CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 12th June 2019
Report Subject	Governance Update
Report Author	Clwyd Pensions Manager

EXECUTIVE SUMMARY

An update is on each quarterly Committee agenda and includes a number of governance related items for information or discussion. The items for this quarter include:

(a) Business Plan 2018/19 completion and an update on the first quarter of the 2019/20 business plan.
(b) A summary of the key points discussed at the last Local Pension Board meeting
(c) The update from the latest national LGPS Scheme Advisory Board (SAB) meeting
(d) Training implementation and monitoring
(e) The latest changes to our breaches of the law register.

RECOMMENDATIONS	
1	That the Committee consider the update and provide any comments.

REPORT DETAILS

1.00	**GOVERNANCE RELATED MATTERS**
1.01	**Business Plan 2018/19 Update** Actions against the 2018/19 business plan are now updated as per the February 2019 Committee report and as illustrated in Appendix 1. The recruitment to the Business Support Assistant role relating to the G5 Structure Review of the Finance Team has been progressed and the position re advertised. Suitable applicants will be interviewed in July 2019. Appendix 2 shows progress with this quarter's work in the 2019/20 business plan. The only area which is ongoing this quarter is the review of the pension administration system contract and this is in progress as part of the national framework (which is considered further in the Pension Administration Update report).
1.02	The Committee is asked to note the contents of the business plan update.
1.03	**Current Developments and News** *Pensions Administration Manager Post* As mentioned at the last meeting, the vacant position of Pensions Administration Manager was advertised internally and interviews took place at the end of March 2019. Karen Williams, former Principal Pensions Officer, was successfully appointed and has been in post since 1 April 2019.
1.04	*Pension board update* The Clwyd Pension Fund Board met on 27 February 2019. The minutes from the meeting will be circulated when they are finalised. The key points from the meeting are as follows: • Data Improvement Plan - the recently developed Plan was shared and the Board were provided with an update on progress in relation to the improvements that were being made. The Board were impressed by the level of information and agreed that there were a number of data items that should be given very low priority or even not be cleansed as they had no impact on scheme members or the valuation. The Board asked for this to be a standard item on its agenda so ongoing progress could be monitored. • Project Apple – a progress updated was provided. • Administration Update – the Board were pleased that priority was being given to filling the vacant Pensions Administration Manager role. • Compliments and Complaints – the Board received an update on the latest compliments and complaints and asked for clarity on some of the information provided. • TPR Code of Practice and Action Plan – The Board were pleased to see a separate action plan had been prepared in relation to areas of non-compliance, and asked for this to be shared at each Board meeting so progress could be monitored.

	• Asset Pooling – The Board reiterated its ongoing concerns about the governance of the asset pool. It welcomed the development that a separate meeting was to be held with Pension Board representatives and the Host Authority, Carmarthenshire County Council. It was agreed that the key points that had previously been highlighted still remain areas of concern that could be discussed at that meeting. Note an update on this will be provided by the Chair of the Pension Board at the meeting as part of the asset pooling committee report.
1.05	*National LGPS Scheme Advisory Board (SAB) Update* The LGPS SAB Board met on 8 April 2019. A summary of that meeting, provided by the Secretary to the SAB, is attached in Appendix 3. It should be noted that the Good Governance survey has since been issued by SAB with a closing date of 31 May 2019. The survey requested individual responses, rather than a formally agreed administering authority response. The Clwyd Pension Fund received a request for the survey to be completed and has responded accordingly.
1.06	*Marsh Mclennan (Mercer) / JLT Merger* On 1 April 2019 Marsh & McLennan Companies (MMC), completed the acquisition of Jardine Lloyd Thompson Group (JLT). The JLT Employee Benefits business, whom the Fund's investment consultants are part of, is being integrated into Mercer, who provide the Fund with actuarial, risk and benefits services. While the integration is ongoing and will take some time to fully complete, from a Fund perspective, it remains business as usual with no change to the personnel or service provision from what was historically JLT and Mercer but will operate as a single entity (Mercer) in due course.
	Policy and Strategy Implementation and Monitoring
1.07	*Training Policy* The Clwyd Pension Fund Training Policy requires all Pension Fund Committee, Pension Board members and Senior Officers to: • have training on the key elements identified in the CIPFA Knowledge and Skills Framework • attend training sessions relevant to forthcoming business and • attend at least one day each year of general awareness training or events. Appendix 4 details progress made to date in relation to the CIPFA Knowledge and Skills Framework training. Appendix 4 also includes training and various external events attended by Committee members during 2018/19. Appendix 5 includes details of planned training events including forthcoming events considered suitable for general awareness training. Training will also be arranged for the new Committee members. Committee members are reminded to highlight, at any point, topics they feel they need further training on.
1.08	*Recording and Reporting Breaches Procedure* The Fund's procedure requires that the Clwyd Pension Fund Manager

	maintains a record of all breaches of the law identified in relation to the management of the Fund. Appendix 6 details the current breaches that have been identified.
1.09	**Delegated Responsibilities** The Pension Fund Committee has delegated a number of responsibilities to officers or individuals. No delegated responsibilities were used in the last quarter in relation to governance matters.
1.10	**Calendar of Future Events** Appendix 7 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.

2.00	**RESOURCE IMPLICATIONS**
2.01	None directly as a result of this report.

3.00	**CONSULTATIONS REQUIRED / CARRIED OUT**
3.01	None directly as a result of this report.

4.00	**RISK MANAGEMENT**
4.01	Appendix 8 provides the dashboard showing the current risks relating to the Fund as a whole, as well as the extract of governance risks. The biggest governance risk relates to the impact of externally led influence and scheme change which could also restrict our ability to meet our objectives and/or legal responsibilities. This is due to the ongoing uncertainty around the cost cap process, the McCloud judgement and also some concerns around the governance of asset pooling.
4.02	The following are the main changes that have been made to the risk register since it was last shared with the Committee: • Risk number 2 (inappropriate or no decisions are made due to governance being poor, such as poor knowledge and advice) – this has had the likelihood score changed from Low to Significant due to the unexpected change in Committee membership. Training is being put in place to counter this risk. • Risk number 3 (legal fiduciary responsibilities are not met due to decisions being influenced by conflicts of interest) – this has had the likelihood score changed from Very Low to Low due to the unexpected change in Committee membership. This will be managed by training on the Committee's fiduciary responsibility and the Fund's conflicts policy. • Risk number 6 (the Fund's objectives/legal obligations are not met due to insufficient staff numbers) – this has had the impact score

	changed from Critical to Marginal and the likelihood score changed from Very High to Low. This is as a result of the positive progress that has been made in recruitment. It is hoped the risk can be further reduced shortly as the final positions are filled and training progresses.
5.00	**APPENDICES**
5.01	Appendix 1 – Business plan progress 2018/19 Appendix 2 – Business plan progress 2019/20 Appendix 3 – LGPS SAB update Appendix 4 – Training undertaken Appendix 5 – Training plan Appendix 6 – Breaches Appendix 7 – Calendar of future events Appendix 8 – Risk register

6.00	**LIST OF ACCESSIBLE BACKGROUND DOCUMENTS**
6.01	No relevant background documents. **Contact Officer:** Philip Latham, Clwyd Pension Fund Manager **Telephone:** 01352 702264 **E-mail:** philip.latham@flintshire.gov.uk

7.00	**GLOSSARY OF TERMS**
7.01	(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 (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. (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 (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. (e) **LGPS – Local Government Pension Scheme** – the national scheme, which Clwyd Pension Fund is part of (f) **SAB – The national Scheme Advisory Board** – the national body responsible for providing direction and advice to LGPS administering

authorities and to MHCLG.

(g) **MHCLG – Ministry of Housing, Communities and Local Government** – the government department responsible for the LGPS legislation.

(h) **JGC – Joint Governance Committee** – the joint committee established for the Wales Pension Partnership asset pooling arrangement.