

## CLWYD PENSION FUND COMMITTEE

<b>Date of Meeting</b>	Wednesday, 28 February 2024
<b>Report Subject</b>	Governance Update
<b>Report Author</b>	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

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

<b>1.00</b>	<b>GOVERNANCE RELATED MATTERS</b>
1.01	<p data-bbox="320 271 660 304"><b>Business Plan Update</b></p> <p data-bbox="320 344 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="320 602 1362 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="368 714 1385 2110" style="list-style-type: none"><li data-bbox="368 714 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><li data-bbox="368 938 1385 1263">• <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><li data-bbox="368 1270 1385 1706">• <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><li data-bbox="368 1713 1385 1854">• <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><li data-bbox="368 1861 1385 2110">• <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</li></ul>

	<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"> <li>• <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.</li> </ul>
	<p><b>Current Developments and News</b></p>
<p>1.02</p>	<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>
<p>1.03</p>	<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"> <li>▪ The Fund's draft Business Continuity Plan, and an update on progress with the Fund's Cyber Incident Response Plan.</li> <li>▪ 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</li> <li>▪ Equality, Diversity and Inclusion, including TPR's guidance and the definitions/aims agreed for the Fund at the November Committee</li> <li>▪ 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</li> <li>▪ Administration items including an update on Pensions Dashboards and the Fund's progress with the McCloud project</li> <li>▪ Other governance items, including the risk register and breaches log</li> </ul>

	<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 <a href="#">guidance</a> on EDI for governing bodies suggests that scheme managers should develop and maintain:</p> <ul style="list-style-type: none"> <li>• an EDI policy including an agreed definition of EDI</li> <li>• the EDI aims of the governing body and</li> <li>• an EDI training plan for the governing body.</li> </ul> <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 <a href="#">General Code</a> 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>

	<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 <a href="#">guidance</a> 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"> <li>• obtaining appropriate investment advice through the initial investment selection</li> <li>• seeking legal advice on the structure and terms of the investment</li> <li>• addressing operational issues such as meeting investment drawdown requirements, allocating costs, valuing assets, and attributing and monitoring performance</li> <li>• dealing with performance issues”</li> </ul>

	<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 <a href="#">update</a> at the 2024 Governance conference and reported to the CRC Committee in February.</p> <ul style="list-style-type: none"> <li>• 45% of respondents had been in their role more than 3 years</li> <li>• 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)</li> <li>• 77% had received induction training and 74% had received training within the last 3 months.</li> <li>• 67% agreed that the legislative requirements on Committees and Boards should be the same</li> <li>• 90% would welcome scheme wide guidance on minimum training requirements</li> <li>• 74% would welcome scheme wide training data to compare their fund to others</li> <li>• Training during formal meetings and online training were considered the “most effective” approaches to conducting training</li> <li>• Almost half of respondents said they received between 11 and 30 hours of training a year.</li> </ul> <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 <a href="#">here</a>.</p>



1.10

*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

	<p>religious (principally Islamic) belief and whether this constituted unlawful discrimination on behalf of the scheme.</p> <p>The Board published the <a href="#">report</a> 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 <a href="#">Financing Growth</a>, 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>



	<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)
<b>Essential Training Sessions – Target attendance is 75%</b>				
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%)
<b>Total</b>		<b>(89%)</b>	<b>(50%)</b>	<b>(67%)</b>

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

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.

Future training and events

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:

- LGC Investment Seminar – on 14/15 March 2024 at Carden Park
- WPP training – pooling guidance and progress of other pools - 5 March 2024.

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.

- 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><b>Delegated Responsibilities</b></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><b>Calendar of Future Events</b></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>

	<p>11 September 2024* – <b>this will be an afternoon meeting</b>  27 November 2024*  19 February 2025*  19 March 2025*  18 June 2025*</p> <p>*Dates from September will be confirmed at the May Annual General Meeting.</p>
--	---

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
-------------	------------------------------

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.
------	--

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
-------------	---

3.01	None
------	------

<b>4.00</b>	<b>RISK MANAGEMENT</b>
-------------	------------------------

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.
------	---

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"> <li>• 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)</li> </ul> <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"> <li>• Risk number 2: Governance (particularly at PFC) is poor including due to: short appointments, poor knowledge and advice, poor engagement /preparation / commitment &amp; poor oversight, meaning inappropriate or no decisions are made</li> </ul> <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>
------	---

	<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"> <li>• 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</li> </ul> <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"> <li>• 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)</li> </ul> <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"> <li>• 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</li> </ul> <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.

<b>5.00</b>	<b>APPENDICES</b>
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>

Appendix 6 - SAB Statement on Surpluses Appendix 7 - Training plan Appendix 8 - Breaches log Appendix 9 - Calendar of future events Appendix 10 - Risk Register
---

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
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"> <li>• 1.05 – TPR’s New General Code <a href="https://www.thepensionsregulator.gov.uk/en/document-library/consultations/new-code-of-practice">https://www.thepensionsregulator.gov.uk/en/document-library/consultations/new-code-of-practice</a></li> <li>• 1.07 - Private markets investment   The Pensions Regulator <a href="https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/funding-and-investment-detailed-guidance/private-markets-investment">https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/funding-and-investment-detailed-guidance/private-markets-investment</a></li> <li>• 1.08 – LGPS Scheme Advisory Board (SAB) Knowledge and Skills Survey <a href="https://lgpslibrary.org/assets/Conference%202024/Improving%20and%20measuring%20your%20knowledge%20and%20skills.pdf">https://lgpslibrary.org/assets/Conference%202024/Improving%20and%20measuring%20your%20knowledge%20and%20skills.pdf</a></li> <li>• 1.09 – Next steps for investment - DHLUC’s consultation response <a href="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">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</a></li> <li>• 1.10 – SAB Statement on Surpluses <a href="https://lgpsboard.org/images/Other/SAB_Statement_on_Surpluses.pdf">https://lgpsboard.org/images/Other/SAB_Statement_on_Surpluses.pdf</a>  SAB commissioned report on the LGPS and Sharia law <a href="https://lgpsboard.org/images/Reports/ShariaandLGPS/An_Opinion_on_the_Shariah_Compliance_of_LGPS.pdf">https://lgpsboard.org/images/Reports/ShariaandLGPS/An_Opinion_on_the_Shariah_Compliance_of_LGPS.pdf</a></li> <li>• 1.12 – Financing Growth – Labour’s Plan for Financial Services <a href="https://labour.org.uk/wp-content/uploads/2024/01/Financing-Growth.pdf">https://labour.org.uk/wp-content/uploads/2024/01/Financing-Growth.pdf</a></li> </ul> <p><b>Contact Officer:</b> Philip Latham, Head of Clwyd Pension Fund <b>Telephone:</b> 01352 702264 <b>E-mail:</b> philip.latham@flintshire.gov.uk</p>



7.00	GLOSSARY OF TERMS
7.01	<p>(a) <b>CPF – Clwyd Pension Fund</b> – 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) <b>Administering authority, scheme manager or Governing Body</b> – 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) <b>Committee or PFC – Clwyd Pension Fund Committee</b> - the Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund.</p> <p>(d) <b>Board, LPB or PB – Local Pension Board or Pension Board</b> – 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) <b>LGPS – Local Government Pension Scheme</b> – the national scheme, which Clwyd Pension Fund is part of.</p> <p>(f) <b>SAB – The national Scheme Advisory Board</b> – the national body responsible for providing direction and advice to LGPS administering authorities and to DLUHC.</p> <p>(g) <b>DLUHC – Department of Levelling Up, Housing and Communities</b> – the government department responsible for the LGPS legislation.</p> <p>(h) <b>JGC – Joint Governance Committee</b> – the joint committee established for the Wales Pension Partnership asset pooling arrangement.</p> <p>(i) <b>CIPFA – Chartered Institute of Public Finance and Accountancy</b> - 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) <b>TPR – The Pensions Regulator</b> – 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>

- |  |
|--|
| <p>(k) <b>PLSA - Pensions and Lifetime Savings Association</b> – 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) <b>HMT – His Majesty's Treasury</b> – HMT has a responsibility to approve all LGPS legislation before it is made</p> |
|--|