
PENSIONS COMMITTEE, 17.06.14

Present: Councillors: Stephen Churchman, Trevor Edwards, Hywel E. Jones (Representative of Isle of Anglesey County Council), Dafydd Meurig, W. Tudor Owen, John P. Roberts and Peter Read.

Officers: Dafydd Edwards (Head of Finance Department), Caroline Roberts (Investment Manager), Gareth Jones (Pensions Manager) and Lowri Haf Evans (Member Support and Scrutiny Officer).

Apologies: Peredur Jenkins, Margaret Lyon (Representative of Conwy County Borough Council).

1. ELECTION OF CHAIRMAN 2014/2015

Resolved to elect Councillor Tudor Owen as chairman of the committee for 2014/15.

2. ELECTION OF VICE-CHAIRMAN 2014/15

Resolved to elect Councillor Stephen Churchman as vice-chairman of the committee for 2014/15.

3. WELCOME AND APOLOGIES

Everyone was welcomed to the meeting by the Chairman, Tudor Owen. The above-mentioned apologies were noted.

4. DECLARATION OF PERSONAL INTEREST

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

5. URGENT ITEMS

Nothing to note.

6. MINUTES

The Chairman signed the minutes of the previous meeting of this committee, held on 17 March 2014, as a true record.

7. WESTMINSTER GOVERNMENT (DCLG) CONSULTATION ON THE OPPORTUNITIES FOR COLLABORATION, COST SAVINGS AND EFFICIENCIES IN THE LGPS

Submitted – the report of the Investment Manager which elaborated on the consultation document issued by the Department for Communities and Local Government on opportunities, cost savings and efficiencies for the LGPS in England and Wales. The Government believed that there was scope for significant savings through reform of the LGPS. The consultation was aimed at all parties with an interest in the LGPS and 11 July 2014 had been set as the closing date to submit a response.

It was outlined that the consultation document included proposals and that specific questions were asked to gather opinions. Following work between the eight pension

funds in Wales, it was noted that a joint response would be offered based on the results of the collaboration project. In addition, Gwynedd Council, as an administrating authority would also respond and the Committee was asked to consider any views or issues that they wished to include.

The proposals were discussed in detail.

Main observations from the discussion:

General observations

- Accepted the need to modernise the system
- Recognised the need to achieve savings
- Accepted the principle of forming one governing body, but 89 bodies were too much
- Concern was expressed that it would not be possible to have an influence – losing the local voice
- The size of the Wales fund was acceptable

Funding Vehicles

- How many funding vehicles would be required? More information required
- Having a choice would be beneficial e.g. investing in local funds
- More flexibility required

Fund management

- The main principle was to have better gains at less costs
- Accepted the need for a more effective structure
- Would the saving be local or central?
- Supported the option 'requirement to manage listed assets passively on a 'comply' or 'explain' basis

Everyone was thanked for their contribution to the discussion.

RESOLVED

To delegate the right to officers to draw up a draft response to the consultation. The officers to share the draft response with the Chairman of the Committee to confirm that the response complies with the Committee's observations.

8. POLICY ON ABATEMENT OF PENSION BENEFIT

Submitted – a report by the Pensions Manager stating the need to review the Fund's policy, which had been in place since 1998, on reducing or suspending pension benefits after re-employment to be consistent with provisions for 'flexible retirement'. It was noted that the need had arisen to change the Fund Abatement Policy in the context of the amendment in the Government's policy and Regulations especially as the 2014 LGPS did not allow abatement of pension that accrued after 31.3.2014.

A recommendation was made for the Pensions Committee to approve the policy change. Generally, re-employed members would receive their pension benefits unaffected by abatement excepting tiers one and two ill health retirees and pre 2008 ill health retirees i.e. such pensions that would be allowable (pre 2014 accrual only) would be abated on re-employment if the new salary plus pension exceeded the salary prior to their ill health retirement.

RESOLVED

To approve the right to change the policy so that re-employed members can receive full pension benefits excepting tiers one and two ill health retirees and pre 2008 ill health retirees so that they remain subject to a re-employment test and abatement should it be eligible and legitimate.

9. 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 paragraph 14, Part 4, Schedule 12A, Local Government Act 1972. The report relates to the financial matters of the Pension Fund and one of the companies in which it invests. Disclosing the information now could affect the company's ability to compete and there is no public interest in disclosing which outweighs the company's right to keep its financial matters confidential.

10. PROPERTY INVESTMENT

Submitted – the report of the Investment Manager.

RESOLVED

To approve the recommendations of the Investment Manager.

The meeting commenced at 2:00pm and concluded at 3:00pm.