

CLWYD PENSION FUND COMMITTEE

19 June 2024

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, 19 June 2024, with remote attendance available via Zoom.

PRESENT: Councillor Dan Rose (Chairman),

Councillors: Dave Hughes, Ted Palmer, Jason Shallcross, Antony Wren

CO-OPTED MEMBERS: Councillor Anthony Wedlake (Wrexham County Borough Council), Councillor Andy Rutherford (Other Scheme Employer Representative), and Mr Steve Hibbert (Scheme Member Representative)

ALSO PRESENT (AS OBSERVERS): Elaine Williams (PFB Scheme member representative), Karen McWilliam (PFB Independent Chair, Aon)

APOLOGIES: Councillor Gwyneth Ellis (Denbighshire County Council)

Advisory Panel comprising: Philip Latham (Head of Clwyd Pension Fund), Gary Ferguson (Corporate Finance Manager), Sharon Carney (Corporate Manager, People and Organisational Development, present from item 6), Alison Murray (Independent Adviser – Aon, taking minutes at item 11), 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), David Bateman (Fund Accountant), Matt Grundy (Graduate Accountant), Ieuan Hughes (Graduate Investment Trainee), Morgan Nancarrow (Governance Administration Assistant – taking minutes), Chris Emmerson (Aon – Public Sector Consultant), Janet Kelly (Democratic Services Officer), Sharon B Thomas (Democratic Services Officer)

Guest Speakers comprising:

Jodie Williams (Audit Wales, item 6 only), Aidan Quinn (Russell Investments, item 12 only), Andreas Koester (Russell Investments, item 12 only), Rupert Crook (Russell Investments, item 12 only), James Zealander (Waystone, item 12 only)

The Chairman introduced himself to the Committee as this was his first Committee meeting, having been appointed at the Flintshire County Council AGM on 14 May. He thanked the former Chairman Councillor Ted Palmer.

The Chairman reminded members of restrictions on public bodies that apply during the pre-election period. He then welcomed Jodie Williams of Audit Wales who would be presenting the Audit Plan.

1. **DECLARATIONS OF INTEREST (including conflicts of interest)**

The Chairman 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.

The Chairman noted that the Governance Update and Consultations item refers to the investment consultancy tender, so attendees from Mercer, the Fund's Investment Consultants, were asked to leave the meeting during this item. Item 11 relates to a proposed new officer management structure so Fund officers were asked to leave the meeting during this item.

There were no new declarations of interest.

2. **APPOINTMENT OF VICE CHAIR**

The Chairman stated that whoever is appointed Vice Chair, will also be appointed as the Deputy representative on the Joint Governance Committee (JGC) for the Wales Pension Partnership. The Chairman asked for nominations for this role.

Following nominations by Cllrs Hughes and Rose, Cllr Shallcross was appointed as the Vice Chair.

RESOLVED:

The Committee appointed the Vice Chair and noted that the Chair and Vice-Chair are therefore appointed as Member and Deputy (alternate) respectively of the Joint Governance Committee for the Wales Pension Partnership.

3. **MINUTES 20 March 2024**

The minutes of the meeting of the Committee held on 20 March were agreed.

RESOLVED:

The minutes of 20 March 2024 were received, approved, and will be signed by the Chairman.

4. **MINUTES 17 April 2024**

The Chair explained that the minutes of the Special Committee meeting on 17 April presented here are a public document, however as this was a private meeting, Officers hold a more detailed record of the meeting which can be made available to members on request.

The minutes of the meeting of the Committee held on 17 April were agreed.

RESOLVED:

The minutes of 17 April 2024 were received, approved, and will be signed by the Chairman.

5. AUDIT WALES EXTERNAL AUDIT PLAN

Mr Bateman introduced this item, and handed over to Jodie Williams of Audit Wales to take the Committee through the key points of the Audit Plan including:

- The materiality level and reporting threshold.
- Related Party and Key Management Personnel Disclosures is an area of specific interest, for which a lower materiality level has been set.
- Audit work and planning is underway and not all areas of the risk assessment have been completed.
- At present, the only significant financial statements risk identified is the risk of management override of controls. She explained that this is an inevitable risk present in all entities, and outlined the Audit Team's planned response. Should any additional significant financial risks arise, Audit Wales will report these to Committee at future meetings.
- There are two areas other of focus at present: Investment Valuations and Key staff changes within the Finance team.
- The audit is planned to take place over July and August, and Audit Wales will report back with the Audit report and opinion to November Committee.
- The estimated total audit fee which is an increase of just under £3,000 compared to last year.
- The audit team, and potential conflicts; the audit lead and trainee are deferred members of the Fund and safeguards are in place to mitigate any risks to independence.

Mr Hibbert commented on the figure of £49,693 for the estimated audit fee and Ms J Williams confirmed that this is approximate and any excess will be returned in the event of an underspend.

Mrs McWilliam noted the timescale for the audit report to come to Committee in November, and asked if a draft of the Fund's annual report and accounts will still be received at the September Committee. Mr Bateman said that the original intention was to take the report to September Committee and the Fund is still working to this deadline, but Audit Wales are suggesting the final audited report will be in November. Ms J Williams confirmed that Audit Wales do still plan to carry out the audit work in July and August.

RESOLVED:

The Committee noted and commented on the Audit Wales Plan.

6. GOVERNANCE UPDATE AND CONSULTATIONS

Mr Steve Turner and Mr Paul Middleman of Mercer left the Chamber for the duration of this item. Ms Murray stated that as the Fund's Independent Advisers, Aon is not bidding for the Investment Consultancy contract and has no conflict of interest in relation to discussions of the tender.

Ms Murray took the Committee through this report, highlighting:

- The new risk register format following approval of the updated Risk Policy in March.
- Compliance reporting against The Pension Regulator's new General Code of Practice
- The rationale for the recommendation to update the Business Plan with an additional item regarding the governance of the Wales Pension Partnership (WPP)
- The review of the Business Continuity Policy, for which it was recommended that Committee approve the updated policy on the basis that the minor changes requested by Mr Hibbert would be applied.
- The Investment Consultant Tender. It was agreed in March to bring the review of this appointment forward in order to allow Mrs Fielder to complete the procurement before her retirement. However, due to unexpected delays in the process, the procurement was behind schedule with interviews taking place next week. This meant that there was no recommendation to appoint a bidder. Therefore it was proposed to delegate the finalisation of the procurement and appointment of the preferred bidder to Mrs Fielder and Mr Ferguson.

Mr Hibbert asked for clarification of whether the existing contract is being terminated early. Mrs Fielder confirmed that could be done, subject to allowing a handover period of 3 months.

RESOLVED:

- a) The Committee considered the update and provided comments.
- b) The Committee approved the addition of a governance item, relating to the Wales Pension Partnership, to the Fund's 2024/25 Business Plan.
- c) The Committee approved the updated Business Continuity Policy, subject to Mr Hibbert's suggested changes.
- d) The Committee delegated the selection, appointment and dismissal (as required) of the Fund's investment consultants to the Deputy Head of Clwyd

Pension Fund and the Corporate Finance Manager following the completion of the interviews and associated scoring.

7. ADMINISTRATION AND COMMUNICATIONS UPDATE

Mrs K Williams took the Committee through this report, and highlighted some areas, including some that had developed since the time of writing:

- Communications Strategy (Task A7 of the Business Plan) – Following research around a telephony service to better direct incoming calls from members and monitor calls, a business case was submitted to the Digital Strategy Board and approved. The level of work and costs still need to be decided and as such the timescales are still to be agreed.
- McCloud update – statutory guidance was only received on 18 June which provided the option of an extension to 31 August 2026. However there is no intention to change the timescale of the Fund's project at this point.
- National Pensions Dashboard – it was recommended that Committee delegate key decisions to the PMG on the condition that both the Pensions Administration Manager and Head of Clwyd Pension Fund are present for those decisions to be made.
- Review of Administration Strategy and Administering Authority's Discretionary Policy.

Mr Hibbert noted that there is a single employer with a single employee who have been struggling to provide the required data in a timely manner, and asked how this is being mitigated. Mrs K Williams explained that this is being monitored and if required it can be escalated using the new employer escalation process. The team is also liaising with the employer to help mitigate potential risks, including introducing ELT to the employer to provide support and help resolve issues.

Cllr Wedlake asked how the Fund's progress on the Dashboard project compares to the progress of other funds and whether there will be further evolution. Mrs K Williams noted that the Fund continues to make good progress, that data cleansing is underway, software provision is being looked into and it is hoped this will be able to move forward given the delegation that has been recommended for approval by Committee. The Fund has also volunteered to be a test site for the software provider. However there are not yet any Dashboards which have been approved and available to implement.

RESOLVED:

- a) The Committee considered and commented on the update;

- b) The Committee approved the proposed amendments to the Administration Strategy and Statement of Administering Authorises Discretionary Policies, and delegated any final minor changes; and
- c) The Committee approved the delegation to the Project Management Group of key decisions relating to the implementation of the National Pensions Dashboard requirements.

8. FUNDING AND INVESTMENT PERFORMANCE UPDATE

There were no comments on this item.

RESOLVED:

The Committee noted the update.

9. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 – TO CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED:

That the press and public be excluded for the following **two items** by virtue of exempt information under Paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

10. CLWYD PENSION FUND MANAGEMENT STRUCTURE REVIEW

The following Officers left the meeting for the duration of this item: Karen Williams (Pensions Administration Manager), David Bateman (Fund Accountant), Matt Grundy (Graduate Accountant), Ieuan Hughes (Graduate Investment Trainee), Morgan Nancarrow (Governance Administration Assistant).

At the request of the Committee, the Head of Clwyd Pension Fund also left the room for part of this item.

The Committee discussed this item of the Agenda.

RESOLVED:

The Committee approved the proposed changes to the Pension Fund Officers' structure, which incorporates a new management structure and increased governance support for the Fund, and requested further investigations to ensure appropriate levels of pay to reduce the risk of loss of staff.

11. WALES PENSION PARTNERSHIP ANNUAL UPDATE

This item of the agenda was presented and discussed.

RESOLVED:

The Committee received and discussed the presentations from the WPP Operator and Investment Management Solutions Provider, and agreed that the Head of Clwyd Pension Fund will provide feedback to WPP.

12. FUTURE MEETINGS

The Chairman asked the Committee to note the following future Committee meetings:

2.00 pm on Wednesday 11 September 2024
9.30 am on Wednesday 27 November 2024
9.30 am on Wednesday 19 February 2025
9.30 am on Wednesday 19 March 2025
9.30 am on Wednesday 18 June 2025

RESOLVED:

The Committee noted the upcoming Committee dates.

The Chairman noted that this was the Deputy Head of Clwyd Pension Fund's last Committee meeting before her retirement. The Committee thanked Mrs Fielder for all of her work over the past 25 years and wished her well in the future. Mr Latham, Mr Hibbert, Cllr Hughes and Cllr Palmer added personal messages to Mrs Fielder.

The Chairman thanked everyone for their attendance and participation. The next formal Committee meeting is on 11 September. The meeting finished at 11:50am.

.....

Chairman