
PENSION BOARD, 13.12.18

Present: Anthony Deakin (Cartrefi Conwy) (Chair), Councillor Aled Evans (Gwynedd Council), H Eifion Jones (Scheme Members' Representative), Osian Richards (Scheme Members' Representative), Huw Trainor (North Wales Police) and Sharon Warnes (Scheme Members' Representative).

Others invited: Councillor John Pughe Roberts (Chair of the Pensions Committee).

Officers:- Dafydd Edwards (Head of Finance Department) (items 1-8), Caroline Roberts (Investment Manager) (items 1-6), Nicholas Hopkins (Pensions Manager), Meirion Jones (Senior Communication Officer - Pensions) and Bethan Adams (Member Support Officer).

1. APOLOGIES

No apologies were received.

2. DECLARATION OF PERSONAL INTEREST

Sharon Warnes declared a personal interest in item 5 on the agenda, as she was a member of the Grŵp Cynefin Management Board.

The member was not of the opinion that it was a prejudicial interest, and she did not withdraw from the meeting during the discussion on the item.

3. URGENT ITEMS

It was noted that Tony Deakin and Sharon Warnes had been selected, at the previous meeting on 16 July 2018, to attend the LGPS Governance Conference held in Bristol on 17 - 18 January 2019. It was explained that Sharon Warnes was unable to attend the conference and a message had been sent to the Board members asking them to express their interest in attending the conference. A discussion was held and it was concluded that the booking would be cancelled.

H. Eifion Jones referred to the fact that there was no item on the agenda in relation to reporting back from conferences, and he noted that he had attended the Annual Meeting of the Local Authority Pension Fund Forum in Bournemouth on 5 - 7 December 2018. In response, the Head of Finance Department noted that there was an item on reporting back from conferences on the agenda of the Pension Board occasionally.

The member noted that he had sent a copy of the PowerPoint presentations from the conference to the Head of Finance and the Chair, and he noted that he had very much enjoyed the session with the former Barclays Bank employee.

The Head of Finance Department noted that it was a matter for individuals as to whether they wished to report back from conferences or not. He added that he had received an e-mail from Hymans enclosing a report summarising the presentations at the Bournemouth conference, and that he would forward this to the members.

4. MINUTES

The Chair signed the minutes of the previous meeting held on 16 July 2018 as a true record, subject to amending bullet point 3 under item 10 - "General Update on Pensions Administration" on page 5 to read:

- Penalty arrangements needed to be introduced if some **employers** continued to create additional work. It was considered that this was an item for the Committee to consider.

It was emphasised that the minutes of the previous meeting were only submitted to the committee to confirm accuracy only.

5. PENSIONS COMMITTEE MINUTES

The minutes of the Pensions Committee held on 8 November 2018, were accepted for information.

A member referred to the Pension Fund's Investment Strategy and noted the intention to look to invest in Wales in line with the second principle of the Investment Strategy Statement, whether the Wales Pensions Partnership would consider investing in the housing market. She noted that she had recently attended a housing conference and that the Chair of a Pension Board in England had noted that the Fund should definitely invest in the housing market. She elaborated that as a part of the North Wales Economic Growth Bid there would be opportunities to collaborate with others in terms of investing in the developments deriving from the scheme.

A member noted that the Manchester Council Pension Fund invested in the housing market, whilst Warrington Council borrowed from the Public Works Loans Board (PWLB), rather than investing the Pension Fund's money. The member added that this was an issue that required the attention of the Pensions Committee.

In response to the members' observations, the Head of Finance Department noted that the Pensions Committee, at its meeting on 8 November 2018, had adopted the Pension Fund's Investment Strategy Statement. He noted that matters would arise over the coming months regarding future investment opportunities, noting that the returns needed to be explicit. He elaborated that these matters would be addressed by the Wales Pensions Partnership, rather than by the Gwynedd Pensions Committee.

A member noted that it was a complex subject and that collaborating with others through the Wales Pensions Partnership was the way forward.

A member noted that investing in affordable housing would benefit the Fund's members.

6. PENSION FUND INVESTMENT PERFORMANCE 2018/19

The Investment Manager submitted a report that elaborated on the procedure of monitoring the performance of the Pension Fund's investments up to the end of the Second Quarter of 2018/19.

The Head of Finance Department drew attention to a graph on page 14 of the agenda, which showed the comparative accumulative quarterly performance per manager for the 2015-18 period. He elaborated that the situation was acceptable and that the performance was encouraging, when comparing the rate of returns against the benchmark.

RESOLVED to note the information.

7. PENSIONS ADMINISTRATION

A comprehensive report was submitted, providing a general overview of pensions administration over the past six months, along with information about the work presented over the period, an update on various projects, changes in the regulations and a list of the challenges faced by the Administration Unit on a daily basis.

During the ensuing discussion, the members noted the following main observations:

- Officers were thanked for their work in reconciling the Guaranteed Minimum Pension (GMP) and for working as a team to fulfil the aim. Some pension funds were lagging behind in terms of completing the work.
- In terms of staffing resources, would the temporary posts continue on the staffing structure?
- Board members expressed support for adding to the staffing structure.
- Was there a final deadline in relation to the 119 cases of widows designated as 'stalemate' cases by HMRC?
- Once the cases had been resolved, would this affect the individuals?
- There was no risk to the Fund as the enquiries had been submitted to HMRC.
- Had all Fund members received an Annual Benefit Statement?
- The Scheme's Advisory Board was going through the procurement process to develop a system to carry out a compliance check on assets managers who had committed to the Scheme Advisory Board's Transparency Code. It was intended for the system to be live by April 2019 and the development should be investigated. It would be beneficial for Hymans to give a presentation to members of the Pension Board and Committee.
- The board should consider the quality of data.
- Concern about continuity as experienced officers were approaching retirement.
- A report for the meeting of the Pensions Committee on 21 January 2019 in relation to adding posts to the staffing structure was welcomed.

In response to the above observations, the officers noted that:

- Other pension funds had paid external agencies/accountants to complete the work of GMP reconciliation, at a high cost. The Fund was fortunate that the work could be completed in-house for a reasonable price.
- A report would be submitted to the Pensions Committee meeting on 21 January 2019 relating to adding the 3 temporary posts to the staffing structure on a permanent basis.
- The Board members' support to adding to the staffing structure was appreciated.
- The 119 'stalemate' cases had been registered with HMRC and that HMRC had a time-frame in which to resolve the cases by 31 March 2019; however, there could be some slippage to the time-frame.
- If a GMP over-payment were identified, this would not affect individuals as they were not at fault; and should an underpayment be identified, the sum would be paid out.
- Annual Benefit Statements were available for Fund members on-line, and three letters relating to registering on the Members' Self-service website had been sent to members. If members had not registered on-line or had not requested to continue to receive paper copies, they would not have received their statement. In some cases, employers did not note an individual's finish date, and so, consideration would be given to the cases before the Annual Benefit Statement could be produced. A full-day training session on the Role of the Employer would be held by the Welsh Local Government Association's Training Officer on 31 January 2019.

- Developing a system to hold a compliance check with the Scheme Advisory Board's Transparency Code would ensue; however, the requirements and expectations were not yet known. The situation would be monitored.
- Data quality was noted as a matter to consider in the Pension Board's Work Programme for 2019/20.
- When officers retired, experience was lost and training new officers required a lot of work.
- That a sufficient staffing resource was needed to address the bulk of work and that it was the highest priority.

RESOLVED to accept the information.

8. THE PENSIONS REGULATOR: PUBLIC SERVICE GOVERNANCE PROCEDURE SURVEY 2018

A survey by the Pensions Regulator was submitted to get the Board's input in order to complete the survey. It was explained that the closing date for responses was 30 November 2018, but the deadline had been extended by the Regulator in order to get the Board's input at this meeting.

The on-line survey was completed and submitted to the Pension Regulator's website during the meeting.

During the discussion, the following matters were noted as ones requiring attention:

- Continuity arrangements in terms of staffing;
- The 5 highest risk matters on the risk register;
- Developing arrangements to punish employers who continue to generate additional work.

9. SELF-SERVICE SYSTEM DEMONSTRATION

It was noted that Aquila Heywood provided a Member Self-service system for the Pension Fund. It was explained that the company had developed a new version of the system with a brand new interface. It was noted that the Pensions Committee, at its meeting on 8 November 2018, had approved finance to upgrade to the new version.

In response to a question from a member about where the data would be kept, the Pensions Manager noted that discussions were continuing with Aquila Heywood about hosting the system and amended costs were being awaited in the hope that the system would be live early in 2019.

RESOLVED to note the information.

The meeting commenced at 2.00pm and concluded at 4.00pm