

**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 Administering Authority for the Clwyd Pension Fund), held in person at County Hall on Thursday 3 October at 9.30am.

**THE BOARD:**

**Present:**

Chair: Mrs Karen McWilliam (Independent Member)

Member Representatives: Mrs Elaine Williams, Mrs Tracey Sutton Postlethwaite

Employer Representatives: Mr Steve Jackson, Mr Richard Weigh\*

**Apologies:** None

\*Mr Weigh left the meeting for 15 minutes during agenda item 9 and he returned at 13.16.

**IN ATTENDANCE**

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

Mrs Karen Williams (Pension Administration Manager)

Mr Dave Bateman\* (Pension Fund Accountant)

Ms Morgan Nancarrow (Governance Administration Assistant)

Mrs Jennie Green (Aon, Independent Advisers)

\*Attended for part of the meeting to present on agenda items 11 and 12.

**Actions**

**1. APOLOGIES/ WELCOME**

There were no apologies received prior to the meeting.

The Chair welcomed Mrs Sutton Postlethwaite to her first Board meeting. Mrs Sutton Postlethwaite was nominated by the trade unions and has now been formally appointed as a Scheme Member Representative for a term of three years.

The Chair outlined that some background will be provided for each agenda item. Everyone then introduced themselves to Mrs Sutton Postlethwaite.

## 2. DECLARATIONS OF INTEREST

The Chair outlined Mrs Sutton Postlethwaite has completed the form and that no relevant conflicts of interest exist.

The Chair and Mrs Green confirmed they would leave the room for agenda item 21.

## 3. MINUTES

The Chair asked for comments on the minutes of the previous meeting, of which there were none, and there were no matters arising. The draft minutes of the meeting held on the 16 May 2024 were confirmed as a correct record.

## 4. ACTION TRACKER

The contents of the Action Tracker were discussed. The Chair highlighted action 137 as she is attending a Welsh Pension Board Chairs' engagement meeting on 8 October 2024, where she will raise questions regarding Wales Pensions Partnership (WPP)'s cyber security actions and future plans.

It was confirmed that Actions 143 and 144 were to be covered as part of agenda item 5.

### **ACTION:**

*The Chair will raise cyber security at the Welsh Pension Board Chairs' engagement meeting on 8 October 2024.*

**ACTION**  
Chair of  
Pension Board

## 5. OPERATIONAL AND GOVERNANCE UPDATE

The Chair gave an update following the meeting with the Chief Executive which took place on 11 September 2024. The main item discussed was lack of continuity of Pension Fund Committee membership and the risks associated with this. The Chair emphasised the fiduciary responsibilities which are highlighted within the Scheme Advisory Board's fiduciary responsibility statement published on 17 September. This is a reminder that decision making has to be driven by fiduciary duty, and where non-financial matters are being considered in relation to

investments, the committee has to be confident that their views are being held by the majority of scheme members. The main outcome from this discussion was to propose updates be made to the Constitution to support Committee continuity, including noting the business is apolitical. These Constitution changes are expected to be proposed early in the new year when wider national requirements relating to Good Governance may be known.

Mr Jackson noted he felt the Pension Fund Committee's framework for decision making was helpful and the Committee were generally good at focussing on fiduciary duty, but he recognised changes to the Committee membership can pose a risk.

Mrs E Williams commented on the diverse age profile of the Fund's membership and the challenges when assessing what members want. The Chair agreed with this view and mentioned we can ask members their views but there are still challenges with a small number of views being received then potentially misrepresenting the overall membership.

Mrs K Williams then provided an update on the Clwyd Pension Fund's office accommodation as follows:

- The accommodation the wider Council is relocating to is not suitable for the Clwyd Pension Fund's needs, so alternative accommodation has been identified which is the officers' preferred option. The costs of the new accommodation are still being discussed. It is expected that a report will be taken to the next Committee meeting on 27 November 2024.
- Mr Weigh asked about the additional costs and Mrs K Williams provided the current recharge from Flintshire County Council, and the estimated costs for the preferred new accommodation.
- Mr Weigh also asked about current working arrangements and how often staff attend the office. Mrs K Williams confirmed there are approximately 50 members of staff and around 25 desks and expectations are all staff attend the office a minimum of one day a week with many attending more frequently.

Mrs K Williams then provided an update on the implementation of the new management structure and staffing in general, following the Deputy Head of Clwyd Pension Fund retiring in July, which was as follows:

- The creation of job descriptions for the new roles, which include distributing the Deputy Head's responsibilities, is underway.
- This also includes the creation of the job description for the new Governance Officer role, which is in addition to the existing Governance Assistant role.
- In terms of the wider team, there has been an increase in staff turnover with several staff accepting alternative employment where they can work fully remotely. These roles have also offered more competitive pay rates despite them having less experience and responsibility. Mrs K Williams emphasised she felt the biggest driver for accepting alternative employment related to the pay incentive rather than the remote working arrangements.
- Mrs K Williams also outlined that an experienced administration team leader is retiring in March 2025. However, this position has been filled with the new candidate joining in December – allowing for a handover period.
- Wider succession planning is also regularly discussed due to the age demographics and experience of a number of staff. Also, the apprenticeship route has generally been very positive with a number of apprentices then been successful in internal promotions.

The Chair then confirmed that a pay benchmarking exercise is also being undertaken to help address some of these retention concerns.

## **6. THE PENSIONS REGULATOR'S (TPR) GENERAL CODE OF PRACTICE (standard item)**

After providing an introductory background of the TPR's General Code, Mrs Green provided an update on the Clwyd Pension Fund's development of a detailed action list to monitor compliance against the Code's requirements.

Mrs Green reminded Board members that the Fund's officers are assessing themselves on all areas of the Code, including those which are best practice areas, and have assigned themselves a Red, Amber, Green (RAG) score to each of the questions within the compliance tool. There is a strong focus throughout the Code on having in place appropriate internal controls which are

documented, and areas have only been scored green where there is sufficient documentation in place. Therefore, a number of actions within the log relate to documenting processes and procedures, even though a process or procedure is being carried out.

Mrs Green also emphasised whilst on the face of it, the action list is extensive, not all the areas are brand new actions arising from this compliance assessment; many are initiatives already being developed as part of other work officers are doing or are covered as part of the Fund's business plan.

The action list is intended to be a working document used by officers to help prioritise actions and track progress against them. Each action has therefore been assigned either a short, medium or long term status – as agreed with officers.

Mrs Green also highlighted existing TPR guidance (such as pension scams) – and the Code reinforces these requirements and the Fund therefore aims to be compliant in these areas too.

Mr Weigh asked if there are any essential areas not compliant which are a concern and what TPR's enforcement action could be. The Chair stated there were no immediate areas of concern but TPR do have powers to do their own investigations, and enforcement action can include fines or other sanctions if they had any concerns. Mrs Green emphasised that TPR would expect to see an action plan in place to cover how areas of non-compliance were being addressed.

## **7. CYBER RISK AND BUSINESS CONTINUITY (standard item)**

Mrs K Williams provided an update that the Business Continuity Plan has been updated to remove the Deputy Head of Fund and a session has been held with the team so they all are aware of and understand their roles and responsibilities. The next step is for Mrs K Williams to update Mr P Latham and for testing to be carried out which will be supported by Aon as the Fund's Governance Advisors.

The Chair noted that the Fund are well progressed with cyber security initiatives when compared to many other LGPS funds Aon have worked with.

## **8. ADMINISTRATION UPDATE (standard item)**

## **Pension Dashboards**

Mrs K Williams gave an update on Pension Dashboards and shared several slides illustrating what dashboards are and how they will operate. A key activity which is underway is for Clwyd Pension Fund to appoint an Integrated Service Provider (ISP) which sits between the dashboard and the administration system. The intention is to appoint the existing software provider as the ISP and to do this via a direct award from the national LGPS framework.

Mrs K Williams also emphasised that at the June 2024 meeting the Pension Fund Committee has delegated key dashboard decisions to officers. As well as the ISP appointment being a key decision, a further decision relates to the matching criteria which will be used to determine if a member logging on to a dashboard has a match with Clwyd Pension Fund data. Mrs K Williams then outlined the government timetable for dashboards with all LGPS funds needing to connect to dashboards by 31 October 2025. However, it is not yet known when dashboards are expected to be available to the public but current indications are that this is likely to be in early 2026.

Mrs E Williams commented on the complexities in matching individuals who may have the same names and dates of birth.

Mr Jackson expressed his support for appointing the current software provider as the ISP given the tight timescales and the information provided by Mrs K Williams.

## **Pension Scams**

Mrs K Williams stated there are no pension scams to report to the Board.

## **McCloud**

Mrs K Williams provided some background to what McCloud is and the work needed to meet legislative requirements which has resulted in needing to collect part time hours data from employers going back to 1 April 2014 due to an age discrimination ruling. Approximately 75% of the data has been uploaded to the administration system and the remaining data is being validated by the team but the updates need to be done manually. This is impacting on the Business As Usual (BAU) team who perform the core member calculations where data isn't on the system as this then needs to be done on a case by case basis. This is resulting in some longer processing times which is impacting on the Fund's key performance indicators (KPIs). A solution was discussed at the administration managers' meeting on 2 October where it was agreed to carry out some further testing later this month on moving onto the next stage of the project relating to the data already uploaded, and (temporarily) put a hold on the data upload

work. This should minimise the impact on BAU. If the testing of this approach is successful, a recommendation will then need to be taken to the Programme Management Group for approval before it is moved forward.

Mr Jackson asked about cases where the Fund is not able to obtain the required data. Mrs K Williams explained that these cases will be dealt with in favour of the member and there is also guidance from the Scheme Advisory Board which will be followed.

The Chair emphasised the impact on BAU and the KPIs which had gradually been improving, noting that performance against a number of KPIs is likely to reduce in the short term.

### **Data improvement**

Mrs K Williams provided an update that a Data Quality Policy is being developed in line with the current Business Plan and it is expected this will be shared with the Board in Q4 2024/25.

### **Compliments and Complaints**

Mrs K Williams updated the Board on a member overpayment case. A recommendation on the approach to be taken has been put forward to the Pension Fund Committee using the urgency delegations (rather than waiting until the November meeting). Mrs K Williams also provided assurance that investigations have been carried out to identify if this is an isolated issue (which it is). Current procedures have also been amended which include increased monitoring and reconciliation reports to prevent a similar incident occurring in the future.

The Chair commented that this has been an extremely difficult and emotive situation for the scheme member, which Mrs K Williams had handled with sensitivity, care and professionalism throughout.

### **Telephony and communications**

Mrs K Williams updated the Board that Flintshire County Council IT resource is currently focused on the wider office move, and therefore the improvements to the telephony system have been put on pause until the office moves are completed (expected to be in Spring 2025).

## **9. HMT PENSIONS REVIEW**

Mr Latham provided an update as per the attachments in the meeting papers from page 59 onwards.

The background was provided which outlines there are two phases to the review. Phase one focuses on investments and phase two covers pensions inadequacy. It is not yet known if phase two applies to the LGPS.

There are four key areas to the phase one review (the first of which does not apply to the LGPS). However, the second part of phase one relates to '*tackling fragmentation and inefficiency in the LGPS*' through consolidation and improved governance'.

Mr Latham informed the Board a discussion on this area was had at the September Pension Fund Committee meeting and training session after the meeting. Various points were discussed including the number of pools and the number of funds within the UK. Mr Latham highlighted that in his view the focus should not be on whether investments are good or bad for the Fund, but rather remembering that investment decisions impact on scheme members and employers and this should be the focus. The Fund wrote to all employers suggesting they respond to the call for evidence which closed on 25 September 2024.

Mr Latham also updated the Board that he attended a meeting with the Minister on 2 October with officers from other Welsh funds where the WPP was discussed in detail. There are further meetings with the Minister (which Mr P Latham will be attending) to discuss this issue on 9 October (PLSA) and 10 October (Treasury and other Welsh colleagues).

The interim response to the call for evidence is expected later this year with the final response expected in Spring 2025 (with which it is expected a consultation will be published).

Mr Jackson noted his concern about forced investments and mandating pools' investments.

Mrs E Williams asked about the impact on smaller employers' contributions and the Chair noted poorer investment returns could impact all employers.

Mrs Sutton Postlethwaite noted she will discuss this with Unison to clarify their position (**ACTION** – Mrs Sutton Postlethwaite to provide an update). The Chair noted this would be particularly helpful in relation to understanding their views on consolidation, including the impact on administration.

Finally, the Chair highlighted the wider uncertainty this may be having within the teams and the potential impact on staff retention which will need to be monitored.

**ACTION**  
Mrs Sutton  
Postlethwaite



## 10. ASSET POOLING (Standard item)

The Chair highlighted the WPP Pension Board Chairs' engagement meeting on 8 October where it is expected there will be a focus on the Pensions Review.

Mr Latham noted that the engagement questionnaire that had been circulated had a very small number of responses.

## 11. ANNUAL REPORT GUIDANCE AND EXTERNAL AUDIT

The Chair welcomed Mr Bateman, the Fund's Accountant, to his first Board meeting. Mr Bateman started by outlining that the key headline is that the audit of the annual accounts is nearing completion and there are no major issues. However, there has been and continues to be a substantial number of queries from the audit team, and the responses have taken a considerable amount of Fund officers' time. The Chair also noted this was first year without the Deputy Head of Clwyd Pension Fund preparing the accounts, and so it has been a learning experience for Mr Bateman, Mr Hughes (the Graduate Investment Officer) and others involved with in the Clwyd Pension Fund Team. She also highlighted that this was the first year of new guidance on how the Annual Report should be set out, which is another factor.

Mr Bateman also provided an update on the Annual Report – this is in progress and a meeting with the chief auditor has taken place and it is not expected there will be any major issues.

Mr Bateman will continue to ask audit for progress updates and highlight the Pension Board's interest in the matter. However, it is expected that the 1 December deadline will be met with the final audited Annual Report and Accounts being taken to the 27 November Pension Fund Committee meeting.

Mr Jackson raised the suggestion of ensuring feedback is provided and Mr Latham confirmed there will be an opportunity to do this.

The Chair asked for a lessons' learnt report to be provided to the Board at the next meeting. Mr Latham suggested the possibility of audit attending a Board meeting to discuss any changes to the process for next year and the Board agreed this would be helpful.

**ACTION** – Ms Nancarrow to add this to the future work plan.

**ACTION**  
Ms  
Nancarrow

The Chair concluded by thanking Mr Bateman and the other officers in the team for the extensive work undertaken in challenging circumstances.

**12. PENSION BOARD BUDGET MONITORING (Standard item)**

Mr Bateman talked through the Pension Fund budget and confirmed the costs are on track against the overall budget.

The Chair raised a question about the Board insurance which is included in the budget and annual declarations which need to be completed. No members were aware of this. **ACTION** - *it was agreed the Chair will investigate further.*

**ACTION**  
Mrs  
McWilliam

**13. RISK REGISTER (Standard item)**

The Chair highlighted the June and September risk registers from the Pension Fund Committee meetings. The Chair also mentioned the new scoring based on the revised Council risk framework. There were no questions or comments.

**14. BREACHES LOG (Standard item)**

The Chair provided some background for Mrs Sutton-Postlethwaite and outlined that the Pension Regulator's expectation is that Funds have in place a breaches log to record where they are not meeting legal requirements.

The Chair suggested the overpayment case (discussed as part of agenda item 8) is added to the log. **ACTION** – *Mrs K Williams to add this to the breaches log.*

**ACTION**  
Mrs K Williams

There were no further comments on the breaches log.

**15. UPDATES FROM RECENT EVENTS ATTENDED BY BOARD MEMBERS (Standard item)**

There have been no events attended by Board members since the last Board meeting.

**16. CONSIDERATION OF RECENT COMMITTEE PAPERS (standard item)**

There have been two Committee meetings since the last Board meeting (June and September). The Chair highlighted the new approach of alternating a full update at each meeting between investments and administration/communications (an investment summary update was taken to June and an administration/communications summary update was taken to September). All Board members were satisfied with this new reporting method.

**17. INPUT INTO ADVISORY PANEL AND CLWYD PENSION FUND COMMITTEE (standard item)**

The Chair advised the next Advisory Panel is on 3 October and the next Clwyd Pension Fund Committee meeting is on 27 November. Administration priorities and resourcing will be on the agendas.

Mr Weigh highlighted that the call for evidence and the Annual Report and audit are likely to be key items for discussion and the Board agreed their concerns in these areas should be escalated to the Advisory Panel. **ACTION** – *Chair to ensure these matters are highlighted at Advisory Panel.*

**ACTION**  
Chair of Pension Board

**18. FUTURE WORK PLAN (Standard item)**

The Chair provided an update that it is expected the HMT Pensions Review will be on all forthcoming meeting agendas.

Also the EDI action plan is progressing and it is hoped the checklist will be shared at the next meeting.

The Chair highlighted the review of Board effectiveness which is on the work plan for late 2024 and suggested given that Mrs Sutton Postlethwaite is new to the Board this is postponed until Summer/Autumn 2025. All Board members agreed and the workplan will be updated to reflect this change.

**ACTION** – *Ms Nancarrow to update work plan to incorporate these items.*

**ACTION**  
Ms Nancarrow

**19. FUTURE DATES**

Future dates were noted including:

- Pension Board meeting dates:
  - Tuesday 3<sup>rd</sup> December 10am – 3:00pm
  - Tuesday 1<sup>st</sup> April 10am – 3:00pm

These were proposed as face-to-face meetings with hybrid facilities if available.

It was agreed to reschedule the 3<sup>rd</sup> December meeting to 17<sup>th</sup> January 2025 from 9.30am to 2.30pm, and the Chair will attend remotely for medical reasons.

- Committee dates
  - November 27<sup>th</sup> 2024
  - February 19<sup>th</sup> 2025
  - March 19<sup>th</sup> 2025
  - June 18<sup>th</sup> 2025
- Training and other upcoming events:
  - LGA fundamentals – October/November/December
  - CIPFA Pension Board event (London or hybrid) 21<sup>st</sup> November 2024
  - Annual Employer and Scheme Member Representatives meeting – 26<sup>th</sup> November 2024
  - Internal training scheduled on afternoons of PFC dates

Board members are encouraged to attend the LGA Fundamentals training and Mrs Sutton Postlethwaite expressed interest.

**ACTION** - *Ms Nancarrow will send the details to Mrs Sutton Postlethwaite.*

**ACTION**  
Ms  
Nancarrow

If any Board members wish to attend the CIPFA Pension Board event to let Ms Nancarrow know and she will book a place.

During the morning of 26<sup>th</sup> November a WPP governance workshop is taking place – to which all Board members have been invited. **ACTION** - *Ms Nancarrow will issue Mrs Sutton Postlethwaite a placeholder notification.*

**ACTION**  
Ms  
Nancarrow

## 20. ANY OTHER BUSINESS

None.

## 21. PROCUREMENT OF INDEPENDENT ADVISER (INCLUDING PENSION BOARD CHAIR)

The Chair and Mrs Green left for this item.

Mr Latham explained that the Independent Adviser Contract currently held by Aon is up for review. The 5 year period and further 2 year contract extension have been completed, so the Fund is now required to go out to tender.

Historically the Fund has had a single named individual to act as both the Fund's Independent Adviser and the Chair of the Pension Board, however more recently due to personnel changes Ms Alison Murray has held the Independent Adviser Role with Mrs McWilliam retaining the role of Pension Board Chair. Officers feel that an independent adviser to the Fund should be a separate individual to the Independent Pension Board Chair, but intends to appoint both from the same organization in order to aid continuity and communication between them. This will be requested in the tender. The change would formally widen the role of the Pension Board Chair to reflect the Pension Board's role in assisting and overseeing the Governance of the Fund, including sitting on the Pensions Operations subgroup to the Advisory Panel once this group is established.

The Fund will be using the LGPS procurement framework and the fair and proper procurement process will be followed which may result in a change in provider or the reappointment of Aon. Officers intend to maintain the past approach that the independent adviser cannot hold another role on behalf of Clwyd Pension Fund, which excludes two providers on the Framework.

Mr Weigh asked questions regarding continuity risk and succession planning, and asked whether officers had considered appointing the two roles from separate providers, as specifying both from the same provider may limit the options available. It was confirmed that this had been discussed.

Mr Latham noted his own LGPS and Investment expertise and said that a future Head of Clwyd Pension Fund may have a different background. Therefore a consideration for this tender will be appointing an Independent Adviser with funding and investment background to enable scrutiny of these areas while retaining the Pension Board Chair with a governance and administration focus.

The meeting closed at 2.20pm