

MEETING	PENSIONS COMMITTEE
DATE	3 DECEMBER 2010
TITLE	RATIONALISATION OF PENSION FUNDS IN WALES
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- 1 I reported to the Committee at its meeting in June 2009 that Treasurers to Pension Funds in Wales had started to consider whether there would be advantages in pursuing greater joint working or even merging Funds.
- 2 As there was very little hard evidence available on which a rational decision could be based, the Committee agreed to take part in a joint exercise with other pension funds in Wales to commission an outline business case to establish whether there would be financial advantages in having fewer pension funds in Wales.
- 3 In March of this year, the Pensions Sub Group of the Society of Welsh Treasurers commissioned a study by Price Waterhouse Coopers (PwC).
- 4 The initial study is now complete and the final report is imminent. It will suggest that there is scope to generate further efficiency savings along with achieving greater consistency in service standards.
- 5 The potential savings are considered large enough to merit further investigative work.
- 6 The study recognises that any changes would take time to achieve, and the transition could be complex and would incur costs with payback periods varying according to the degree of change. In addition because contribution costs for employers only amended every three years (at the triennial valuation) the earliest financial year when such savings might be identified, from even very prompt actions, would be 2014/2015.
- 7 Governance arrangements have also been identified as a significant issue in the context of any further work to be carried out.
- 8 The study however provides a sound base to suggest that further work is merited and the Pension Fund Treasurers now want to undertake more detailed piece of work to produce an outline business plan around proposals for a reduction in the number of welsh pension funds.
- 9 The aim is to determine the optimum model for the LGPS in Wales which could be a single fund or 2, 3 or 4 sub regional funds.

- 10 The work will be taken forward by the SWT Pensions Sub Group with appropriate support. The group believe this is an important piece of work to build more detail on the “prima facie” case to rationalise the number of LGPS funds in Wales which could improve efficiency and service standards.
- 11 The Pensions Committee is requested to note the conclusions of the review and agree to take part in the further work being undertaken.