

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 25 November 2020
Report Subject	Governance Update
Report Author	Head of Clwyd Pension Fund

EXECUTIVE SUMMARY

On each Committee agenda LGPS governance matters and the impact on the Clwyd Pension Fund (CPF) are provided for discussion along with updates on the Clwyd Pension Fund's governance strategy and policies for information. The last update report was provided at the October 2020 Committee and therefore this update report includes key developments since that date.

The report includes updates on:

- The vacant Denbighshire County Council Pension Fund Committee position
- The Clwyd Pension Board meeting in October, including feedback from the Board to the Committee
- The recent LGPS Scheme Advisory Board (SAB) meeting
- The latest changes to our breaches of the law register.

RECOMMENDATIONS

1	That the Committee consider the update and provide any comments.
2	That the Committee note the feedback in paragraph 1.02 from the Pension Board and provide any comments.

REPORT DETAILS

1.00	GOVERNANCE RELATED MATTERS
1.01	<p data-bbox="320 271 826 304">Current Developments and News</p> <p data-bbox="320 342 1066 376"><i>Vacant Denbighshire County Council (DCC) position</i></p> <p data-bbox="320 421 1385 600">The vacant DCC position on the Pension Fund Committee is expected to be filled imminently. A verbal update will be provided at the Committee. In the meantime Councillor Julian Thompson-Hill, who is the appointed substitute member, may attend Committee and other relevant training or meetings.</p>
1.02	<p data-bbox="320 640 639 674"><i>Pension Board update</i></p> <p data-bbox="320 712 1353 857">The Clwyd Pension Board met on 6 November and the draft minutes are included in Appendix 1. The main item of discussion was the £95k Exit Cap. The Board also received updates on areas such as asset pooling, administration service delivery, and compliments and complaints.</p> <p data-bbox="320 898 1374 1149">The Board wish the Committee to note the impressive and professional approach taken by the Pension Fund officers in responding to the Covid-19 pandemic which has not resulted in any reduction in service to scheme members or employers. They also wish to highlight the need for the ongoing monitoring of resources given the amount of regulatory change currently taking place and which is expected to continue for the foreseeable future.</p> <p data-bbox="320 1189 1358 1335">The Committee should also note that Mr Pumford's appointment as scheme member representative on the Clwyd Pension Board has been extended in line with the Board's Protocol which includes approval by the Flintshire County Council Chief Executive.</p>
1.03	<p data-bbox="320 1375 927 1408"><i>Annual Joint Consultative Meeting (AJCM)</i></p> <p data-bbox="320 1447 1353 1552">The Fund hosted the AJCM on 10th November that was well attended by employers, Committee and Board members. Topics that presented on included:</p> <ul data-bbox="368 1563 991 1675" style="list-style-type: none">• Regulatory changes affecting employers• Responsible investment and climate risk• The impact of Covid-19 on the Fund. <p data-bbox="320 1715 1150 1749">Feedback from employers via polls at the event confirmed:</p> <ul data-bbox="368 1753 1366 1899" style="list-style-type: none">• that the level of services they had received from the Fund had not reduced as a result of the impact of Covid-19.• they agreed that the Fund was achieving the objectives in its mission statement. <p data-bbox="320 1904 1366 1937">Further feedback will be obtained and considered by the Advisory Panel.</p>

1.04	<p><i>National LGPS Scheme Advisory Board (SAB) Update</i></p> <p>The LGPS SAB met on 2 November. No summary is available yet relating to this meeting but the papers can be found here – http://lgpsboard.org/index.php/about-the-board/prev-meetings and these include the actions and agreements from the August meeting too.</p> <p>The key items discussed in November were:</p> <ul style="list-style-type: none"> • McCloud (which is covered in the Regulatory Update) • the £95k cap (which is covered in the Regulatory Update) • the Good Governance project (see update below) and • updates from the SAB's Cost Management Committee and Investment, Governance and Engagement Committees, both of which met in October.
1.05	<p><i>Good Governance Project</i></p> <p>The LGPS SAB commenced this project initially to consider whether the management of LGPS funds should be separated from Councils (or the other Host Authority). The outcome was instead several recommendations aimed at improving the governance of LGPS funds. Those recommendations are now being taken forward and this is expected to result in statutory guidance from MHCLG, albeit they have now said this is unlikely to be able to devote any time to this over the next six months due to other competing priorities.</p> <p>In the meantime, LGPS SAB have commissioned further work which will be developing through committees and working groups including:</p> <ul style="list-style-type: none"> • A report setting out implementation advice for the proposals in Phase 2 including draft service delivery Key Performance Indicators, requirements in relation to the designated pension fund senior officer role that is likely to be implemented and the proposed process relating to an independent governance review/audit. • A sample version of a new Governance Compliance Statement. • A sample independent governance review report.
1.06	<p>Policy and Strategy Implementation and Monitoring</p> <p><i>Induction Training</i></p> <p>Given recent changes to both Committee and Board membership, induction training will be provided for new members, and officers/advisers will be in touch shortly to arrange this. All other members will be invited should they wish to refresh their knowledge.</p>
1.07	<p><i>Recording and Reporting Breaches Procedure</i></p> <p>The Fund's breaches 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 2 details the current breaches that have been identified.</p> <p>There are two new administration related breaches, one of which is ongoing in relation to transfers of employees to a new employer and the</p>

	<p>proper process was not followed by the transferring employer to ensure the Clwyd Pension Fund is available to the employees. This is ongoing.</p> <p>There is also an ongoing issue with employer Hafan Deg not providing the appropriate remittance advice when contributions are paid. The Deputy Head of Clwyd Pension Fund is now dealing with this. On a positive note, contributions are now being paid on time.</p>
1.08	<p>Delegated Responsibilities</p> <p>The Pension Fund Committee has delegated a number of responsibilities to officers or individuals. There are no governance related delegations to report since the last meeting.</p>
1.09	<p>Calendar of Future Events</p> <p>Appendix 3 includes a summary of all future events for Pension Fund Committee and Pension Board members, including Pension Fund Committee meetings, Pension Board meetings, Training and Conference dates. Members should note the following event taking place before the 10th February committee meeting:</p> <ul style="list-style-type: none"> • 2 – 4 December - LAPFF (open to all committee and board members). <p>Members should confirm if they wish to attend this event if not already done so, with Debbie Fielder, the Deputy Head of Clwyd Pension Fund. Members will be emailed with information relating to other events and training as they arise.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>As mentioned in paragraph 1.02 and 4.01, due to the amount of regulatory change and the impact of Covid-19, it will be necessary to continue to closely monitor the Fund's resources relating to both people and systems. Some additional Pension Fund officers have already been recruited as a result of the McCloud remedy and in the Payroll and Technical Team.</p>

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

4.00	RISK MANAGEMENT
4.01	<p>The latest risk register was provided at the October meeting and there have been no further changes made to it since then. The biggest governance risk continues to relate 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 mainly due to the ongoing</p>

	<p>uncertainty around the McCloud judgement and other national changes such as the £95K cap.</p> <p>The other key risk is that there are insufficient staff numbers meaning services are not delivered to meet legal and policy objectives. This relates to the uncertainty around Covid-19 related absences amongst staff members. This risk may be difficult to manage until a vaccine is introduced.</p>
--	---

5.00	APPENDICES
5.01	<p>Appendix 1 – Pension Board draft minutes – 6 November 2020 meeting</p> <p>Appendix 2 – Breaches log</p> <p>Appendix 3 – Calendar of future events</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>No relevant background documents.</p> <p>Contact Officer: Philip Latham, Head of Clwyd Pension Fund Telephone: 01352 702264 E-mail: philip.latham@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) 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 MHCLG.</p> <p>(g) MHCLG – Ministry of Housing, Communities and Local Government – 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> |
|---|