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## **PENSIONS COMMITTEE, 16.12.09**

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**Present:** Councillor John Gwilym Jones (Chairman).  
Councillor Keith Greenly-Jones (Vice-chairman).

**Councillors:-** Trevor Edwards, John R.Jones and Gwilym Euros Roberts.

**Co-opted Member:** Councillor Goronwy O. Parry (Isle of Anglesey County Council).

**Officers:-** Dilwyn Williams (Corporate Director), Dafydd Edwards (Head of Finance Department), Daphne Humphreys (Pensions and Payroll Manager), Gareth Jones (Pensions Operations Manager) and Eirian Roberts (Committee Officer).

**Also Present:-** Gwennan Medi Williams (Pensions Officer), Robin Glyn (Pensions Systems Officer) and Ayesha Lisa Blake (Communications Officer) (for item 5 on the agenda); Amanda Hughes (Wales Audit Office) (for item 7 on the agenda).

**Apologies:** Councillor W.Tudor Owen and Councillor Margaret Lyon (Conwy County Borough Council).

### **1. DECLARATION OF PERSONAL INTEREST**

No declarations of personal interest were received from any member present.

### **2. URGENT ITEM**

The Corporate Director referred to the fact that new members of the committee had attended a three-day course held by the Department for Work and Pensions on pensions in general very recently and that a one-day refresher course on the subject would be offered to members who had attended the basic course in the past. He would send out the relevant details to the members and he asked anyone interested in attending the course to let him know so that he could make the necessary arrangements.

A member enquired whether the officers were aware that the Welsh Local Government Association was arranging a session on management of pension budgets on 21 January 2010.

The Corporate Director responded by saying that he believed that this session would be more relevant to employers rather than pension funds, but he would check that.

### **3. MINUTES**

The Chairman signed the minutes of the previous meeting of this committee held on 29 June 2009, as a true record.

### **4. EXAMINATION SUCCESS**

Submitted – the report of the Head of Finance Department noting that four members of the Pensions Unit staff, namely Gwennan Medi Williams (Pensions Officer), Robin Glyn

(Pensions Systems Officer), Dafydd Richard Owen (Pensions Officer) and Ayesha Lisa Blake (Communications Officer) had succeeded to gain a Diploma in Local Government Pension Management from the Institute of Payroll Professionals – Pensions Faculty (IPP). Ayesha Lisa Blake had also won two national prizes for being the Best Year Two Student (Pensions) and for the best TMA6 Dissertation.

The Head of Finance Department noted that he was extremely pleased about their success and he added that the Pensions Unit had very qualified staff who would be a support in moving forward to face future challenges in the pensions field.

**RESOLVED to congratulate the staff on their success and thank them for their efforts.**

## 5. REVISED COMMUNICATION POLICY

Submitted – the report of the Head of Finance Department recommending that the committee approved the Communication Improvement Policy for printing and publishing.

The Chairman referred to the part of the policy which discussed communication with contributing members and suggested that the word “*available*” in the first sentence under the heading “Gwynedd Pension Fund Road Shows”, namely “*The Gwynedd Pension Fund is available to attend employer events and provide a pensions stand...*” was not very proactive, particularly bearing in mind that two officers had been appointed specifically for this.

The Chairman then referred to decision (b) under item 5 of the minutes of the previous meeting of the committee – Governance Arrangements for Pension Funds – which noted that informal meetings with employers should be held post-haste, suggesting that the part of the policy which discussed communication with employers did not say much.

In response, the Head of Finance Department noted that meetings had been held in the last cycle.

The Pensions Operations Manager added that it was intended to formalise a procedure of holding informal meetings twice a year along with additional meetings as and when necessary.

**RESOLVED to approve the Communication Improvement Policy to be printed and published subject to amending the first sentence under the sub-heading “Gwynedd Pension Fund Road Shows” under the main heading “Communication with contributing members” to refer specifically to the two Communications Officers within the Pensions Unit.**

## 6. ANNUAL AUDIT LETTER

Submitted – the Wales Audit Office’s Annual Audit Letter to the members of Gwynedd Pension Fund Pension Committee and to the members of Gwynedd Council.

Amanda Hughes (Wales Audit Office) was welcomed in order to present the annual letter and to respond to members’ questions.

A member noted that the audit fee, namely £20,031, was unreasonably high for four pages of information and he asked whether it was a legal requirement for the Council to have this audit.

In response, Amanda Hughes explained that the fee was for a complete audit of the Pension Fund's accounts and that the size of the Annual Audit Letter did not reflect all the detailed work which had been put in to undertake the statutory financial audit. She added that the fee for this service had used to be included as part of the fee for the main audit of the Council's accounts in the past.

In response to an enquiry by a member regarding why the audit of the Pension Fund was separate to the main audit of the Council's accounts, Amanda Hughes explained that the main reason for this was that it had been considered that the specific risks and challenges facing the pension fund were sufficiently relevant to justify a separate audit.

A member enquired whether having a separate audit cost more to the Pension Fund.

The Head of Finance Department replied by saying that a fee of £20,031 had been charged for the audit of the Pension Fund, and although the separate audit of the Fund had discovered more things than had been discovered in the past, he understood why the question as to whether that was worth £20,000 was asked.

The Corporate Director enquired whether the work undertaken by the Wales Audit Office in the future would be based on an assessment of the risk, and should it become apparent that this risk would reduce as a result of strong governance arrangements, would the audit and, therefore, the fee be reduced because the risk had been reduced.

Amanda Hughes replied by saying that although she could not confirm for certain what would happen in the future, the audit was based on risk and if it were seen over time that this risk was reducing, she would assume that this would be reflected in the fee.

**RESOLVED to accept the Annual Audit Letter.**

## **7. CLUB VITA**

Submitted – the report of the Corporate Director asking the committee to consider whether it wished to subscribe to the Club Vita service, namely a limited liability partnership which was originally set up by Hymans Robertson to operate on a subscription basis for pension funds with over 1,000 members with the aim of improving longevity information to allow pension funds to better manage their longevity risk.

The Corporate Director added that this service would cost £10,000 per annum along with a membership cost of £5,000. However, this investment could lead to a reduction in the employer contribution of between 1 and 2.5% per annum.

**RESOLVED to subscribe to the Club Vita service and to review the situation in 12 months' time.**

## **8. COMPASS**

Submitted – the report of the Corporate Director asking the committee to consider whether it wished to subscribe to Compass, namely a new system developed by Hymans Robertson which utilised their model of a range of outcomes which could have manifested themselves in the long term to develop a longer term plan for employer contributions.

A member noted that he was not entirely convinced that this was a good idea as it did not treat every body within the Fund in the same way. However, he noted that he would be

supporting the proposal to proceed with this, subject to obtaining updates on the situation from time to time.

In response, the Corporate Director explained that officers would be reporting back and that it would be the members making the final decision on the way forward. All they were currently doing was commissioning the work.

The Head of Finance Department added that the officers would be undertaking an assessment of the risk for the remaining employers in the Fund in letting some bodies come into this and report back to the committee with that risk assessment.

**RESOLVED to subscribe to the Compass system in order to establish an analytical basis for determining future contribution rates which takes into account the unusual nature of current circumstances, and to keep an eye on the situation.**

**9. THE LOCAL GOVERNMENT PENSION SCHEME (MANAGEMENT AND INVESTMENT OF FUNDS) REGULATIONS 2009**

Submitted – the report of the Pensions and Investments Officer summarising the main provisions of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 which would come into force on 1 January 2010 and would replace the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998.

**RESOLVED to accept the report.**

**10. LGC INVESTMENT SUMMIT – 10/11 SEPTEMBER 2009**

Submitted – the report of the Head of Finance Department notifying the committee of the benefits gained from attending the LGC Investment Summit.

A member who had been present at the summit noted that the presentations by Ewen Cameron Watt, Managing Director and Portfolio Manager, Black Rock, Simon Savage, Asset Manager – Active Risk Control and Allocation, GLG and Ronnie Bowie, Senior Partner – Hymans Robertson, had been extremely interesting and informative.

The Chairman thanked Councillors Gwilym Euros Roberts and W.Tudor Owen, along with the Head of Finance Department, for attending the summit.

**RESOLVED to accept the report.**

**11. EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED to exclude the press and public from the meeting during the discussion on the following item because of the likely disclosure of exempt information as defined in paragraphs 14 and 16, Part 4, Schedule 12A of the Local Government Act 1972. These paragraphs apply because the report contains advice given by Hymans Robertson under their usual terms that this advice is not disclosed to others. It also discusses the position of one of the Council's Investment Consultants and the risk of them losing a contract. Consequently, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.**

**12. INVESTMENT IN PROPERTY**

Submitted – the report of the Corporate Director asking the committee to consider the suggestions of an advisory paper received from Hymans Robertson.

**RESOLVED to act along the lines suggested by Hymans Robertson, namely to invest up to £20m directly in Blackrock and/or KBC Lothbury property funds in order to ensure an increase in our property investments.**

The meeting commenced at 1.00pm and concluded at 1.50pm.