

**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 Lead Authority for the Clwyd Pension Fund), held virtually by Webex, and on Friday 6 November at 9.30am.

**THE BOARD:**

**Present:**

Chair: Mrs Karen McWilliam (Independent Member)

Member Representatives: Mrs Elaine Williams, Mr Phil Pumford

Employer Representatives: Mr Steve Gadd, Mr Steve Jackson

**IN ATTENDANCE**

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

Mrs Karen Williams (Pension Administration Manager) (left at 1.30pm)

Mrs Debbie Fielder (Deputy Head Clwyd Pension Fund)

Ms Mary Lambe (Aon – Presenter and Minute taker)

**Actions**

**1. APOLOGIES/ WELCOME**

Mr Steve Gadd, Employer Representative for Denbighshire County Council, was welcomed to his first official Pension Board meeting by the Chair. All attendees introduced themselves to Mr Gadd.

The reappointment of Mr Phil Pumford (Member Representative) was confirmed as this has been approved by Flintshire County Council Chief Executive in line with the requirements of the Board's Protocol. The Chair thanks Mr Pumford for agreeing to continue as a Board member.

Ms Mary Lambe was introduced and was attending to provide a presentation at Item 6 and also to record the minutes of the meeting.

No apologies had been received.

**2. DECLARATIONS OF INTEREST**

Mr Pumford informed the Board that he knew Ms Lambe in a personal capacity and it was agreed no conflict existed.

### **3. MINUTES AND MATTERS ARISING**

Mrs Fielder shared the draft minutes on screen and these were reviewed by the Board. The Chair asked if Mr Owen's congratulations noted at the last meeting had been passed onto the team and Mrs K Williams confirmed it was shared. The draft minutes of the meeting held on the 28 June 2020 were confirmed as a correct record by all Board members.

### **4. ACTION TRACKER**

The contents of the Action Tracker were discussed. As previously agreed, completed actions are now removed from the Action Tracker once reported as completed to the Board.

The following points were made in relation to the Action Tracker with other actions noted as ongoing, already completed or being discussed later on the agenda:

- 70<sup>th</sup> action (Pooling – FCA investigation into Link/Woodford) – This is still ongoing, and Chair agreed with the Board Secretary that this should be raised with Link at the next PFC meeting.
- 74<sup>th</sup> action (Business Continuity Policy/Plan) – Mrs K Williams confirmed that work on the policy is underway albeit the focus had changed given remote working was now the norm. A meeting was planned for later in November to progress the work.
- 79<sup>th</sup> action (Business Continuity, Cyber questionnaires to be developed and issued) – Both questionnaires have been issued by CPF; one to Heywoods and one to Flintshire County Council. Responses are expected later in November and a further update will be brought to the February Board meeting.

#### **RESOLVED:**

The Board noted the *Action Tracker which is to be updated* as agreed.

**Board  
Secretary**

## **5. COVID-19 IMPACT ON FUND**

The Board Secretary then updated the Board on how the Fund is assessing the impact of COVID-19 in the longer term. Mr Latham covered both the operational and financial impact. Mr Latham noted that operationally everything was continuing as normal and nothing had occurred that the team were not able to deal with. Mr Latham noted that in respect of the financial health of the Fund the market impact from February has now been rectified and the Fund is back to £2bn and 92% funded and on target (at the last valuation the Fund was 91% funded). They will continue to monitor this monthly and the Fund advisers, Mercer, monitor developments daily.

Mr Latham also outlined consideration for the longer term and how the Pensions Service will be delivered in the future. Mr Latham along with Mrs Fielder and Mrs K Williams shared slides showing the outcome of a survey of staff and five meetings with the staff teams across the Fund. This covered responses to questions about where staff would like to work in the future (office or from home), seeking views from staff on their performance over recent months, how they believe the Fund performed during the COVID-19 pandemic and whether they think the Fund needs as much office space going forward. The Chair asked if responses to performance issues were in line with management expectations. Mrs K Williams and Mrs Fielder confirmed that they were in line with their expected views. Mr Latham, Mrs Fielder and Mrs K Williams confirmed that the exercise was helpful to get insight.

The Board members all welcomed the reassurance and noted how positive it is that the transition to remote working has been seamless and level of service unaffected. The Chair asked whether the Fund has considered obtaining feedback from scheme members and employers during the pandemic. Mrs K Williams noted that the Fund could tailor the satisfaction survey to members and also mention to employers including at next week's Annual Joint Consultative Meeting (AJCM). Mrs Fielder asked if there are opportunities to use the Fund website to obtain feedback and it was felt that may be necessary to await the new recruit that is covering website maintenance.

The Chair suggested that, at the AJCM, a poll question is included which asks about the level of service during the COVID-19 pandemic and it was agreed

**Actions**

**Board  
Secretary**

***Action - Mrs K Williams would arrange for this to be included in the AJCM slides.***

**6. £95K EXIT CAP AND WIDER REFORMS**

The Chair introduced the item inviting Ms Lambe to present. Ms Lambe presented slides to the Board covering the latest developments relating to the £95K Exit Cap regulations from HM Treasury, wider MHCLG regulations covering the £95K Exit Cap and wider reforms relating to the Discretionary Compensation Regulations. In particular the developments in Wales were discussed given that the waiver being sought by Welsh Government is expected to allow that the pension strain cost would be excluded in the calculation of the Exit Cap in Wales.

The Board discussed the slides and it was noted by Mr Gadd there appears to be a lack of awareness relating to the wider MHCLG reforms and this was acknowledged by the Chair. The challenge of understanding which parts of the MHCLG regulations will apply in Wales was also discussed.

It was also noted that Welsh LGA guidance would be helpful. Mr Gadd also fed back that support that his Council had received from the Pensions Team had been very helpful.

Mrs K Williams highlighted that her team were not aware of any Clwyd Pension Fund scheme members who might be subject to these changes in the near future and as a result there was no immediate need for the Fund to make any policy decisions. It was hoped that the Welsh waiver would resolve any issues.

Chair noted that the role of the Board in this area is in the oversight and understanding of what activity the Fund are taking (as set out in the first of the slides presented).

The Board thanked Ms Lambe for a very clear presentation.

**7. McCLOUD REMEDY PROJECT**

The Board received an update from Mrs K Williams on the progress of the Fund's McCloud programme. This included information on each of the workstreams, the development of a risk register for the project

## Actions

and confirmation that the workstreams will feed into the development of an employer questionnaire regarding the provision of data for uploading to the pensions administration system.

On the collection of data Mrs K Williams outlined that it is important to ensure those employers in scope are engaged with, to ensure previously provided information can be assessed as part of identifying what further information is required. A further update would be provided to employers at the AJCM next week and further engagement meetings planned thereafter with employers.

On software developments Mrs K Williams confirmed that officers are working with the software provider on the changes required. The Fund appears to be well advanced compared to other funds meaning the Clwyd Pension Fund hope to be a test site with the software supplier.

Mrs K Williams confirmed that the Programme's Steering Group would meet via WebEx on 7<sup>th</sup> December. It was noted that if any of the Board want specific items on the agenda for the Steering Group meeting, they should let Mrs K Williams know. Papers will be issued a week before.

## **8. THE PENSIONS REGULATORS (TPR) CODE OF PRACTICE**

The Chair introduced the recent activity the Fund have taken to assess the Fund against the TPR Code of Practice No.14 and the legal role the Board plays in assisting the Administering Authority in ensuring compliance with the requirements. There were three attachments provided to the Board and the Chair explained that the third item relates to the expected Single Modular Code, due in 2021. This is where TPR are merging their existing codes into one (initially combining 10 codes including the Code of Practice No.14), meaning this exercise may look different in 12 months' time.

Mrs Fielder and Mrs K Williams took the Board through the TPR Compliance Model findings and focused on areas where the Fund is not fully compliant. There are 11 partially compliant areas and these have reduced since last reviewed by the Board in February 2020. The Board discussed the areas of partial compliance with some key points arising for the following items:

- B9 – Pre-Induction Training: It is considered that this is not something the Fund can do and as agreed by the Board in February there is no further action here.

## Actions

- B12 - Have Board members completed the TPR's toolkit for training on the Code of Practice No. 14: The Chair noted that she has recommended to the Fund that training is customised to needs of the Fund in relation to these areas.
- D4 - Does the Administering Authority publish information about pension board business: Mrs K Williams noted this is high on her agenda and the website needs to be updated and ensure content remains relevant. A new role being recruited for in the Technical Team will include responsibility for the website. The Board discussed the compliance requirements with new accessibility rules for Public Sector websites. This also relates to action on H10.
- E7 – Adequate systems and internal controls: Mrs Fielder highlighted the outstanding action to produce process notes for tasks which are carried out by the Finance section of the team. This work has commenced. This same action also relates to G1. A discussion was had about three employers who still pay by cheque. Mrs K Williams highlighted some increased reporting and engagement they will be beginning with employers in December.
- F1 – Record keeping regulations: Mrs K Williams noted that she needs to get assurance from the Fund's AVC provider that they meet record keeping requirements.
- H13 – Tracing update: Mrs K Williams explained they are not using traditional life certificates during the COVID-19 pandemic. A monthly mortality exercise is carried out and a two-yearly tracing exercise is about to commence.

Mr Gadd asked how this is assessed more widely and Mrs Fielder confirmed that whilst it is not audited directly it is part of the Fund's governance oversight and is due to go the Pension Fund Committee with annual training next February. The Chair confirmed that is not required by TPR but they could come asking to assess compliance. It is also a useful checklist for internal audit and was considered by them at a previous year's audit.

Chair thanked Mrs Fielder and Mrs Williams for the update and noted it was very positive findings.

**9. DATA IMPROVEMENT PLAN**

The Chair introduced this item and Mrs K Williams provided an update on the data improvement plan and the results of common and scheme specific data from the pensions administration software supplier Heywoods.

Mrs K Williams advised the Board that this years' scores were:

- For common data an improvement from 97.2% last year to 97.4% this year noting there were also 1,700 more members in scope this year
- For scheme specific data an improvement from 92.7% last year to 97.2% this year.

Mrs K Williams noted there were some items the Fund would like to have done but they will now be moving these into this year's plan and will generate an updated improvement plan for the Fund to work towards. She explained there will be a point where the Fund will reach a stalemate in terms of improvements. The Fund aims towards 100% but there are some areas that do not impact on the members of the Fund and therefore utilising resources to do unnecessary cleansing will need careful consideration.

Mr Jackson noted that this approach is sensible and good to see strong performance. The Chair asked about row 33 (one of Fund's highest priorities) asking for assurance these are not pensioners in payment. Mrs K Williams said that they were not, as the Pensions Increase annual exercise would have picked those up if that were the case.

**10. ADMINISTRATION UPDATE (standard item)**

The Chair invited Mrs K Williams to provide the administration update. Mrs K Williams started by covering KPIs outlining that it was a little concerning as she had noticed a dip in a few areas recently which was assessed as being as a result of transition of staff to the newly formed McCloud team, as well as being holiday period. Although the statistics show a dip, the situation has now improved which is positive and was in line with Mrs K William's expectations. She highlighted that more training will be needed as staff roles develop so another dip could be expected. In the case of transfers in there will be a dip as the Fund is awaiting new factors. Mr Latham noted that he was originally concerned with KPIs particularly as staff were working from

## Actions

home but very pleased to see Mrs K William's expectations were right regarding improvement.

In terms of completed cases, the rate of work was extremely positive as remaining cases were reducing and at the lowest rate since this had been monitored. The training challenge remains but the teams are learning and adapting at the moment, and they will reap the benefits in the long run.

Mr Gadd asked a question to understand how the KPI figures are arrived at with Mrs K Williams providing explanation on how they represent cases that are not processed in good time.

Mrs K Williams then explained that on Member Self-Service (MSS) registered members continue to grow, with a significant number using the benefit projections facility with approximately 5,000 in September and 40,000 of those calculations in last 12 months. Mrs K Williams noted it was pleasing to see this engagement. The Chair noted that 43% is good but there are still over 50% not using MSS and therefore not receiving annual benefit statements. She also noted that Denbighshire County Council (DCC) is at 40% and asked if Mr Gadd could help in increased engagement within the Council (noting that similar requests had been made to the other Councils). It was agreed that wording would be shared with Mr Gadd for inclusion in local newsletters/website.

***Action - Mrs K Williams agreed to will liaise with Kath Meacock and Jo Berry to provide Mr Gadd with wording to encourage DCC members to join MSS.***

**Board  
Secretary**

Mrs E Williams noted concern regarding those members who don't access the Fund website and what happens to those members who don't have MSS access or haven't requested paper versions. Mrs K Williams confirmed a reminder and activation key were sent to try resolve this and the Fund continues to ensure all new members automatically get the activation key. Mr Gadd noted that the information could be issued with payslips too and Mrs K Williams noted the benefits of doing this pre-Christmas when people might tend to look over personal affairs over the Christmas period. Chair asked that the Fund keeps encouraging black hole members to do this.

## **11. COMPLIMENTS AND COMPLAINTS (including Internal Dispute Resolution Procedure (IDRPs) (standard item)**

The Chair invited the Pensions Administration Manager to provide an update. Mrs K Williams advised that she intends to review the



Complaints log so it is more meaningful. At present it is shared at the monthly section meeting and Board meeting but some of the content is less relevant and meaningful and interpretation of what to include is important. The Chair noted that it is perhaps worth considering the definition of a complaint and compliment as part of work to develop this area. Mrs K Williams noted the need to have a discussion with the team as it is important to ensure buy in from colleagues but also that the log is valuable to management.

## **12. ASSET POOLING (standard item)**

Mr Latham provided a verbal update on progress of Asset Pooling for the Fund. Looking at investments first, Mr Latham noted Link and Russell are presenting at the next Pension Fund Committee (PFC) where they will be asked about the performance of the global equities fund transferred in February 2019.

He advised that 12% of the Fund was transferred to the WPP's Multi Asset Credit across 3 tranches from July to September 2020. Next is expected to be emerging market equity in May 2021- this would be raised with Russell at the next PFC meeting.

Developments have progressed on the WPP Responsible Investment (RI) Policy and Climate Risk Policy and Mrs Fielder is a member of the newly appointed sub-group.

Looking secondly at governance, Mr Latham outlined the progress including having prepared a Business Plan, the first Annual Report, a Conflict of Interest Policy and a WPP Workplan, and that having these in place provides greater confidence to the Fund. An outstanding issue is the item of Scheme Member representation on the WPP Joint Governance Committee (JGC). This item will be on the agenda at the next JGC in December.

Mr Latham also noted development of the WPP Risk Register and that he is a member of the Risk Register sub-group noting third-party risk is the biggest risk for WPP. He noted that a recent bid to purchase Link had been rejected. He also mentioned the role for new oversight advisor and seeking clarity on how that works in terms of receiving advice at Fund level. Overall Mr Latham is reasonably comfortable with WPP.

The Chair provided an update on the PB Chair engagement meeting which she attended virtually on 15th September noting these are 6 monthly meetings providing Chairs of Boards with the opportunity for independent view delving into issues. September's meeting was the first of these where all participating Funds were represented. Officers from the Host Authority and other Fund officers alongside Russell and

## Actions

Link also attended. The Chair outlined the concern at Host Authority updates including just five bullet points ahead of the meeting and it was agreed that going forward three of the PB Chairs would be consulted on the agenda to ensure more useful information could be requested in advance. Overall though Board Chairs were pleased with the meeting and there was more positivity at the meeting compared to previous meetings. The Chair went on to outline other areas covered including the WPP Scheme Member Representative. The Chair also noted other points from the discussion including:

- the WPP Training Plan will include the opportunity for Board members to be invited to some WPP training sessions in the future
- financial information provided did not include any benchmarking against the expected costs and savings for the WPP, and this information has been requested for the future
- the Business Plan was not on the agenda to assess if they are on target but again this is to be provided in the future
- she had asked a question about Business Continuity Plans for WPP and the Host Authority agreed to take that action away.

Overall the Chair felt it was a better position than 12 months ago for WPP.

***Action -The Chair mentioned that the Board should ensure they keep asking questions around the options being considered for the end of the Operator's contract period (tender, rent, build again) given this is a key risk for all the Funds participating. It was agreed to add this to the action tracker so it is not forgotten for future agendas.***

Board  
Secretary

In relation to resourcing at the Host Authority, Mrs Fielder mentioned a preference for taking part in the WPP sub-groups to put forward views and provide an opportunity for Funds to input to evolving matters. The Chair noted this and suggested therefore the Fund needs to consider appropriate resources to maintain this engagement.

Mr Pumford noted that things seem better than in March 2020 and it is positive that Mr Latham is on the Risk Register group. The Board noted it was also very positive that Mrs Fielder is on the RI Group.

### **13. UPDATES ON OTHER DEVELOPMENTS AND RISKS, INCLUDING NATIONAL DEVELOPMENT**

The Chair asked Mr Latham to provide an update on the first items including the impact of Brexit and US Elections, which he summarised

## Actions

as providing assurance for the Fund that their strategies did not need any immediate change as a result of these areas.

The Employer Flexibilities Regulations were also explained with Mr Latham noting that regulations had been laid but statutory guidance was awaited and expected early next year.

The Chair gave a brief update on GMP Equalisation/Indexation with a consultation ongoing from HM Treasury, and activity relating to the Goodwin case dealing with equality in an opposite sex case for survivor benefits.

The Pension Dashboard is progressing and Funds will be required to provide data by 2023. Mrs K Williams is on a working group.

The Chair and Secretary of the Board reflected on the fact that this showed how much is ongoing and the Chair noted that the Fund need to consider on an ongoing basis the need to flex resources. Mr Latham noted this would also mean potential reliance on consultants and so the cost of that would need to be considered.

### **14. RISK REGISTER**

The Board had no comments on this area.

### **15. BREACHES LOG**

[Note this item was taken immediately after agenda item 11, after which Mrs K Williams left the meeting].

The breaches log is incorporated in the PFC report. Mrs K Williams noted two additional breaches that have arisen since the PFC meeting including recalculation and reissue of annual benefit statements due to incorrect pay being provided by an employer, and a TUPE process that had not progressed in line with requirements. Mr Jackson declared an interest in the second one as it relates to Coleg Cambria and on which there is a meeting next week. Mr Gadd declared an interest in the first one which relates to Denbighshire County Council and it was noted this is now resolved.

Another point was raised by Mrs Fielder that a Fund employer is continuing to fail to provide remittance advice with payment of contributions. They are a small employer (2 members) but the issue is persistent. The Chair noted that Mrs Fielder should ensure that

**Actions**

actions are recorded and reported as this could become a reportable event.

**16. UPDATES FROM RECENT EVENTS ATTENDED BY BOARD MEMBERS**

The recent events were discussed by the Board including positive views of recent training attended.

**17. CONSIDERATION OF 7<sup>th</sup> OCTOBER 2020 COMMITTEE PAPERS (standard item)**

The Board discussed papers from last PFC meeting and Board noted there were no comments.

**18. INPUT INTO ADVISORY PANEL AND CPF COMMITTEE (standard item)**

The Chair asked if there is anything to feedback to the PFC meeting.

***Action - The Chair noted that there will be an opportunity at the next PFC to congratulate the ongoing work of the team and how pleased Board are that everything is working well.***

Chair

Mr Pumford noted the impressive and professional approach of the team and the Chair noted she would remember to make that point.

Also, the ***Chair mentioned feeding back the need to monitor resources with so much going on at present.***

Chair

**19. FUTURE WORK PLANS**

The Board discussed items on the future workplan including:

- **Cyber questionnaires** – should be on the February agenda so Board can learn feedback from the exercise –

***Action - to add to February 2021 agenda.***

**Board Secretary  
(all actions)**

## Actions

- **Training plans** – add into this to ensure that all induction training has been delivered –

**Action - to add to workplan**

- Business Continuity – could be explicit agenda item next time –

**Action - to add to February 2021 agenda.**

Mr Gadd raised a query regarding requests being received for information/FOI by DCC regarding carbon neutrality. The Chair noted that this is an area the Advisory Panel spent a significant amount of time on the previous day.

**Action - It was agreed that this should be added to the February 2021 agenda.**

The Chair asked that any other suggestions are emailed through.

## 20. PENSION BOARD BUDGET

Mrs Fielder provided commentary on information shared with the Board noting that half-way through the year there is an underspend and also that the budget was revised to take into account the McCloud work. She predicted that it would be likely that by the end of the financial year the Board will have underspent on member expenses.

## 21. FUTURE DATES

The dates and practical arrangements for forthcoming meetings were discussed including next week's AJCM, WPP Training Session on 24<sup>th</sup> November, highlighted dates to follow for induction training, 25<sup>th</sup> November PFC meeting and McCloud Steering Group on 7<sup>th</sup> December. The Chair also noted Cyber Training taking place 19<sup>th</sup> November for PB and PC members.

**Action - to share this invitation with Board members.**

## 22. ANY OTHER BUSINESS

Noted that the next meeting of the Board is 23<sup>rd</sup> February 2021.

**Board  
Secretary**

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