
PENSIONS COMMITTEE 17-06-24

Attendance:

Councillors: Stephen Churchman, Goronwy Edwards (Conwy County Borough Council), John Brynmor Hughes, Medwyn Hughes, Iwan Huws, Elin Hywel, John Pughe Roberts, Ioan Thomas and Robin Williams (Isle of Anglesey County Council)

Officers:

Dewi Morgan (Head of Finance), Ffion Madog Evans (Assistant Head of Finance - Accounting and Pensions), Delyth Jones-Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer)

Others invited:

Tony Deakin (Member of the Pension Board – observing)
Ben Hughes (Senior Auditor, Audit Wales)

1. ELECTION OF CHAIR

Resolved to elect Councillor Medwyn Hughes as Chair of this Committee for 2024/25

2. ELECTION OF VICE-CHAIR

Resolved to elect Councillor Elin Hywel as Vice-Chair of this Committee for 2024/25

3. APOLOGIES

None to note

4. DECLARATION OF PERSONAL INTEREST

None to note

5. URGENT ITEMS

None to note

6. MINUTES

The Chair accepted the minutes of the meeting held on 19 March 2024 as a true record.

7. THE GWYNEDD PENSION FUND AUDIT PLAN FOR 2024

Ben Hughes (Audit Wales) was welcomed to the meeting.

A detailed Audit Plan for 2024 was presented, introducing the audit team together with fees and a timeline for auditing work intended to be completed during the year, in line with the statutory responsibility they held as external auditors. It was highlighted that the work of auditing the financial statements would be completed during July and August,

with the intention of submitting a report on the statements during September 2024. Attention was drawn to the significant risks of material misstatement, noting that this risk was included in all plans in Wales as part of Audit Wales' procedures. He thanked the staff for their effective collaboration with Audit Wales.

Members expressed their thanks for the report and to Ben Hughes for attending the meeting.

In response to a question regarding the risk of a financial misstatement and what additionally could be done to mitigate the situation, it was noted that Audit Wales were satisfied with the work and arrangements of the Gwynedd Fund, and that this risk was a general risk considered as part of the standards. The Head of Finance added that the Funds arrangements to mitigate this risk ensured that there were appropriate arrangements in place to report upon, such as approving decisions, having a whistleblowing procedure in place so that staff could report if they were under pressure to cut corners or not comply with the usual procedure.

During the ensuing discussion, an observation was noted that it would be beneficial in future to have an explanation of the risks in order to better understand the context and to include examples of what could go wrong.

RESOLVED:

To accept the Plan and note the information.

8. GWYNEDD PENSION FUND'S DRAFT ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2024

Submitted, for information, the report of the Investment Manager providing details of the financial activities of the Pension Fund during the year ending on 31 March 2024. It was highlighted that the (draft) accounts were subject to audit and the audit would be undertaken by Audit Wales.

It was reported that the accounts followed the statutory CIPFA format, with the guidance providing an interpretation of what was presented in the accounts.

It was expressed that the year had been very busy for the Fund with the implementation of the new strategic assets allocation and wider investment with the Wales Pension Partnership. Reference was made to a summary of the Fund account, drawing attention to a few variations as the contributions and benefits increased after employees received salary increases and as the pension increased with CPI. It was reiterated that there had been an increase in the management costs as the value of assets increased and as different types of investments had been introduced into the portfolio e.g. private credit.

It was explained that the fund's investment income had significantly increased and that equity investments had performed strongly, and as a result had generated a significant income. It was added that as part of the strategic assets allocation, more had been invested in the fixed income funds, with one new fixed income fund, the Global Credit Fund, with these investments having generated a significant interest income. It was noted that the investments had been used to reduce the fund's risk compared to equity investments, with the income more or less following interest rate patterns, and therefore it was reasonable that the income level had significantly increased.

It was highlighted that there had been an increase of approximately £300 million in the Fund's market value following the equity markets bouncing back after the impact of the ongoing war in Ukraine and high inflation.

The members expressed their thanks for the report

During the ensuing discussion, the following observations were made by members:

- The figures were to be welcomed
- The performance was good

In response to a question as to why there had been a significant reduction in the actuary fees, it was noted that this was because the fees were higher in 2022/23 due to the valuation period - this would be a recurring three-year pattern. In response to a supplementary question about control over the Wales Pension Partnership fee, it was noted that there was no control and that the Pensions Committee had approved the Business Plan that included the annual fees. It was also noted that there was more demand for support and that the requirements were more complex, which was reflected in the fees. It was also noted that the cost would be higher if Gwynedd was an individual fund.

In response to a question regarding an increase in debts, and whether it created a risk or established a pattern, it was noted that an increase was highlighted here solely due to the end of year timing. It was added that these were monthly debtors, not long-term debtors and therefore did not pose a risk to the situation.

RESOLVED to accept and note the Pension Fund's Statement of Accounts (subject to audit) for 2023/24

9. WALES PENSION PARTNERSHIP (WPP) UPDATE

The Investment Manager highlighted that the report was now a regular one that would be presented to Members, noting the latest information on the WPP's work. It was explained that the report would reconcile the information that every fund in Wales received, it would include the decisions of the Governance Joint Committee together with a standard quarterly update. Attention was drawn to a discussion in the Joint Committee meeting held in March 2024 that included the tendering process for property providers (the outcome to be announced imminently), together with the All Wales Climate report (available on the partnership's website) and the usual items (training plan and the business plan).

In the Operator's update, it was noted that all the Partnership's funds had now been established, and that Gwynedd's Fund was pooled in seven of them. Reference was made to the detail of the operator's work over the period and to any market conditions that had been monitored by them. Attention was also drawn to a performance analysis by sub-fund, which noted that the returns had been positive over 3 and 12 months, and that the figures were reflected in the value of Gwynedd's fund. It was also noted that a presentation had been made by GCM Grosvenor, the partnership's infrastructure allocator. It was reported that the Gwynedd Pension Fund had invested £3.6m up to 31 December 2023 with this asset management company, with this sum likely to increase significantly over time. There would be an opportunity for the Committee to meet these new infrastructure managers in the near future.

The members expressed their thanks for the report

RESOLVED to accept and note the quarter 3 update (up to 31 December 2023) of the Wales Pension Partnership, for information.

10. REVISED INVESTMENT STRATEGY STATEMENT

A report was presented by the Investment Manager that noted that the Fund was required to publish the Investment Strategy Statement (ISS), normally following the valuation. However, as part of the investment strategy, it was highlighted that there was a need to complete a follow-up review following the revised strategic asset allocation. It was reported that work was being undertaken jointly with Hymans Robertson to update this technical document, and attention was drawn to the cover report that highlighted the main changes that arose from the revised market conditions and their impact on the Gwynedd Fund's strategy. It was also noted that an opportunity had arisen to include the new pooling options that were available, specifically the wide range of possible private markets.

RESOLVED

To accept and adopt the revised Investment Strategy Statement.

11. LGPS POOLING SYMPOSIUM CONFERENCE 2024

A verbal update was provided by Councillor Goronwy Edwards and Councillor Iwan Huws who had attended the conference in April 2024.

It was reported that pooling was the main matter under discussion in the conference, which focused on how the pooling of local authority funds continued to evolve and what this would mean for the future. Information was provided about government guidelines regarding the benefits and risks involved with pooling. It was noted that the conference had been a good opportunity for attendees to network and share best practice.

RESOLVED

To accept and note the information

12. PENSIONS ADMINISTRATION

The Pensions Manager presented a report, providing a general overview of pensions administration over the past year, along with information about the work completed over the period, and an update on various projects.

Reference was made to the performance of core service duties for 2023/24 in comparison with 2022/23 noting that performance had improved on all lines and highlighting a significant improvement in 'the average number of working days taken to send out a quote letter detailing a transfer'. It was reported that additional staff had been appointed to respond to the demand in this service and as a result the performance had improved e.g., although the number of cases had increased from 218 to 745, the number of 'response' days has been reduced from 17.11 to 13.26. This work had also ensured that records of those who leave were accurate and complete for the dashboard.

Attention was drawn to the Service satisfaction survey which was sent to Members at the end of each process to gather views on the quality of service received. It was reported that 162 members took part in the survey during 2023/24 and the result was very encouraging (99% of users strongly agreed or agreed that the quality was of a high standard).

Reference was made to the success and popularity of the 'My Pension On-line' website and highlighted that many members visited the site each day, and approximately 20,000 had signed up for the service to date. It was noted that the Service contacted employers to encourage their staff to transfer gradually so that any situation that may arise could be dealt with - it was hoped to complete the work by the end of summer 2024.

It was noted that a new version of the self-service website had been launched on 10/04/2024. The service would contact employers to ask them to encourage staff to transfer gradually to the new site so that any situation that may arise could be dealt with - it was hoped to complete the work by the end of summer 2024.

In discussing The Pensions Regulator - Measuring Data, Members were reminded that Aquila Heywood had been commissioned in the past to produce a Data Quality Report for the Gwynedd Pension Fund. Furthermore, it was noted that software was now available to run this report internally. It was highlighted that the report was broken down into two parts (Common data and Plan Specific data). One category was referred to which had not reached the benchmark (addresses) and this related to people who had moved and had not notified the service of their new address. There was now a process of tracking down the addresses with Heywood, and it was hoped to see future improvement in this category.

The members expressed their thanks for the report.

During the ensuing discussion, the following observations were made by members:

- Staff were congratulated on the performance - the figures were excellent
- The new on-line system was easy to use
- 99% of the users strongly agreed or agreed that the quality of the service received was of a high standard - which created a feeling of pride.
- The report was comprehensive, and the results were extremely positive.

RESOLVED to accept the report for information.

13. EXCLUSION OF PRESS AND PUBLIC

RESOLVED to exclude the press and public from the meeting during the discussion on the following items due to the likely disclosure of exempt information as defined in paragraph 14, Schedule 12A of the Local Government Act 1972 - Information about the financial or business transactions of any specific person (including the authority that retains that information).

There was an acknowledged public interest in openness in relation to the use of public resources and related financial issues. However, it was also acknowledged that there were occasions, in order to protect public financial interests, where commercial information must be discussed without being publicised. The reports related specifically to a proposed procurement process. Publicising such commercially sensitive information could be detrimental to the interests of the Council and its partners by undermining competition. This would be contrary to the wider public interest of securing the best overall outcome. For these reasons, the matter was closed in the public interest.

14. ROBECO ENGAGEMENT SERVICE – ENGAGEMENT REPORT 01/10/23 – 31/12/23

A quarterly report was submitted summarising the work Robeco (WPP Voting and Engagement Provider) undertook on behalf of the Pension Fund including engagement work.

The contents of the report was discussed

RESOLVED to accept and note the contents of the report

The meeting commenced at 14:00 and ended at 14:55