
PENSION BOARD 15/02/18

Present: Anthony Deakin (Cartrefi Conwy), Councillor Aled Evans (Gwynedd Council), H. Eifion Jones (Scheme Members' Representative) and Osian Richards (Scheme Members' Representative)

Others invited: Councillor Stephen Churchman (Chair of the Pensions Committee).

Officers:- Dafydd Edwards (Head of Finance Department), Meirion Jones (Senior Communication Officer - Pensions) and Lowri Haf Evans (Member Support Officer).

1. APOLOGIES

An apology had been received from Huw Trainor (North Wales Police) and Sharon Warnes (Scheme Members' Representative)

2. DECLARATION OF PERSONAL INTEREST

No declarations of personal interest were received from any members present

3. URGENT ITEMS

None to note

4. MINUTES

The Chair signed the minutes of the meeting of this committee, held on 5 December 2017, as a true record.

5. MINUTES OF PENSIONS COMMITTEE

The minutes of the Pensions Committee held on 18 January 2018 were accepted for information.

The Chair reported that he was continuing to seek clarity regarding Indemnity Insurance for Pension Board Members. He highlighted the fact that he had received an e-mail from Gerard Moore who expressed his personal views on the matter. He had expressed the view that in the context of any potential fine being imposed on a Board member by the Regulator, that the most likely reasons for such steps would be: to ignore the responsibility to receive training by avoiding any effort to become familiar with the rules of the scheme or of being neglectful, in terms of ignoring key risks.

One of the members highlighted that there was a risk also where there was potential for a member of the Board to release commercially sensitive confidential information to an investment manager who would use this to their advantage, that would enable another investment manager to challenge him/her due to losing a commercial opportunity as a result.

It was noted that the Committee's success was essential and that the main function of the Board was supervising the Committee's work. It was suggested that there was potential here to see fault if there would be insufficient risk supervision work.

It was decided to question Zurich Municipal further on the above matters.

LPFA Meeting 30.1.2018

Observations were received from Councillor Stephen Churchman on the main matters discussed at the meeting. This included member fees and the importance of engagement. The need to adapt and improve engagement methods both regionally and locally was emphasised.

Responsible Investment

Following a training session held on 18.1.2018, it was reported that a report would be prepared by Paul Potter from Hymans that would outline the agreed investment principles of Gwynedd members and officers based on responses to the questionnaire completed for the session. The intention was to recommend observations for responsible investment and setting the direction of investments. The need to consider executive ownership that would encourage traditional investors to adapt their priorities was highlighted.

6. ADDITIONAL VOLUNTARY CONTRIBUTIONS REVIEW

For information, a report was submitted highlighting the intention of holding a review of an additional voluntary contributions (AVC) provider. Clerical Medical (a part of the Lloyds TSB Group) had been Gwynedd's AVC provider since 2001. It was reported that Clerical Medical was now closed to new business and that the level of support to Members and employers was relatively restricted compared to some other AVC providers. Although Clerical Medical was efficient when allocating monthly contributions and paying AVC money after retirement, it was felt that the services for Members was defective compared with their competitors and that there was a need to consider a provider that offered more modern elements.

In order to ensure compliance with the Pension Regulator's code of practice, and to ensure that the best service was being offered to the fund's members, it was decided to hold a review of the AVC provision. Following a procurement process, Hymans Robertson was appointed to undertake the review. It was explained that Gwynedd had three options - stay with Clerical Medical, transfer to a new company or move over to a part of the Lloyds Banking Group that looked for new AVC contracts. It was reported that the outcome of the review would be reported to the Pensions Committee on 15 March, with the report being circulated to Board members for information.

In response to the presentation, it was suggested that companies, once they were closed to new businesses, tended to lose interest and therefore it was timely to hold a review. It was noted that there was a need to consider the costs of transferring and the implications and costs to payroll.

Resolved to accept the information.

7. NEW GWYNEDD PENSION FUND WEBSITE

The Senior Communication Officer submitted an update on the new-look Pension Fund website. It was explained that the existing website had been operational for 10 years and that the software used to update the existing website was not user-friendly any more. It was reported that the website's design had been completely re-designed and that tiles had been used, rather than a traditional menu. It was reiterated that the new format would be easier for mobile phones and would include more information. It was noted that the new website would be launched on 1.3.2018, and that e-mail messages would be sent to all staff with e-mail access, informing them that the new website was available.

The update was welcomed and it was reiterated that the improvement was substantial. Gratitude was expressed for the work and to the Information Technology Department for their support.

The report was accepted.

8. WALES PENSIONS PARTNERSHIP

The Head of Finance Department gave an oral update on Wales Pensions Partnership developments. Following a press release, it was confirmed that Link Asset Services had been appointed as operator for the partnership's fund following a thorough procurement process by the Wales Pension Partnership and the consultants, Hymans Robertson and Burges Salmon.

It was reported that Link would jointly establish and maintain an investment vehicle which would be tax-efficient on behalf of the Wales Pension Partnership. It was added that Link, with the assistance of Russell Investments (in an investment consultant role), and in consultation with the eight single local authority funds, had started to plan the process of appointing investment managers companies.

It was highlighted that appointing Link was a positive step and a milestone on the journey of establishing a Collective Investment Vehicle, in accordance with the requirements of the Westminster Government. It was reported that the process had now entered an establishment period and that a project plan had been programmed.

The intention was that Link, with the support of the Wales Pensions Partnership, would initially establish **one** Global Equity sub-fund, in order to show that they were 'operational' on time, and then undertake detailed work on structures prior to launching other sub-funds. It would be possible to trial one sub-fund in order to have an opportunity to adapt and review the amount to invest in it as appropriate. Link would submit a document to the Governance Joint Committee in March, which would detail all of the other sub-funds and their timelines.

RESOLVED to accept the information.

9. UPDATE TO THE WORK PROGRAMME OF THE BOARD

A work programme (draft) for 2018/19 was submitted, including matters noted following consideration by the Board at previous meetings. It was reiterated that

meeting dates would be confirmed after the Full Council accepted the Committees Calendar for 2018/19 at its meeting on 1 March. It was highlighted that the work programme was a live programme and that there was an opportunity to submit suggestions for additional items during the year.

In response to an issue relating to submitting data accurately and timely, it was suggested that warning steps should be established should there be difficulties in terms of submitting data accurately and in a timely way. It was suggested that consideration should be given to escalating any difficulties and communicating with senior officers should the matter remain unresolved, reiterating that any failure was a cost to the fund.

10. CIPFA SPRING SEMINARS

For information, details of the CIPFA Seminars for Spring 2018 were provided to members. It was reported that the seminars provided training and gave focus on other key matters that had become apparent. It was reiterated that the seminars were also a good opportunity for members to network with the Pension Board members of other funds. It was highlighted that some dates had already been cancelled - the Liverpool and Cardiff Seminars. Members were asked to express an interest in attending the seminars.

Osian Richards confirmed that he would be attending the London Seminar on 26.2.18.

In response to the information, frustration and concern was highlighted as two of the seminars had already been cancelled. It was assumed that the Cardiff seminar would have been relevant to the Welsh funds and so disappointment was expressed that the seminar had been cancelled. The need for organisers to give sufficient time for Members to hold discussions locally and make nominations was noted. With the organisers encouraging members to take advantage of training sessions, it was difficult to understand why seminars were being cancelled.

It was decided to express disappointment to the organisers.

The meeting commenced at 2.00 pm and concluded at 3.20 pm

CHAIRMAN