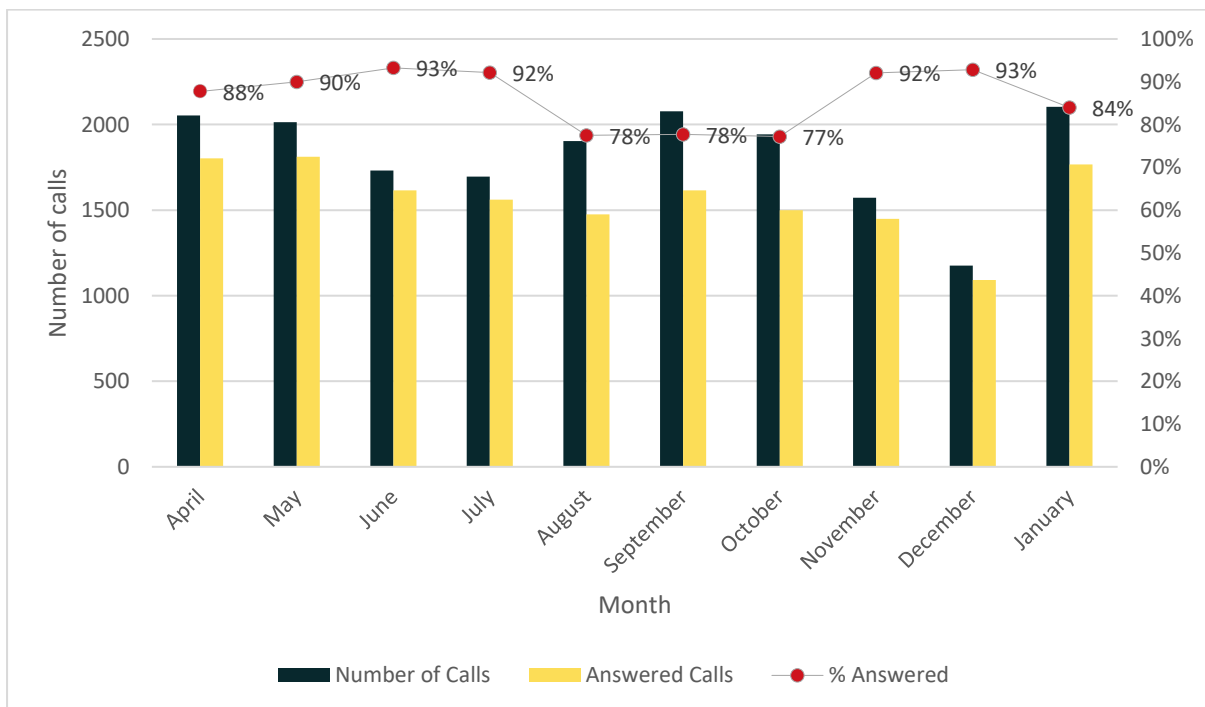
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Appendix 3 - Number of telephone calls received

For the period 01/04/2022 to 31/03/2023, the number of phone calls received was 24,144.



For the period 01/04/2023 to 31/01/2024, the number of phone calls received was 18,268.



Mae'r dudalen hon yn wag yn bwrpasol

Extract from 2021 Administration Strategy – proposed amendments

Key Performance Indicators (KPIs)

| Process | Legal requirement | Overall case target | CPF Administration element target |
|---|--|--|---|
| To send a Notification of Joining the LGPS to a scheme member | 2 months from date of joining (assuming notification received from the employer), or within 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled ¹ | 4 3 6 working days from date of joining (i.e. 2 months) | 30 working days from receipt of all information |
| To inform members who leave the scheme before retirement age of their leaver rights and options | As soon as practicable and no more than 2 months from date of initial notification (from employer or from scheme member) ² | 4 3 6 working days from date of leaving | 15 working days from receipt of all information |
| Obtain transfer details for transfer in, and calculate and provide quotation to member | 2 months from the date of request ¹ | 4 3 6 working days from date of request | 20 working days from receipt of all information |
| Provide details of transfer value for transfer out, on request | 3 months from date of request (CETV estimate) ³ or within a reasonable period (cash transfer sum) ⁴ | 4 3 6 working days from date of request | 20 working days from receipt of all information |
| Notification of amount of retirement benefits | 1 month from date of retirement if on or after Normal Pension Age ¹ 2 months from date of retirement if before Normal Pension Age ¹ | 2 2 3 working days from date of retirement | 10 working days from receipt of all information |

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| Process | Legal requirement | Overall case target | CPF Administration element target |
|---|--|---|---|
| Providing quotations on request for retirements | As soon as is practicable, but no more than 2 months from date of request unless there has already been a request in the last 12 months ⁴ | 4 36 working days from date of request | 15 working days from receipt of all information |
| Calculate and notify dependant(s) of amount of death benefits | As soon as possible but in any event no more than 2 months to beneficiary from date of becoming aware of death, or from a date of request by a third party (e.g. personal representative) ¹ | 25 working days from date of death | 10 working days from receipt of all information |
| Calculate and Notify member of CETV for Divorce/Dissolution Quote | 3 months from the date of request | 4 36 working days from date of request | 20 working days from receipt of all information |
| Calculate and Notify members of Actual Divorce Share | 4 months from the date of the pension sharing order, or the date where all sufficient information is received to implement the order ⁵ | 4 36 working days from date of request | 15 working days from receipt of all information |
| Calculate and pay a Refund of contributions | Not applicable | 13 30 working days from receipt of request date of leaving | 10 working days from receipt of all information |
| Calculate and Pay retirement lump sum | Not applicable | Not applicable | 15 working days from receipt of all information |
| Calculate and Notify member of Deferred Benefits | Not applicable | 76 working days from date of leaving | 30 working days from receipt of all information |

| Process | Legal requirement | Overall case target | CPF Administration element target |
|---|-------------------|---------------------|--|
| Initial letter acknowledging death of member | Not applicable | Not applicable | 3 working days from receipt of all information |
| Issue bank credit information request for a refund of contributions | | | 15 working days from receipt of leaver form |

1: The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as amended

2: The Occupational Pension Schemes (Preservation of Benefit) Regulations 1991

3: Occupational Pension Schemes (Transfer Value) Regulations 1996

4: Pension Schemes Act 1993

5: Welfare Reform and Pensions Act 1999

Approval, Review and Consultation

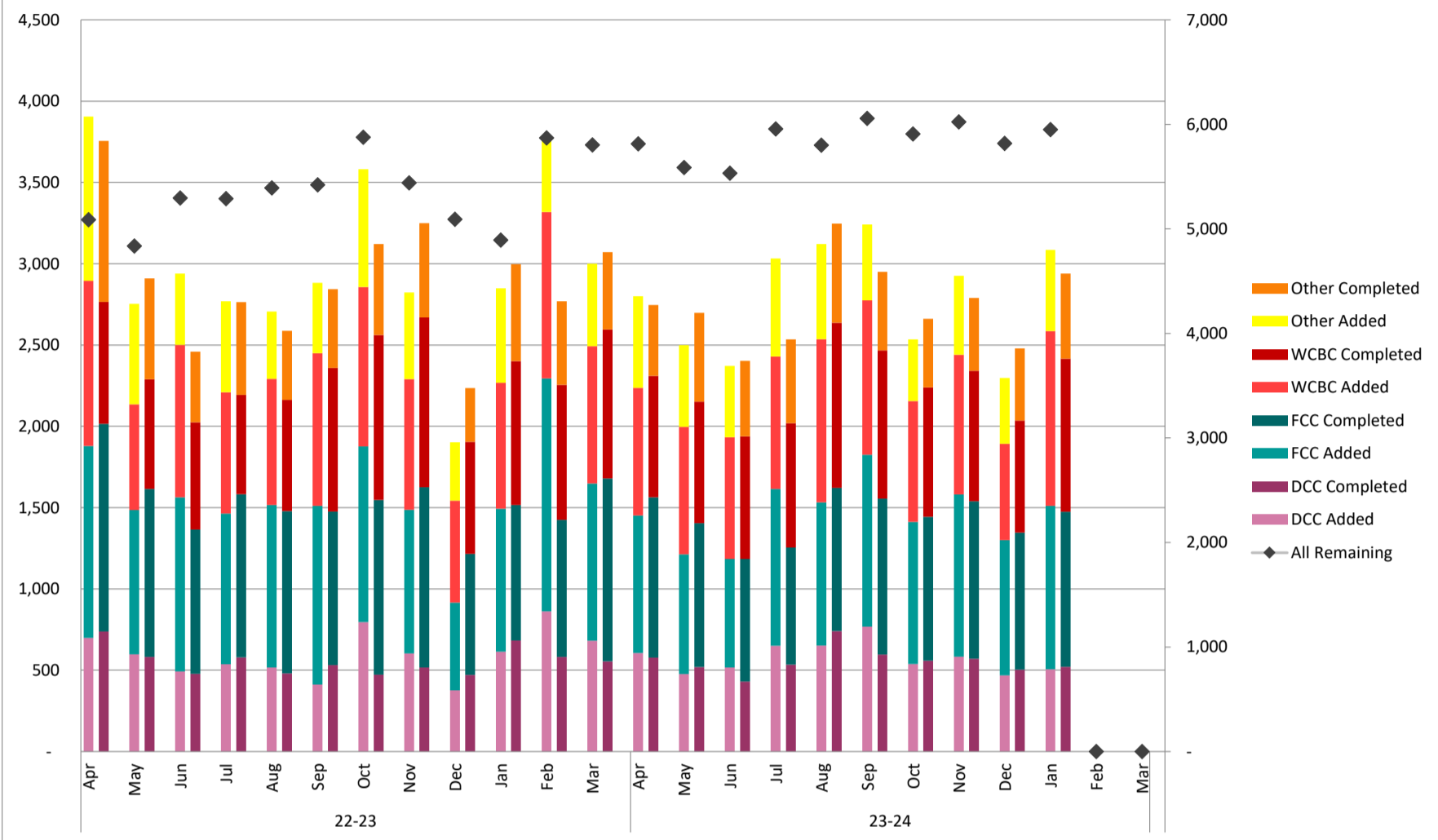
This Strategy was originally approved in March 2016 and has had a number of reviews since then. This version was updated in March 2017 and June 2019 by the Clwyd Pension Fund Committee. It has subsequently been reviewed and approved by the Committee in March 2021 and, additionally, the Key Performance Indicator table was updated in February 2024. this version is effective from 1 May 2021.

It will be formally reviewed and updated at least every three years or sooner if the administration management arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be taken into account.

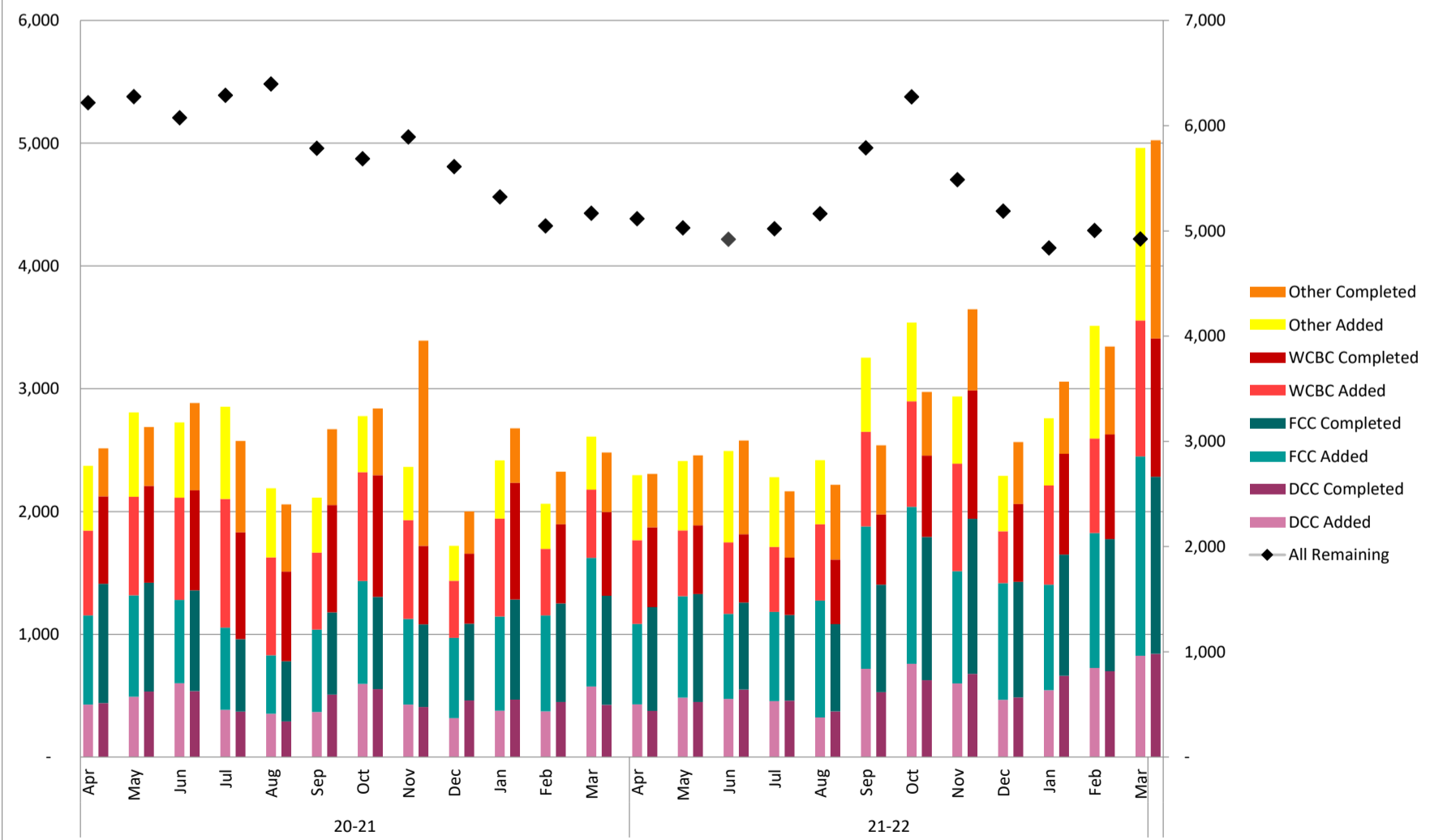
In preparing and updating the Strategy, we have consulted with the relevant employers, the scheme member and employer representatives on the Clwyd Pension Board, and other persons considered appropriate.

This Strategy will be included within the Fund's Annual Report and Accounts and available on our website at: <https://mss.clwydpensionfund.org.uk/>

Case Levels – Current and Previous Year



Case Levels – Historical



Mae'r dudalen hon yn wag yn bwrpasol

Key Performance Indicators

The following pages show the performance against the key performance indicators (KPIs) which have been agreed within Clwyd Pension Fund's Administration Strategy. They cover thirteen areas of work, and for each there is a KPI for each of the following:

- The legal timescale that must be met
- The overall timescale for the process (including any time taken by employers and/or scheme members)
- The timescale relating to the Clwyd Pension Fund administration team only

The KPIs are specific to each process (as set out in the Administration Strategy) and illustrated by the graphs are as follows:

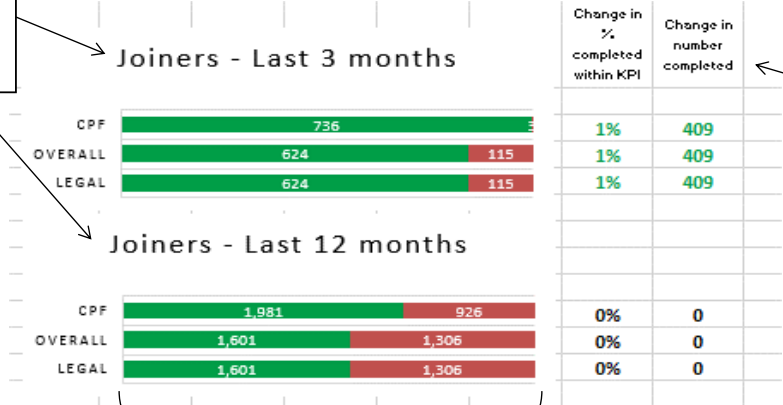
| | | A | B | C |
|----|---|---|--|---|
| | Process | Legal Requirement | Overall | CPF Administration element target |
| 1 | To send a Notification of Joining the LGPS to a scheme member | 2 months from date of joining (assuming notification received from the employer), or within 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled | 46 working days from date of joining (i.e. 2 months) | 30 working days from receipt of all information |
| 2 | To inform members who leave the scheme before retirement age of their leaver rights and options | As soon as practicable and no more than 2 months from date of initial notification (from employer or from scheme member) | 46 working days from date of leaving | 15 working days from receipt of all information |
| 3 | Obtain transfer details for transfer in, and calculate and provide quotation to member | 2 months from the date of request | 46 working days from date of request | 20 working days from receipt of all information |
| 4 | Provide details of transfer value for transfer out, on request | 3 months from date of request (CETV estimate) 3 or within a reasonable period (cash transfer sum) | 46 working days from date of request | 20 working days from receipt of all information |
| 5 | Notification of amount of retirement benefits | 1 month from date of retirement if on or after Normal Pension Age | 23 working days from date of retirement | 10 working days from receipt of all information |
| 6 | Providing quotations on request for retirements | As soon as is practicable, but no more than 2 months from date of request unless there has already been a request in the last 12 months | 46 working days from date of request | 15 working days from receipt of all information |
| 7 | Calculate and notify dependant(s) of amount of death benefits | As soon as possible but in any event no more than 2 months to beneficiary from date of becoming aware of death, or from a date of request by a third party (e.g. personal representative) | 25 working days from date of death | 10 working days from receipt of all information |
| 8 | Calculate and Notify member of CETV for Divorce/Dissolution Quote | 3 months from the date of request | 46 working days from date of request | 20 working days from receipt of all information |
| 9 | Calculate and Notify members of Actual Divorce Share | 4 months from the date of the pension sharing order, or the date where all sufficient information is received to implement the order | 46 working days from date of request | 15 working days from receipt of all information |
| 10 | Calculate and pay a Refund of contributions | Not applicable | 13 working days from receipt of request | 10 working days from receipt of all information |
| 11 | Calculate and Pay retirement lump sum | Not applicable | Not applicable | 15 working days from receipt of all information |
| 12 | Calculate and Notify member of Deferred Benefits | Not applicable | 76 working days from date of leaving | 30 working days from receipt of all information |
| 13 | Initial letter acknowledging death of member | Not applicable | Not applicable | 3 working days from receipt of all information |

Interpretation of graphs

One graph has been provided for each KPI in the table above.

This is illustrated further below.

Each KPI shows the stats for the previous 3 months and the previous 12 months

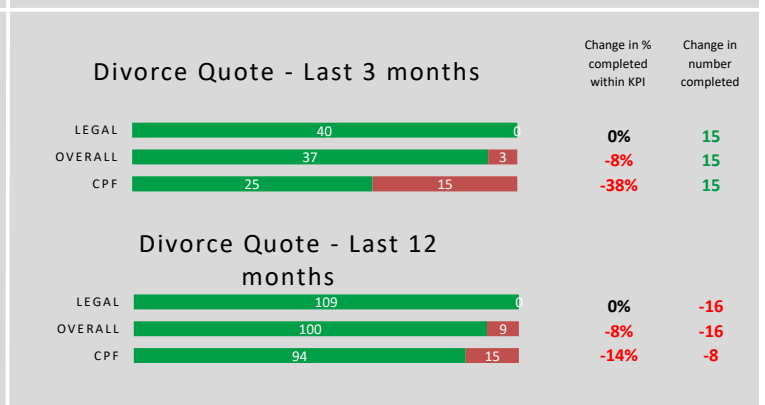
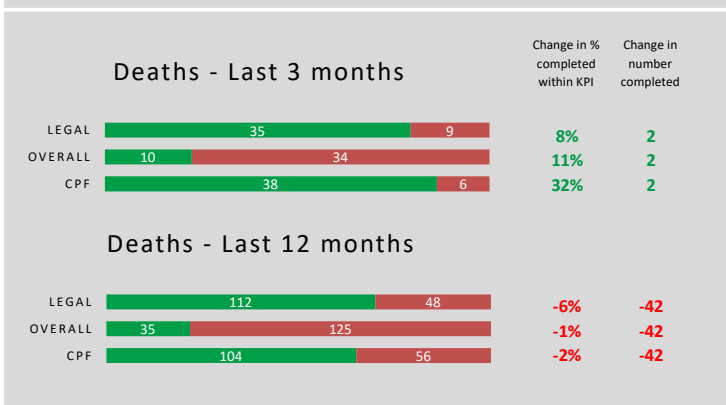
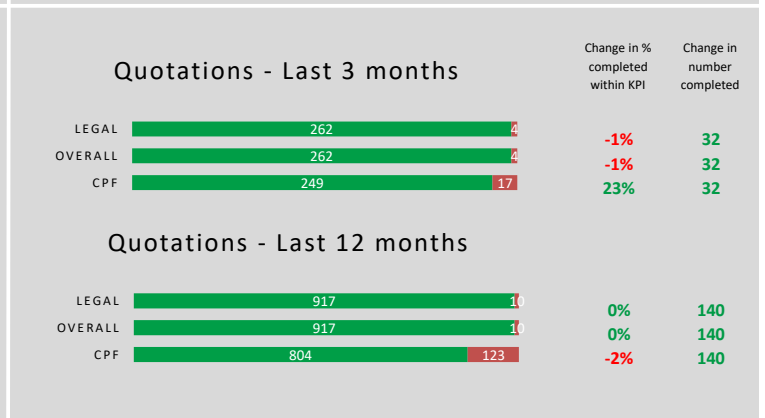
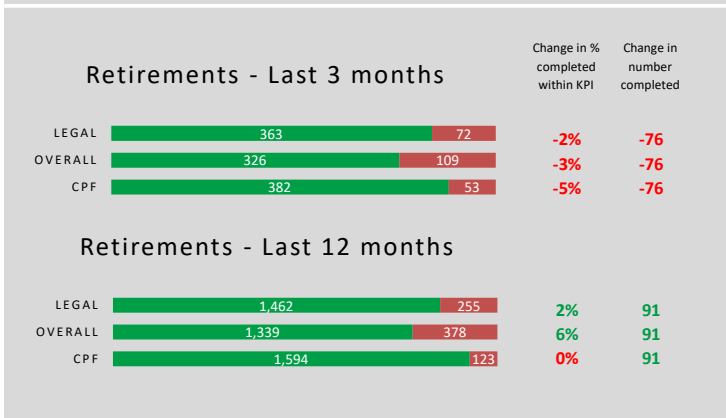
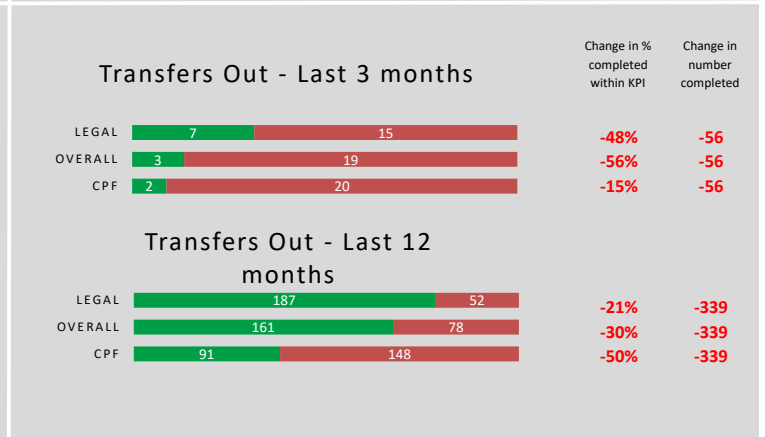
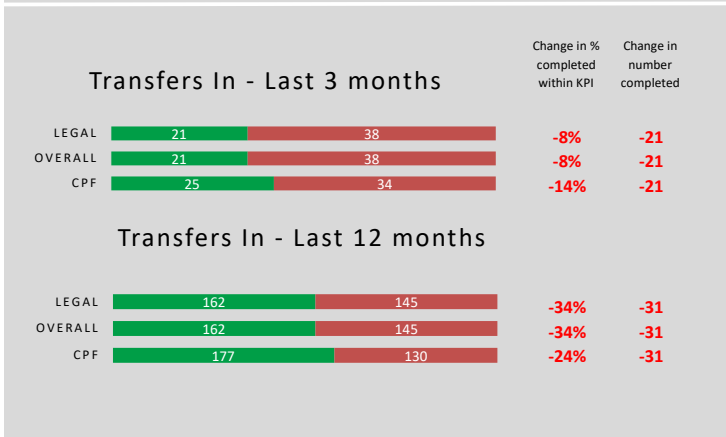
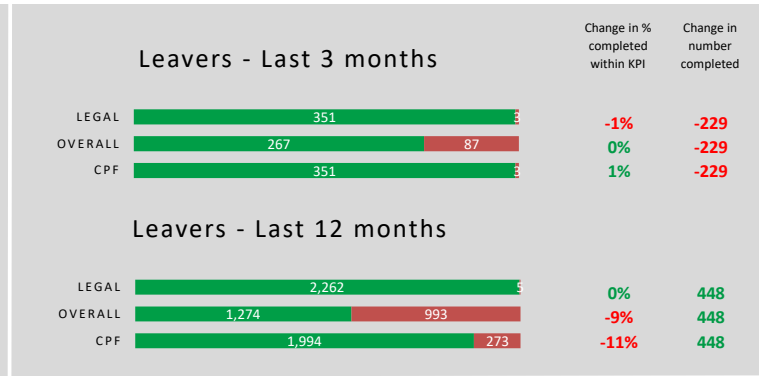
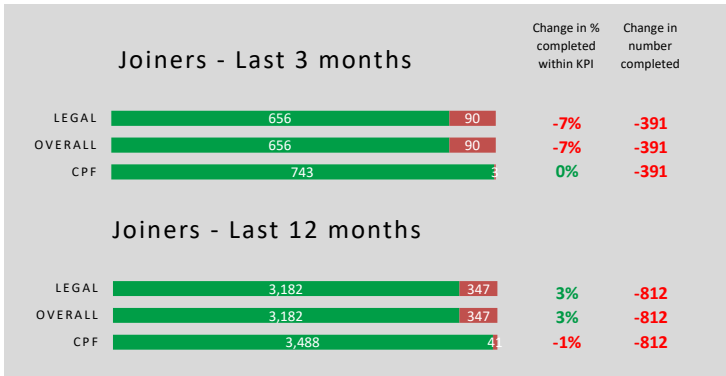


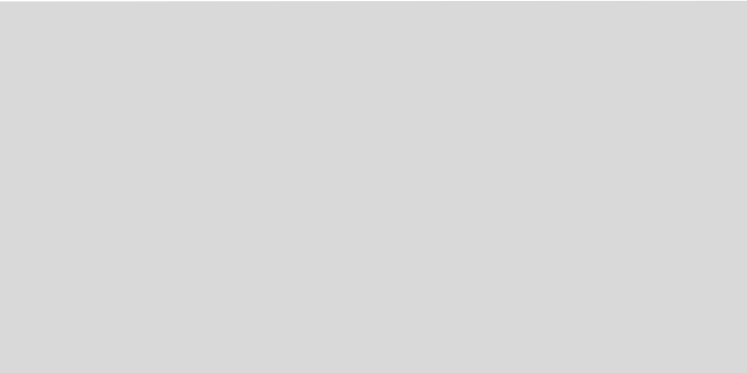
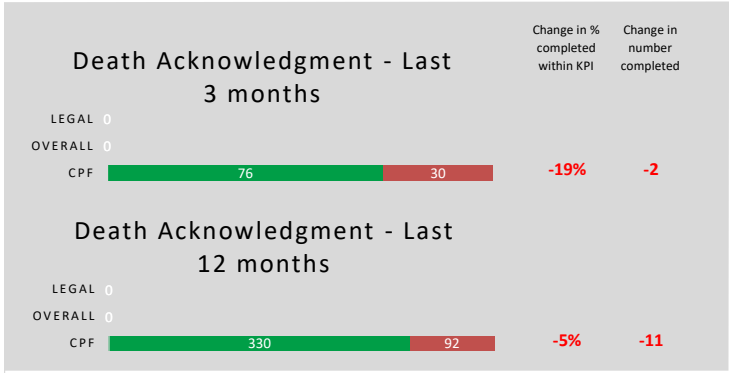
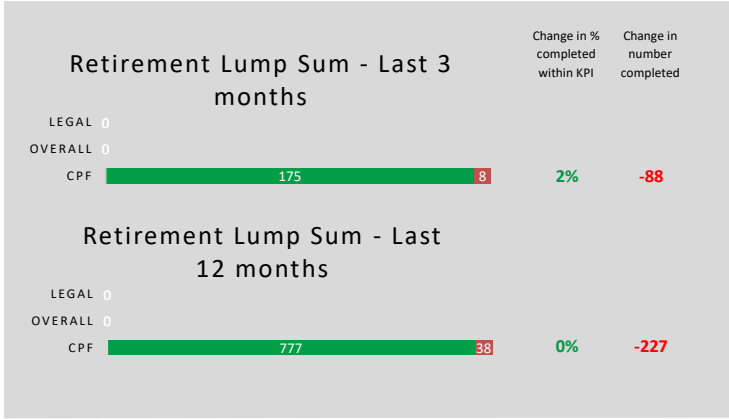
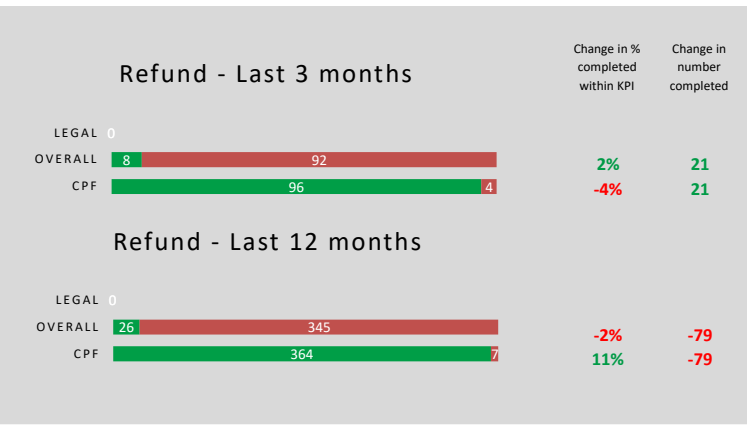
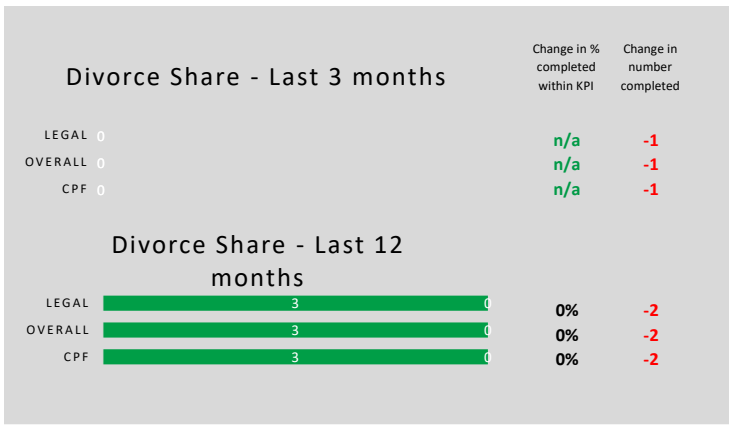
This column tells you the change in % completed within the KPI target compared to either the 3 months before last or the 12 months before last.

This column tells you the change in number of tasks completed over either the 3 months before last or the 12 months before last.

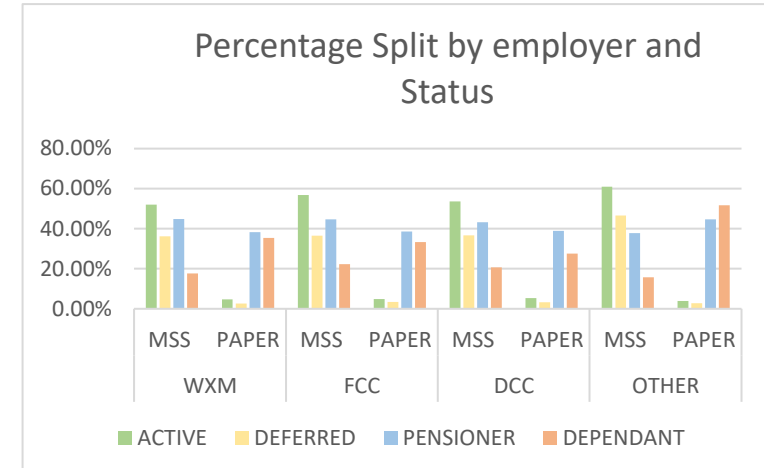
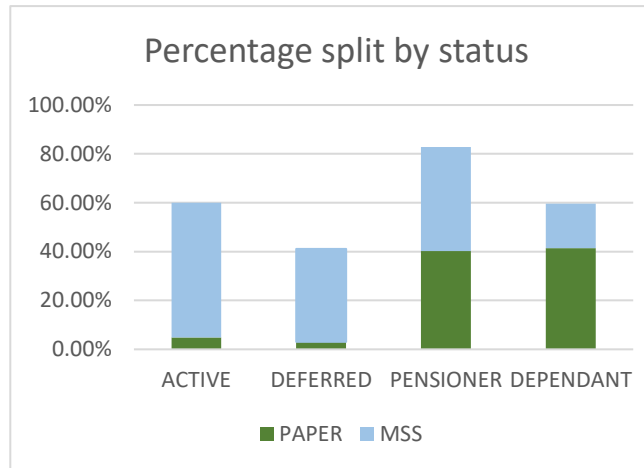
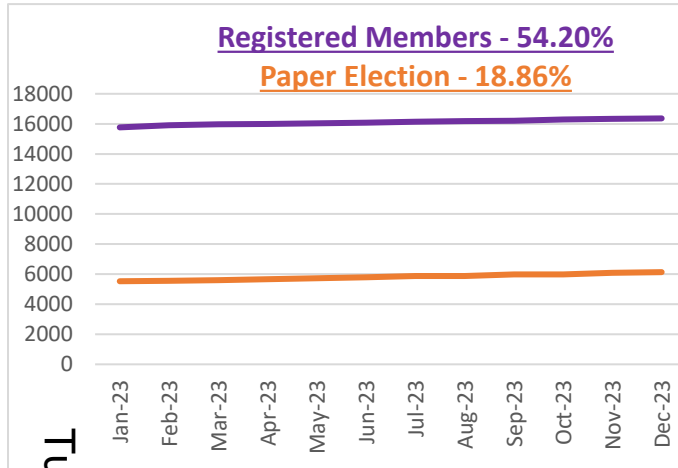
Green bars represent total cases completed that were within the KPI target in the relevant period. Red bars represent the total number of cases completed that were not done within the KPI target in the relevant period.

Key Performance Indicators - Executive Summary - to January 2024





Member Self-Service: 01/11/2023 – 31/12/2023



Update from 01/11/2023 – 31/12/2023

As at 31/12/2023 54.20% of our members have registered for MSS. This means that the percentage of registered members has increased by 0.63% since our last update.

As at 31/12/2023 18.86% of our members have opted for paper correspondence. This percentage has increased by 0.55% since our last update.

During November and December of 2023, the Clwyd Pension Fund issued the following newsletters:

- PENPAL (for active members)
- Deferred Diaries (for deferred members)
- Pensions Extra (for pensioners in scope of the McCloud remedy)

When these newsletters were issued, members who have not yet confirmed their communication preference, also received a communications promotional flyer. The flyer asked members to confirm whether they wish to receive correspondence via MSS or in the post. It is hoped that the promotional flyer will further increase the percentages for members either registered for MSS or paper communications. This should also reduce the percentage of members where the Clwyd Pension Fund still does not know what members' communication preferences are.

Statistics between 01/11/2023 – 31/12/2023: (61 days)

Contact Us Tasks

- 367** **MSSKEY Key requests**
- 81 SSFCASE (pay deferred)
- 39 MSSENQ Enquiry tasks
- 8 MSSEST Estimate tasks
- 23 MSSRET Retirement tasks
- 20 MSSTVT Transfer tasks

- 256** **MSSADD Address update**
- 15** **Bank details updated**

Contact Us 2.80 p/day)

Benefit Projections

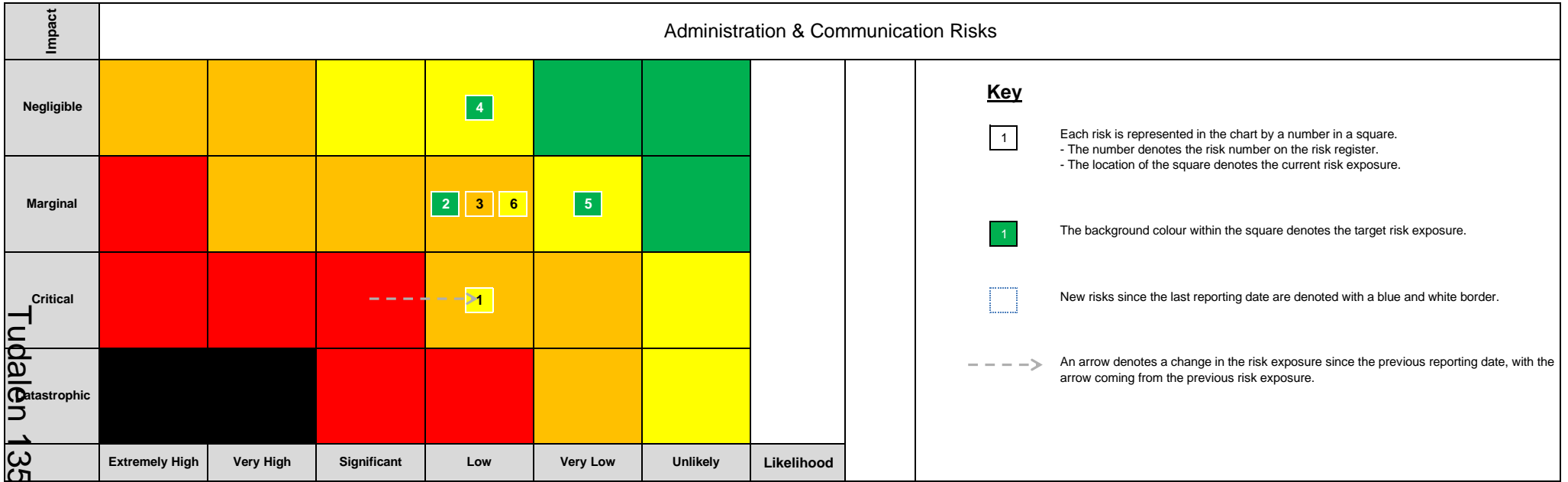
9,948 benefit projections calculated
Avg 163.08 per day

Expression of Wish

368 changes of expression of wish
6.03 per day

Mae'r dudalen hon yn wag yn bwrpasol

Administration and Communication Risks Heat Map and Summary



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Clwyd Pension Fund - Control Risk Register

Administration & Communication Risks

Objectives extracted from Administration Strategy (05/2021) and Communications Strategy (09/2019):

- A1 Provide a high quality, professional, proactive, timely and customer focussed administration service to the Fund's stakeholders
- A2 Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- A3 Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund
- A4 Ensure the correct benefits are paid to, and the correct income collected from, the correct people at the correct time
- A5 Maintain accurate records and ensure data is protected and has authorised use only
- C1 Promote the Scheme as a valuable benefit and provide sufficient information so members can make informed decisions about their benefits
- C2 Communicate in a clear, concise manner
- C3 Ensure we use the most appropriate means of communication, taking into account the different needs of different stakeholders but with a default of using electronic communications where efficient and effective to do
- C4 Look for efficiencies and environmentally responsible ways delivering communications through greater use of technology and partnership working
- C5 Regularly evaluate the effectiveness of communications and shape future communications appropriately

| Risk no: | Risk Overview (this will happen) | Risk Description (if this happens) | Strategic objectives at risk (see key) | Current impact (see key) | Current likelihood (see key) | Current Risk Status | Internal controls in place | Target Impact (see key) | Target Likelihood (see key) | Target Risk Status | Meets target? | Date Not Met Target From | Expected Back On Target | Further Action and Owner | Risk Manager | Next review date | Last Updated |
|----------|--|---|--|--------------------------|------------------------------|---------------------|---|-------------------------|-----------------------------|--------------------|--|--------------------------|-------------------------|---|---------------------------------|------------------|--------------|
| 1 | Unable to meet legal and performance expectations (including inaccuracies and delays) due to staff issues | That there are poorly trained staff and/or we can't recruit/retain sufficient quality of staff, including potentially due to pay grades. | All | Critical | Low | High | 1 - Training Policy, Plan and monitoring in place 2 - National Framework can be utilised if required 3 - Ongoing task/SLA reporting to management/AP/PC/LPB to quickly identify issues 4 - Data protection training, policies and processes in place 5 - System security and independent review/sign off requirements 6 - ELT established 7 - Temporary staff changed to permanent where appropriate, and further resource increase/recruitment to new posts 8 - Establishment of project team 9 - Ongoing training within the team 10 - Impact of potential or actual vacancies and/or other absences being discussed regularly ensuring priority work continues unaffected 11 - Reviewed wording of job descriptions to ensure fit for purpose 12 - Fundamental review of Administration Team structure in summer 2023, having regard to trends in workflow and forecasting to the future. | Negligible | Low | High | Current impact 2 too high | 31/10/2021 | Jun 2024 | 1 - Action plan being developed for recruitment, retention, succession planning (PL) 2 - Ongoing training of recent recruits (KW) | Pensions Administration Manager | 30/06/2024 | 09/02/2024 |
| 2 | Unable to meet legal and performance expectations (including inaccuracies and delays) due to employer issues | Employers: -don't understand or meet their responsibilities -don't have access to efficient data transmission -don't allocate sufficient resources to pension matters | A1 / A4 / A5 / C2 / C3 / C4 / C5 | Marginal | Low | High | 1 - Administration strategy updated 2 - Employer steering group established 3 - Greater engagement through Pension Board 4 - Establishment of ELT 5 - Increased data checks/analysis (actuary and TPR) 6 - Implemented further APP data checks to identify issues 7 - Increased engagement with employers as to how they are managing ongoing CPF requirements, and introduced monthly monitoring of employers 8 - Developed and issuing monthly KPI reporting for employers 9 - I-connect in place for all Fund employers 10 - Monthly meetings with Employers to discuss any ongoing data issues and provide training where required. 11 - Employer group engagement meetings established. | Negligible | Very Low | High | Current impact 1 too high Current likelihood 1 too high | 01/07/2016 | Jun 2024 | 1 - Implement new process for employers relating to service standards (KW/AH/KyleW) | Pensions Administration Manager | 30/06/2024 | 09/02/2024 |
| 3 | Unable to meet legal and performance expectations due to external factors | Big changes in employer numbers or scheme members or unexpected work increases (e.g. severance schemes or regulation changes including McCloud, Pensions Dashboards and potential exit cap, backdated pay awards) | A1 / A4 / A5 / C2 / C3 / C4 / C5 | Marginal | Low | High | 1 - Ongoing task and SLA reporting to management/AP/PC/LPB to quickly identify issues 2 - National Framework can be utilised if required 3 - Recruitment to new posts 4 - McCloud Programme in place, including governance structure with Steering Group, PMG and regular workstream meetings 5 - The Pension Administration Manager sits on PLSA working group for Pensions Dashboards 6 - The Fund has volunteered to test the integration of the Administration system and Pensions Dashboard 7 - Pensions dashboard planning currently underway 8 - Fundamental review of Administration Team structure in summer 2023, having regard to trends in workflow and forecasting to the future. | Marginal | Low | High | | | | 1 - Complete and test software update which is expected to help with the processing of McCloud BAU cases (KW) | Pensions Administration Manager | 30/06/2024 | 09/02/2024 |
| 4 | Scheme members do not understand or appreciate their benefits | Communications are inaccurate, poorly drafted, insufficient or not received (including McCloud and potential exit cap) | C1/ C2 / C3 | Negligible | Low | High | 1 - New Communications Strategy - focussed on digital engagement - approved June 2022 2 - Annual communications survey for employees and employers 3 - Specialist communication officer in team and access to consultant's communications specialists during any gaps in this resource/expertise (Currently vacant). 4 - Member self service in place 5 - Ongoing identification of data issues and data improvement plan in place 6 - Address tracing exercise undertaken for members who have not set a communication preference 7 - A Member self service activation key has been re-issued in 2022 to all members who do not have a communication preference set and other initiatives for blackhole members. | Negligible | Very Low | High | Current likelihood 1 too high | 01/07/2016 | Jun 2024 | 1 - Implement new communications strategy in line with business plan (KM/KW) 2 - Recruit to vacant Comms Officer position and assess any gap in skills post recruitment (KW) | Pensions Administration Manager | 30/06/2024 | 09/02/2024 |
| 5 | High administration costs and/or errors | Systems are not kept up to date or not utilised appropriately, or other processes inefficient (including McCloud, Pension Dashboard and potential exit cap) | A2 / A4 / C4 | Marginal | Very Low | High | 1 - I-connect and MSS implemented 2 - Review of ad-hoc processes (e.g. deaths and aggregation) 3 - Review of admin system/reappointment of Heywood in 2023 (following being founding authority on national framework for admin systems). 4 - Implementation of other Altair modules including Altair Insights (relating to TPR scores) 5 - Ongoing engagement with Heywood about software enhancements including timeliness of upgrade, and a hosted fund so receive software updates early. 7 - Ongoing identification of data issues and data improvement plan in place | Negligible | Very Low | High | Current impact 1 too high | 01/07/2016 | Jun 2024 | 1 - Appoint pension dashboard ISP in line with new national dashboard timetable (KW) 2 - Develop and test all processes for national pension dashboard readiness (KW) | Pensions Administration Manager | 30/06/2024 | 09/02/2024 |
| 6 | Service provision is interrupted | System failure or unavailability, including as a result of cybercrime or resourcing constraints | A1 / A4 / C2 | Marginal | Low | High | 1 - Disaster recover plan in place and regularly checked 2 - Hosting implemented 3 - Implemented lump sum payments via pensioner payroll facility 4 - Regular communications carried out during pandemic with Heywood and FCC regarding areas of risk 5 - Data/asset mapping complete and cyber strategy in place 6 - Ongoing cycle of supplier cyber assessments | Marginal | Very Low | High | Current likelihood 1 too high | 08/11/2019 | Jun 2024 | 1 - Develop updated business continuity plan for CPF (KW) 2 - Implement remaining elements of cyber strategy (KW) | Pensions Administration Manager | 30/06/2024 | 09/02/2024 |