



# Complete Agenda

**Democratic Service**  
Swyddfa'r Cyngor  
CAERNARFON  
Gwynedd  
LL55 1SH

Meeting

**PENSION BOARD**

Date and Time

**1.00 pm, WEDNESDAY, 9TH MARCH, 2016**

Location

**Ystafell Gwyrfai, Council Offices,  
Caernarfon, Gwynedd. LL55 1SH**

Contact Point

**Lowri Haf Evans 01286 679 878  
lowrihafevans@gwynedd.gov.uk**

(DISTRIBUTED 02/03/16)

# **PENSION BOARD**

## **MEMBERSHIP**

### **EMPLOYER REPRESENTATIVES**

Anthony William Deakin (Cartrefi Conwy)

Huw Trainor (North Wales Police)

Cyng / Coun Aled Lloyd Evans (Cyngor Gwynedd Council)

### **MEMBER REPRESENTATIVES**

Victoria Louise Hallaron (Cartrefi Cymunedol Gwynedd)

Osian Richards (Cyngor Gwynedd Council)

Sharon Warnes (retired - formerly Gwynedd Council)

# **A G E N D A**

## **1. APOLOGIES**

To receive any apologies for absence

## **2. DECLARATION OF PERSONAL INTEREST**

To receive any declaration of personal interest

## **3. URGENT ITEMS**

To note any items which are urgent business in the opinion of the Chairman so that they may be considered

## **4. MINUTES**

1 - 3

The Chairman shall propose that the minutes of the meeting of this committee held on 17.12.2015 be signed as a true record.

## **5. WHAT IS THE REMIT OF THE PENSIONS COMMITTEE?**

4 - 6

Consider the Investment Managers' Report

## **6. ROLE OF ADMINISTRATIVE AUTHORITY**

7 - 17

Consider the report of the Gwynedd Pension Fund Senior Communication Officer

## **7. COMMUNICATING WITH EMPLOYERS'**

18 - 20

Consider the report of the Gwynedd Pension Fund Senior Communication Officer

## **8. POOLING OF INVESTMENTS**

21 - 36

Consider the Investment Managers' Report

## **9. INVESTMENT REGULATIONS**

37 - 48

Consider the Investment Managers' Report

## **10. ACTUARIAL ASSUMPTIONS FOR VALUATION IN 2016**

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Consider the Investment Managers' Report

## **11. WORK PROGRAMME (DRAFT)**

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Consider the Investment Managers' Report



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## PENSION BOARD 17/12/15

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**PRESENT:** Mrs Sharon Warnes (Chair)  
Mr Huw Trainor (Vice-Chair)

Mr Anthony William Deakin, Aled Ll. Evans, Ms Victoria Louise Hallaron and Mr Osian Richards

**OFFICERS:** Dafydd L. Edwards (Head of Finance), Caroline Lesley Roberts (Investment Manager), Nicholas Edward Hopkins (Deputy Pensions Manager), Meirion Jones (Communications Officer (Pensions) and Lowri Haf Evans (Members and Scrutiny Support Officer),

### 1. APOLOGIES

None to note

### 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 Chairman signed the minutes of the previous meeting of this committee, held on 13 July 2015, as a true record.

### 5. SUMMARY OF AUDIT COMMITTEE RECOMMENDATIONS.

A report was presented, informing the Members that two internal audit reports had been considered by the Audit Committee in the past two years. It was explained that the Pension Fund was subject to audits in the same manner as Gwynedd Council. It was noted that the Pension Fund was included in the Audit Committee's work programme. The Pension Fund's systems and compliance with relevant legislation was subject to audits by internal and external auditors. The external auditors audited the Pension Fund's accounts at the same time as the audit of Gwynedd Council's Statement of Accounts.

It was noted that both Internal Audit reports had scored "opinion A" - the highest score, with the minimum risk. In response to the question regarding the scoring system, it was reported that each "opinion C" or less was called in to be reviewed by a working group of Audit Committee members.

In response to the propriety of the matters which were audited, it was noted that the number of internal auditors had reduced over the years, and that any risks were highlighted and referred to the Head of the Finance Department or the Investment Manager. The auditors would conduct a "follow-up" to consider whether the appropriate steps had been implemented.

In relation to external auditors, it was noted that there had been no request this year for a specific external audit, apart from reviewing the statutory financial statements.

## **THE INFORMATION WAS ACCEPTED**

### **6. INVESTMENT PORTFOLIO**

In response to a request from members, the Investment Manager submitted a report containing information on the Pension Fund's Investments. It was noted that the Annual Report published in September 2015 had already noted relevant information, and it was restated that the report summarised the main messages, and referred specifically to Gwynedd's choices.

It was explained that there were a number of restrictions within the regulations that could be increased by the fund, and a list of Gwynedd's current restrictions were listed in the report. However, it was emphasised that the regulations allowed administering authorities to increase the restrictions if they required. It was noted that there was an ongoing national consultation to change these regulations by abolishing restrictions in order to facilitate pooling and collaborative investment, although the existing arrangements would remain in force until March 2016.

In the context of the Local Government Pension Scheme regulations, the Pension Fund had to take specialist advice on investment. Hymans Robertson (independent advisor) was the advisor for Gwynedd's Pension Fund.

An advisor from Hymans would join the Pensions Committee's investment panel to monitor the investment managers, and would be present at each of the quarterly meetings with the investment managers. The Pensions Committee would agree upon an investment strategy, aiming to maximise the returns to the fund at present and in future - by considering (very) long term investments. Reference was made to the strategic distribution of the assets, noting that the majority was in equity, bonds and property.

Matters arising from the discussion:

- In referring to targets for the investment managers - it was suggested that a discussion and more detailed information was required.
- A wider picture of the performance was needed in order for the Pension Board to be able to add value - but to avoid duplicating the work of the Pensions Committee.
- There was a need to analyse investment trends over the medium-term.
- Performance monitoring? Were there formal guidelines or processes to do this?
- Were the fees of the investment managers and Hymans commensurate with the work?
- Was there a need to consider a specific period for contracts with investment managers / consultants? It was proposed that guidance or a process should be established to manage the situation.
- It was agreed that there was a need to ensure flexibility to allow the continuation of the investment managers and consultants' contracts, but that a specific review period should be set.

In response to the above observations, it was noted that a summary of performance for each quarter could be presented, followed by a briefing session for discussion. It was emphasised that an overview of 3 - 5 year performance could be provided, starting with an overall overview before deciding whether there was a need to scrutinise in more detail.

In relation to setting a specific period for the contracts of consultants and investment managers, it was noted that Hymans had provided good advice over the years. A suggestion had been made recently to review the relationship, but it was decided to continue until 2017 (in the context of the current national consultation on pooling funds).

In response to a question, in the context of pooling in future either with Welsh and/or English funds, it was noted that good collaboration and research had been undertaken with Welsh funds, and that details of this proposal would be submitted as a response to the consultation in February 2016.

**RESOLVED**

- A) SHARE THE QUARTERLY PERFORMANCE SUMMARY WITH PENSION BOARD MEMBERS.**
- B) PROVIDE AN OVERVIEW REPORT OF PERFORMANCE TO MONITOR TRENDS (3 – 5 YEAR PERIOD)**
- C) RECOMMEND THAT THE PENSIONS COMMITTEE AMENDS THE POLICY TO SET A SPECIFIC TIME PERIOD FOR REVIEWING THE PERFORMANCE OF INVESTMENT MANAGERS AND THE INDEPENDENT CONSULTANTS**

**7. ANY OTHER BUSINESS**

In response to question regarding the fund's financial deficit, it was noted that there was a notional 20-year plan in place to close the deficit. In order to close the deficit, there would be a need to be more offensive with risks.

The meeting commenced at 2:00 pm and concluded at 3:15pm

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**CHAIRMAN**

# Agenda Item 5

MEETING:	<b>PENSION BOARD</b>
DATE:	<b>9 MARCH 2016</b>
TITLE:	<b>PENSIONS COMMITTEE REMIT</b>
PURPOSE:	<b>To inform Board members of the responsibilities of the Pensions Committee</b>
RECOMMENDATION:	<b>NOTE THE INFORMATION</b>
AUTHOR:	<b>CAROLINE ROBERTS, INVESTMENT MANAGER</b>

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## **1. Introduction**

The Local Government Pensions Scheme Regulations require that each Pension Fund publishes a Governance Policy Statement. The statement sets out how the Council discharges its governance responsibilities. The basic principles are accountability and transparency which are achieved by clear responsibilities and reporting.

## **2. Current Governance Policy Statement**

The Governance Policy Statement was adopted in October 2008 and is published as an appendix in Section 8 of the Annual Report, which is available on the Pension Fund website at

[http://www.cronfabensiwngwynedd.org.uk/upload/public/attachments/1260/ANNUAL\\_REPORT\\_201415\\_with\\_appendices.pdf](http://www.cronfabensiwngwynedd.org.uk/upload/public/attachments/1260/ANNUAL_REPORT_201415_with_appendices.pdf)

The section of the Governance Policy Statement covering the Pensions Committee is included at Appendix A for information.

A revision of the statement is required to incorporate the role of the Pension Board and this will be completed in time for inclusion in the 2015 – 2016 Annual Report.

## **3. Conclusion**

The Pension Board has the opportunity to consider the current policy statement and present comments to the Pensions Committee prior to the revision of the policy statement.

**GWYNEDD PENSION FUND**  
**GOVERNANCE POLICY STATEMENT**

**Version 30/10/08**

**Governance Policy Statement**

This statement sets out the delegation of matters in relation to the Gwynedd Pension Fund, along with the terms of reference, structure and operational procedures of these delegations.

Gwynedd Council is the Administrating Authority for Gwynedd Pension Fund. The Council has delegated to the Pensions Committee various powers and duties in respect of its administration of the Fund.

**Pensions Committee**

The Committee is comprised of 9 members, 7 of whom are elected members of Gwynedd Council, 1 member from Anglesey County Council and 1 member from Conwy County Borough Council, all of whom have voting rights. There is no member (staff) representation on the Committee.

The Pensions Committee's responsibilities are to:

1. Decide on the strategy for investing the Pension Fund's assets;
2. Appoint and terminate the appointment of managers and consultants of the Pension Fund, and review their performance with regard to investment;
3. Ensure that safe and efficient arrangements are in hand for purchasing, selling and monitoring the council's investments;
4. Making some decisions in the context of pension administration.

As a duly constituted Committee of Gwynedd Council, the operation of the matters delegated to the Committee are governed by Gwynedd Council's constitution, and in particular, Parts 4 and 5 which govern the rules of procedure and Codes and Protocols which are to be followed by members of the Pensions Committee and officers.

The Pensions Committee is also charged with ensuring that an annual report on Pensions matters is prepared and presented to an annual meeting of employers and employee representatives, at which any of the said parties can question the Committee, their officers,

investment adviser or Fund managers on issues relating to Fund performance, and administration and/or pensions matters in general.

In order to ensure an adequate review of investment performance, the Committee's investment adviser and each Fund manager provides the Committee with a quarterly monitoring report. Informal meetings are also held with the investment adviser and Fund managers in order to challenge performance and resolve any issues which arise.

All employers who are not members of the Pension Committee are afforded the opportunity to influence the Pension Committee's determinations through the series of informal meetings held periodically with various categories of employer.

Any issue requiring formal consideration is considered at a properly convened meeting of the Committee, in order to allow citizens to exercise their rights to attend any meeting of a Council Committee.



<b>Meeting:</b>	<b>Pension Board</b>
<b>Date:</b>	<b>09/03/2016</b>
<b>Title:</b>	<b>Role of the Administering Authority</b>
<b>Purpose:</b>	<b>To inform members of the governance of the LGPS and the role of the Administering Authority</b>
<b>Recommendation:</b>	<b>Report for information only</b>
<b>Author:</b>	<b>Meirion Jones, Senior Communication Officer</b>

## 1. Governance of the Local Government Pension Scheme

### Who runs the LGPS?

The LGPS is one of the largest public sector pension schemes in the UK. It is a nationwide pension scheme for people working in local government or working for other types of employer participating in the scheme. The LGPS in England and Wales is administered locally through 90 local pension funds.

Gwynedd Pension Fund is responsible for the administration of the LGPS for:

<b>Scheduled Bodies</b>	<b>Admission Bodies</b>
Gwynedd Council	Coleg Harlech WEA
Snowdonia National Park	North Wales Society for the Blind
Conwy County Borough Council	CAIS
Bryn Eilian School	Conwy Voluntary Services
Isle of Anglesey County Council	Conwy Citizens Advice Bureau
Emrys Ap Iwan School	Careers Wales North West
North Wales Police and Crime Commissioner	Ynys Mon Citizens Advice Bureau
Pen y Bryn School	Mantell Gwynedd
Grwp Llandrillo Menai	Cwmni Cynnal
Eirias High School	Medrwn Mon
	Cwmni'r Fran Wen
	Menter Mon
	Holyhead Joint Burial Committee
	Cartrefi Conwy
	Cartrefi Cymunedol Gwynedd

<b>Designating Bodies</b>	<b>Transferee Admission Body</b>
Llanllyfni Community Council Ffestiniog Town Council Bangor City Council Llandudno Town Council Abergele Town Council Llangefni Town Council Colwyn Bay Town Council Menai Bridge Town Council Beaumaris Town Council Towyn and Kinmel Bay Town Council Holyhead Town Council Tywyn Town Council Caernarfon Town Council Conwy Town Council	Caterlink Jewson Ltd

### **LGPS rules**

The scheme regulations were made under the Superannuation Act 1972 and in the future will be made under the Public Service Pension Schemes Act 2013. Changes to scheme rules are discussed at national level by employee and employer representatives but can only be amended with the approval of Parliament.

The LGPS is a registered public service pension scheme under Chapter 2 of Part 4 of the Finance Act 2004. It achieved automatic registration by virtue of Part 1 of Schedule 36 of that Act (because the scheme was, immediately before 6 April 2006, both a retirement benefits scheme approved under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988 and a relevant statutory scheme under section 611A of that Act). This means, for example, that members receive tax relief on their contributions. It complies with the relevant provisions of the Pension Schemes Act 1993, the Pensions Act 1995 and the Pensions Act 2004.

The LGPS meets the government's standards under the automatic enrolment provisions of the Pensions Act 2008.

### **Governance**

From April 2015, the administering authority needed to establish and operate a Local Pension Board. The Pension Board is responsible for assisting the administering authority in securing compliance with the LGPS regulations, overriding legislation and guidance from the Pensions Regulator. The Board is made up of equal representation from employer and member representatives.

Gwynedd Pension Fund's board is made up of the following members:

Member representatives:

Victoria Louise Hallaron - Cartrefi Cymunedol Gwynedd

Osián Gruffydd Richards - Gwynedd Council

Sharon Warnes - Gwynedd Council (Retired)

Employer representatives:

Anthony Deakin - Cartrefi Conwy

Huw Trainor - North Wales Police

Councillor Aled Evans - Gwynedd Council

**Funding**

Scheme member pay contributions to the LGPS based on their earnings with the employer paying in the balance of the cost of providing the benefits after taking into account investment returns. Every three years, an independent actuary calculates how much the employer should contribute to the scheme. The amount will vary, but generally the present underlying assumption is that employees contribute approximately one third of the scheme's costs and the employer contributes the rest.

**Here are the pay bands and contribution rates that apply from April 2015 for members.**

Annual Pensionable Pay:	Contribution Rate:
Up to £13,600	5.5%
£13,601 to £21,200	5.8%
£21,201 to £34,400	6.5%
£34,401 to £43,500	6.8%
£43,501 to £60,700	8.5%
£60,701 to £86,600	9.9%
£86,001 to £101,200	10.5%
£101,201 to £151,800	11.4%
More than £151,801	12.5%

**Valuation of the Fund**

In accordance with Regulation 62 of the LGPS Regulations 2013 each administering authority (in England and Wales) is required to obtain an actuarial valuation of the assets and liabilities of the pension fund every 3 years. The next valuation will take place on 31 March 2016.

This valuation sets the employer contribution rates for the next three years. Each LGPS fund will have different individual circumstances for fund actuaries to take into account when determining the future service rate.

At the Triennial Actuarial Valuation as at 31 March 2013, the funding level of our Scheme was 85%, ahead of the 79% average across the whole of the LGPS in England and Wales, where funds use a variety of actuarial assumptions and methodologies.

Local Authorities are not required to be 100% funded but, it is clear that any deficit must be made good and Funds should endeavour to not have a continuing deficit. This will of course mean increased employer contribution rates.

Following the Valuation the Administering Authority must obtain:

- A report by an actuary in respect of the valuation; and
- A rates and adjustments certificate prepared by an actuary.

Each of those documents must be obtained before the first anniversary of the date ("the valuation date") as at which the valuation is made or such later date as the Secretary of State may agree.

The report must contain a statement of the demographic assumptions used in making the valuation; and the statement must show how the assumptions relate to the events which have actually occurred in relation to members of the Scheme since the last valuation.

The rates and adjustments certificate is a certificate specifying:

- the primary rate of the employer's contribution; and
- the secondary rate of the employer's contribution, for each year of the period of three years beginning with 1st April in the year following that in which the valuation date falls.

The primary rate of an employer's contribution is the amount in respect of the cost of future accruals which, in the actuary's opinion, should be paid to a fund by all bodies whose employees contribute to it so as to secure its solvency, expressed as a percentage of the pay of their employees who are active members.

The secondary rate of an employer's contributions is any percentage or amount by which, in the actuary's opinion, contributions at the primary rate should, in the case of a Scheme employer, be increased or reduced by reason of any circumstances peculiar to that employer.

#### **Future cost management of the LGPS**

To ensure the long term sustainability of the scheme a cost management process is now in place in the LGPS in England and Wales which will monitor the cost of the scheme to ensure it stays within agreed parameters as set by the Scheme Advisory Board and HM Treasury. Should costs increase outside those parameters future changes to the scheme design may be required.

## 2. Role of the Administering Authority (Gwynedd Pension Fund)

The role of the Administering Authority includes:

- The upkeep of member records
- Providing information:
  - Annual Benefit Statements
  - Material changes to the scheme
  - Annual reports
  - Funding strategy
  - Communication strategy
  - Discretion policies
- Reply to complaints under the Internal Dispute Resolution Procedure

### Upkeep of member records

The majority of the Unit's day to day work involves the upkeep of members' records in line with the LGPS Regulations 2013, the Transitional Regulations 2014 and Government Actuary Department (GAD) guidance. This includes:

- Starters
- Transfers of pension rights
  - Into the LGPS
  - Out of the LGPS
  - Interfunds (between two LGPS funds)
  - TUPE transfers
- Aggregation
- Refunds
- Deferred
- Estimates
  - Normal retirement
  - Redundancy retirement
  - Efficiency retirement
  - Ill health retirement
  - Flexible retirement
- Retirements
  - Normal retirement
  - Redundancy retirement
  - Efficiency retirement
  - Ill health retirement
  - Flexible retirement
- Additional contributions contract
  - Additional Voluntary Contributions
  - Additional Pension Contributions

- Deaths
- Dependent benefits
  - Widows
  - Widower
  - Civil partners
  - Co-habiting partner
  - Eligible children
- Updating member records
  - Change of address
  - Change of marital status
  - Change of bank details
  - Change of hours
  - Change of death grant expression of wish nomination.
- Divorce Pension sharing
- Tax calculations
  - Annual Allowance
  - Lifetime Allowance
- Issuing Opt Out forms
- Pensioner Payroll
- Face to face consultation with members
  - At the office
  - At members home in terminal ill health cases

### **Providing Information**

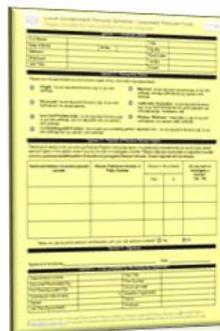
Gwynedd Pension Fund has to provide members with certain information by law:

- Basic information about the scheme
- Annual Benefit Statements
- Material changes to the scheme
- Pension fund annual report
- Funding strategy
- Communication strategy
- Discretion policy

### **Basic information about the scheme**

Gwynedd Pension Fund must provide new and prospective members with basic information about the LGPS, such as how benefits are worked out, how member and employer contributions are calculated etc. as soon as possible, but in any event, with one month of the date the employer informs Gwynedd Pension Fund of the individuals details (such as date of birth and National Insurance number) or within two months of the date the individual became a member of the scheme.

The Gwynedd Pension Fund supplies its members with the following documents upon commencement:



**Ffurflen Cychwynnol (CT108) Starter Form (CT108)**



**Ffurflen Grant Marwolaeth Death Grant Form**

### Annual Benefit Statements

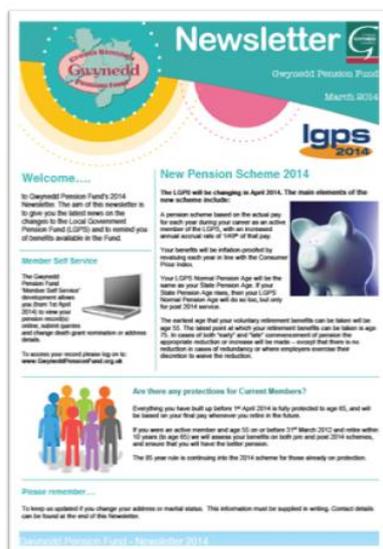
The pension fund must issue an annual benefit statement to its members (other than pensioners). The statement must be issued no later than five months after the end of the scheme year to which it relates. The scheme year in the LGPS runs from 1 April to 31 March, therefore, the fund must issue annual statements to its members by 31 August each year.

The Annual Benefit Statements are produced on an all-Wales basis for both active and deferred members. Working on an all-Wales allows us to negotiate substantial savings in the production and posting of the statements. Approximately 150,000 statements are sent out to Welsh LGPS members each year, with approximately 20,000 of these statements being sent to Gwynedd Pension Fund members.

### Material changes to the scheme

The pension fund administering authority must inform members if any material changes are made to the LGPS. They must give this information to members as soon as possible after the change takes effect, but in any event within three months after the change.

The Gwynedd Pension Fund will communicate such changes through newsletters, website and presentations.



## **Pension fund annual report**

Gwynedd Pension Fund must prepare and publish an annual report on or before the 1st December after the end of each scheme year. The scheme year in the LGPS runs from 1 April to 31 March. This report will detail the management and financial performance during the year of each of the pension funds maintained by the authority.

PDF copies are sent out to employers and interested parties each year and copies can be seen in the Investment section of the Fund's website. Paper copies are also available upon request.

## **Funding strategy**

Gwynedd Pension Fund must prepare, maintain and publish a written statement setting out its funding strategy.

A copy of this statement can be found on the Investment section of the Fund's website.

## **Communication Strategy**

Gwynedd Pension Fund must prepare, maintain and publish a written statement setting out its policy concerning communications with members, representatives of members, prospective members and scheme employers.

A copy of this statement can be found in the Employer section of the Fund's website.

## **Discretions policy**

The employer and pension fund pension administering authority have certain powers which enable them to choose how they will apply the scheme in respect of certain provisions. These are called discretions.

The employer and pension fund administering authority are obliged to consider how to exercise their discretion and, in respect of some (but not all) of these discretionary provisions, to have a written policy on how they will apply their discretion. For example the employer must have a written policy on whether they will:

- allow flexible retirement
- award, or pay towards the cost of, additional pension
- waive any reduction to your pension if it is paid early (except for ill health, redundancy & business efficiency retirements where your employer is obliged to meet the cost of paying your pension without a reduction for early payment).
- grant early payment of deferred benefits and whether they will waive any reductions

They have a responsibility to act with 'prudence and propriety' in formulating their policies and must keep them under review.

A list of Gwynedd Pension Fund's discretion can be seen in the Employer section of the Fund's website.

## **Internal Dispute Resolution Procedure (IDRP)**

There are times when scheme members, their dependants or representatives do not agree with the pension benefit they may or may not have been awarded.

In cases like this there is a provision contained within Regulations 72 -79 of the LGPS Regulations 2013 to enable disagreements to be resolved.

Administering Authorities are required to specify a person to deal with applications to resolve disagreements against their decisions. Examples of administering authority decisions would be:

- Death grant nominations;
- Award of spouse/dependants benefits;
- Conversion of pension to lump sum

Examples of employer decisions would be:

- Calculation of final year's pay;
- Medical opinions concerning the award of ill health benefits and the determination of which tier of ill health is awarded;
- Whether or not various elements of pay are pensionable;
- The pay range band the member has been allocated in determining his or her contribution rate.

The administering authority has a right to appeal too. If they believe a scheme employer has failed to carry out its statutory duties or it does not agree with a decision, it may appeal to the Secretary of State to make a decision.

### **The process to resolve disagreements falls into two stages:**

#### **Stage 1: Formal Complaint**

A member should make their complaint in writing to whoever they think is at fault- either their Employer or the Pension Fund. This must be done within 6 months of the problem arising. The facts of the case will be examined along with the scheme regulations and a decision will be made regarding the complaint. This reply must be made within 2 months or reasons must be given for the delay in replying.

For complaints against an Employer decision the member must write directly to the Employer.

For complaints against a Pension Fund decision, the member should write to:

Pensions Manager  
Pensions Section  
Council Offices  
Gwynedd Council  
CAERNARFON  
Gwynedd  
LL55 1SH

#### **Stage 2: Further Appeal**

If the member is unhappy with the decision in Stage 1, they will have 6 months in which to appeal at Stage 2. This stage is refereed by an officer appointed by the Pension Fund. Again this appeal must be made in writing and should be accompanied by the decision from Stage 1.

A member can also go straight to Stage 2 if:

- They have gone through Stage 1 and haven't had a reply within 3 months of making their appeal; or
- They have gone through Stage 1 and haven't received a decision within a month of the date they were told they would receive it.

Gwynedd Pension Fund has appointed Gwynedd Council's Head of Legal Services as their appointed officer under Stage 2. All complaints should be sent to the following address:

Head of Legal Services  
Council Offices  
Gwynedd Council  
CAERNARFON  
Gwynedd  
LL55 1SH

Again a reply must be made within 2 months of receiving a complaint.

### **The Pension Advisory Service (TPAS)**

If the problem is not resolved the next step for the member is to ask for help from TPAS, who are available for assistance in connection with any pension query.

They can be contacted by writing to:

11 Belgrave Road  
London  
SW1V 1RB  
**Tel:** 0845 601 2923

### **Pensions Ombudsman**

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme. Pension schemes and members must normally go along with the decision of the Ombudsman's decision unless it is overturned by a court. The Pensions Ombudsman's office would expect that members have been through both stages of the IDRP and asked help from TPAS.

Complaints to the Ombudsman must be made within 3 years of the event that the complaint is about or within 3 years of the member becoming aware of the problem.

The Ombudsman's contact details are:

11 Belgrave Road  
London  
SW1V 1RB

**Tel:** 020 7630 2200  
**Fax:** 020 7821 0065  
**E-mail:** [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)  
**Website:** [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

### **The Pensions Regulator**

The Pensions Regulator is a pension's watchdog which makes sure schemes are run properly, and protects members against fraud. If a member is worried about the scheme they can report to the Pensions Regulator.

The Regulator's contact details are:

Napier House  
Trafalgar Place  
Brighton  
BN1 4DW

**Tel:** 0870 606 3636

# Agenda Item 7



<b>Meeting:</b>	<b>Pension Board</b>
<b>Date:</b>	<b>09/03/2016</b>
<b>Title:</b>	<b>Communicating with Employers</b>
<b>Purpose:</b>	<b>To inform members of the board of the methods of communication used by Gwynedd Pension Fund to communicate with employers</b>
<b>Recommendation:</b>	<b>Report for information only</b>
<b>Author:</b>	<b>Meirion Jones, Senior Communication Officer</b>

## 1. Introduction

Scheme Employers are the first point of contact for the members of the Local Government Pension Scheme. In order for Gwynedd Council as Administering Authority to effectively run the Scheme, it is essential that the Employing Bodies are aware of the latest information and guidance available, to enable them to carry out their responsibilities.

The main methods of communicating with employers are:

- Annual General Meetings
- Biannual meetings
- Individual Employer Training meetings
- Employer seminars
- Contact database
- Employer guide
- Website

## 2. Annual General Meetings

The Annual General Meeting is held specifically for Employers and Union Representatives to discuss the Annual Report and Accounts. Representatives from various professional advisory bodies, such as the Fund Actuary and Fund Managers also attend in order to answer questions on Funding, investment performance and Valuations.

## 3. Biannual meetings

Relevant representatives from each Employing Body are invited to attend informal meetings at Gwynedd Council offices twice yearly (on average), to discuss any practical issues with regard to the Pension Fund or its administration. It is also an opportunity to discuss any legislation changes that will affect them. These meetings cover a variety of subjects such as the Valuation, changes to the Pension Scheme regulations and Automatic Enrolment.

The aim is to improve upon the quality of data received by both parties – the Employers and the Administering Authority, and enhance the standard of service to meet the needs of all scheme members and stakeholders.

#### 4. **Individual Employer Training meetings and any matters arising**

These can be arranged on the request of the Employing Body or Administering Authority, on an individual basis as opposed to the biannual meetings where all can attend. For example, when the accounting requirements for pensions in employers' accounts changed a training session was arranged for employers affected by the changes.

#### 5. **Employer Seminars**

These can be arranged where there has been a significant change in legislation. For example, a meeting for the employer has been arranged for 17<sup>th</sup> March 2016 with representatives from our Actuary Hyman Robertson to give an overview of the 2016 Valuation.

#### 6. **Contact Database**

Regular updates regarding any changes or proposed changes in the LGPS are issued to all Employing Bodies by e-mail or letter. The Employer Contact database is amended as necessary on information received from the Employers.

#### 7. **Employers Guide**

The new Employers Guide on procedure is in the process of being completed, and will be circulated to all Employing Bodies when it is ready. This will assist Employers in their responsibilities as regards maintaining accurate data. Updates will be notified by e-mail and uploaded onto the website.

#### 8. **Website**

A section giving information specifically dedicated to Employing Bodies has been introduced on the Funds website in July 2013. This section includes:

- Employer news
- Copies of Gwynedd Pension Fund discretionary policies
- Employer forms
- LGA Bulletins and Circulars
- Timeline Regulations
- Automatic enrolment information
- Refund process
- Ill health certificates / Doctor information
- Gwynedd Pension Fund contact details

This section is updated on a regular basis with up to date information and new topics are introduced when required.

The following documents are also available on the **Investment** section of the Fund's website:

- Pension Fund Statement of Accounts
- Funding Strategy Statement
- Governance Policy Statement
- Statement of Investment Principles
- Communication Policy Statement
- Triennial Valuation Report

MEETING:	<b>PENSION BOARD</b>
DATE:	<b>9 MARCH 2016</b>
TITLE:	<b>INVESTMENT POOLING</b>
PURPOSE:	<b>To inform members of the Board of the progress towards pooling and the response to the consultation</b>
RECOMMENDATION:	<b>NOTE THE INFORMATION</b>
AUTHOR:	<b>CAROLINE ROBERTS, INVESTMENT MANAGER</b>

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## 1. INTRODUCTION

Gwynedd Pension Fund has been working on collaboration with the seven other local government pension funds in Wales for several years and has reached the stage of appointing specialist support to achieve efficiency and savings by pooling investments.

The Westminster Government has now decided that all local government pension funds in England and Wales will be required to pool investments to achieve savings. The consultation document 'Local Government Pension Scheme: Investment Reform Criteria and Guidance' was issued on 24<sup>th</sup> November 2015 with a closing date of 19<sup>th</sup> February 2016 for responses.

The Government's criteria include an expectation that the pools should comprise six British Wealth Funds, each with assets of at least £25bn, which are able to invest in infrastructure and drive local growth.

The Welsh funds decided to respond as a group to demonstrate the progress made to date and the commitment of the eight funds, although their total assets are £12bn.

## 2. PENSIONS COMMITTEE REPORT

Item 5 on the Pensions Committee meeting on 11 February 2016 asked the committee to approve the joint response to the consultation and an accompanying letter which each fund signed and the eight letters were sent with the joint response.

The report to the Pensions Committee is attached as Appendix A

The supporting letter from Gwynedd Pension Fund is attached as Appendix B

The response to the consultation is attached as Appendix C

Further supporting documents submitted with the response are available under item 6 at

<https://democracy.cyngor.gwynedd.gov.uk/ielistdocuments.aspx?cid=138&mid=265&ver=4>

The Government expects refined and completed submissions by 15 July 2016.

### **3. ROLE OF THE BOARD**

The Board is invited to retrospectively scrutinise the process and the response.

<b>MEETING</b>	<b>PENSIONS COMMITTEE</b>
<b>DATE</b>	<b>11 FEBRUARY 2016</b>
<b>TITLE</b>	<b>WESTMINSTER GOVERNMENT (DCLG) CONSULTATION ON LOCAL GOVERNMENT PENSION SCHEME: INVESTMENT REFORM CRITERIA AND GUIDANCE</b>
<b>AUTHOR</b>	<b>DAFYDD EDWARDS, HEAD OF FINANCE</b>

## **1. INTRODUCTION**

1.1 Members of the Committee are aware of the project undertaken by the Pensions Subgroup of the Society of Welsh Treasurers and agreed to support further work to:

- Investigate opportunities for reduced fees for passive investments
- Jointly assess the detailed business case for pooling frameworks for other investments

1.2 The work in these two areas has continued and has reached the stage where consultants have been appointed to progress them on behalf of the eight Welsh funds.

## **2. CONSULTATION**

2.1 The consultation issued by the Government in November 2015 invites authorities to submit proposals for pooling which the Government will assess against the criteria in the consultation document. The Chancellor has announced that the pools should take the form of up to six British Wealth Funds, each with assets of at least £25bn, which are able to invest in infrastructure and drive local growth. The proposals should have regard to four criteria as follows:

- A. Asset pools that achieve benefits of scale
- B. Strong governance and decision making
- C. Reduced costs and excellent value for money
- D. An improved capacity to invest in infrastructure

Initial proposals are to be submitted to the Government by 19 February 2016.

A copy of the consultation document is available on <https://www.gov.uk/government/publications/local-government-pension-scheme-investment-reform-criteria-and-guidance>

- 2.2 Part of the brief for the consultants who will be assessing the detailed business case for pooling frameworks is to produce a response to this consultation on behalf of the eight welsh funds. Hymans Robertson has been appointed to undertake this work and in conjunction with the Society of Welsh Treasurers Pensions Group is preparing a response to this consultation and it will be sent to members of this committee by 5<sup>th</sup> February 2016.

### **3. RESPONSE TO CONSULTATION**

- 3.1 The response will be submitted by each of the eight funds as their joint proposals.
- 3.2 The Pensions Committee is asked to support the joint proposal.

## Cyllid / Finance

Pennaeth Cyllid / Head of Finance: Dafydd L Edwards

Gofynnwch am/Ask for: **Caroline Roberts**

☎ (01286) 679128

✉ carolineroberts@gwynedd.gov.uk

Ein Cyf / Our Ref:

Eich Cyf / Your Ref:



12<sup>th</sup> February 2016

Marcus Jones MP  
Minister for Local Government  
Department for Communities and Local Government  
2 Marsham Street  
London  
SW1P 4DF

Dear Sir,

We are fully committed to ensuring that the administration and management of the Gwynedd Pension Fund is carried out as efficiently and cost-effectively as possible.

In this context, we have been working with our partner funds in Wales to identify ways of achieving efficiencies in administration and communication over a number of years and more recently, specifically through collaboration on investing the funds' assets. A substantial amount of work has been carried out in this regard and in September 2015, alongside the other 7 LGPS Pension Funds in Wales we gave formal approval for the implementation of a number of recommendations regarding changes to our investment arrangements.

We have noted the recent publication of the Local Government Pension Scheme: Investment Reform Criteria and Guidance.

We believe that establishing a Welsh pool for Welsh LGPS funds is the only way to deliver pooling arrangements that meet government objectives in terms of cost savings and collective governance and, at the same time, meet the needs of LGPS stakeholders in Wales including members and employers, recognising their specific characteristics, circumstances and needs.

At our meeting on 11<sup>th</sup> February 2016, the Pensions Committee confirmed their support for the establishment of the Wales Pool as the best way to maintain momentum towards capturing efficiencies within the management of the Fund's assets. We are also confident that this approach is consistent with the Government's objectives published in its recent guidance.

Signed

Councillor William Tudor Owen

Chair Pensions Committee

On behalf of Gwynedd Pension Fund

# Submission to the Department for Communities and Local Government from the Wales Pool

February 2016

## Our commitment to asset pooling

The proposed pooling arrangement within Wales (“the Wales Pool”) will comprise the following funds:-

- Cardiff and Vale of Glamorgan Pension Fund
- City and County of Swansea Pension Fund
- Clwyd Pension Fund
- Dyfed Pension Fund
- Greater Gwent (Torfaen) Pension Fund
- Gwynedd Pension Fund
- Powys Pension Fund
- Rhondda Cynon Taff Pension Fund

Collaboration across the eight LGPS pension funds in Wales is not new. Opportunities for improved efficiency have been pursued for a number of years within the areas of administration and communications – for example, through the production of the bi-lingual All Wales Annual Benefit Statement, Newsletters and Factsheets.

More recently, there has been strong support from elected members across all eight funds to explore the opportunities for achieving efficiencies within the areas of funding and investment by considering issues such as scheme mergers and collaboration on investments. In fact, the Welsh Funds have already developed and agreed a detailed business plan which includes joint procurement of passive management and establishment of a pooling vehicle which will be up and running early in 2017, significantly ahead of the government’s timetable to transfer liquid assets to a pool by 2018.

We have enclosed in the appendices letters of support from the Chairs of each of the respective Pensions Committees / Panels (of elected members) for the current asset pooling proposals.

In the next section, we have set out the substantial work which has taken place in recent years. The clear desire within Wales is to continue the direction of travel we have adopted to date which we believe accords with Central Government expectations whilst recognising the economic, social, environmental, cultural, regulatory and political context within Wales, as well as the physical geography.

We believe that the Wales Pool proposal meets all of the criteria set by Government except for that of scale.

## Progress to date

With the universal support from all eight Funds' Pension Committees / Panels (of elected members), the Society of Welsh Treasurers (Pensions Sub Group) commissioned a report from Price Waterhouse Coopers (published in October 2010) to identify if there was a case for closer collaboration or even merger across functions or funds to support the longer term affordability and sustainability of the Welsh Funds.

Following the final publication of the Hutton Review and consultation on the new LGPS scheme, the Pensions Sub Group published a substantial report ('Welsh Local Government Pension Funds: Working Together') in March 2013, which included a formal consultation process.

The report cited evidence that there were potentially significant financial benefits of scale to be found from working collectively through a common investment approach. The potential benefits for the funds were not directly related purely to the aggregate size of assets but rather the result of economies of scale that, together with size, allow improved governance and the potential for increased return through a combination of attributes that larger funds tend to have such as:

- More internal / specialist resources;
- More internal / hands on management;
- Better diversification – asset classes, managers;
- More bargaining power on fees;
- Better, more responsive governance structures and processes in place enabling speedy decision making.

In 2014, the results of the wider DCLG Consultation on Cost savings and Efficiency were awaited for some guidance or clarity on how best to proceed.

In early 2015, the Pensions Sub Group commissioned a further report on the development of a detailed business plan for the establishment of a common investment fund. The recommendations from this report have been fully endorsed and agreed by all eight Welsh funds and **are now being implemented by the Pensions Sub Group**, namely:-

- To pursue a collaborative approach to achieve reduced costs, enhanced governance and operational management across funds, and to be based on shared principles of governance and collaboration.
- To select a single provider for all of the Funds' passive assets (equities and bonds).
- To establish a pooling framework to extend collaboration into active management across a range of assets.
- To adopt a regulated pooled vehicle based on the infrastructure of a third party provider.

Formal decisions were taken in September 2015 by all 8 Funds' Pensions Committees / Panels (of elected members) to:-

- Begin a procurement process for a single passive management provider. This exercise is well advanced and it is anticipated that a provider will have been appointed by the end of March 2016.
- Appoint an external advisor to advise the funds on procuring a provider of an appropriate collective investment vehicle (CIV). An advisor is now in place and it is anticipated that a CIV will be available for use in early 2017.

In parallel to these developments during 2015, the Wales Audit Office initiated at the request of Welsh Government a value for money review of the Welsh LGPS, under the auspices of the Welsh Government's Workforce Partnership Council. There was wide consultation of relevant stakeholders including trade unions. The report concluded that there was a strong case for the Welsh Government and the Welsh Local Government Association to support the establishment of a CIV for all eight funds in Wales.

The extent of the detailed work which has already been undertaken in Wales and the widespread support which it has received is evidenced by the substantial reports already produced which have been included as appendices to this submission.

There is a clear intent and momentum in developing a Welsh solution capable of achieving efficiency and cost savings in respect of pension investments. The funds are committed to continuing to implement pooling arrangements which build on the substantial work which has been done to date and which will also satisfy the criteria issued most recently by DCLG. The work done to date should allow implementation ahead of the Westminster Government's intended timetable.

## Characteristics of the Welsh funds

The group believes strongly that there is a balance to be struck between ensuring strong effective governance and the level of assets within the pool. A structure which can demonstrate strong cohesive governance will produce more tangible cost and performance benefits - and more quickly - than an arrangement which might have more assets but where there is less cohesion amongst participants and therefore weaker governance.

Effective governance will be assured by the common characteristics shared by the current participants.

- The administering authorities already have substantial experience of collaborating on other areas of policy across Wales.
- All participating funds have been involved in discussions on collaboration from the outset.
- No single fund dominates the pool in terms of asset size. Funds range in size between £0.5bn and £2.2bn, with an average fund size of £1.5bn.
- All funds are required to conform to standards on the use of the Welsh language in terms of their proceedings and communications.
- There is a requirement to respond to Wales specific legislation such as the over-arching “Well Being of Future Generations Act 2015” which places certain duties on public bodies in Wales to carry out sustainable development in a social, environmental, economic and cultural sense.
- There are similarities in investment approach across funds – in terms of the asset classes used and investment managers employed. (More detail is provided in the Appendix.)
- All funds use an external manager model (minimal internal management functions).
- The funds are reasonably close geographically which will be helpful for joint working and governance.
- The funds are subject to a different audit regime than funds in England.
- There are 22 different unitary authorities across the eight funds which are subject to a different funding regime than in England.
- There is full engagement with elected members.

Establishing a Welsh pool for Welsh LGPS funds is the most effective way to deliver pooling arrangements that meet government objectives in terms of cost savings and collective governance and, at the same time, meet the needs of LGPS stakeholders in Wales including members and employers, recognising their specific characteristics, circumstances and needs.

## Meeting the criteria issued in November 2015

The Government's expectations are clearly understood in Wales and have been echoed and emphasised by the Wales Audit Office report commissioned by Welsh Government.

The group has appointed a third party advisor to assist them with developing the detailed proposal for the asset pooling arrangements for Wales and to support implementation.

The group is confident that each of the specific objectives set out below will be achieved through the Wales Pool.

### **Asset pools that achieve the benefits of scale**

The total value of assets within the Wales Pool at March 2015 was £12.3bn.

Although this falls short of the £25bn mentioned specifically by Government, the group believes strongly that the level of savings achievable will be very similar to those from forming a larger pool, i.e. that a sufficient scale of assets has been reached in order to deliver substantial benefits of size.

It is extremely difficult to estimate potential future fee savings with any degree of confidence. However, based on data provided by investment managers to Project POOL, there is some evidence that the economies of scale on individual equity mandates, for example, cease at around £500m / £1bn. Larger asset pools will face capacity constraints within the manager universe and may be obliged to appoint a larger number of managers to cope with their larger equity pools. Their individual mandates therefore may not be larger. With an active equity pot of £5.8bn, the group is confident that it can benefit from similar economies of scale from its active equity managers, which manage 47% of total assets.

In addition, 20% of total assets are managed on a passive basis. The experience of the Midlands Counties project in 2015 suggests that the economies of scale from passive management can be fully captured by a relatively small number of funds and assets coming together. A manager selection exercise for a single passive provider will be concluded shortly.

Importantly, these cost benefits will flow through to the Wales Pool more quickly due to the progress made already towards setting up a collective vehicle and the strong cohesion between funds which have already been working together on pooling their investments for some time.

Due to the significant amount of work which has already been carried out by the group, it is proposed that a collective vehicle will be available for use and to receive assets by early 2017, comfortably ahead of the Government's proposed timetable.

Transfers in of listed assets – bonds and equities – could be achieved in H1 2017. The group has yet to decide on the specific arrangements for more illiquid assets such as property, private equity and infrastructure. Project POOL showed that there are potentially dis-economies of scale on some asset types such as property and private equity. The group would also welcome the opportunity to invest in national pools for other asset classes, such as infrastructure, where regional pools may not deliver the greatest level of savings.

The group will aim to offer an appropriate range of sub-funds across all asset classes within the pool to allow individual administering authorities to implement their preferred asset allocation.

### **Strong governance and decision-making**

The group has already commissioned a detailed study on the potential approaches to implementation and it is their intention to appoint a provider who will make available a Collective Investment Vehicle (CIV). It is expected that 'renting' a CIV from an existing provider will allow for speedier implementation and be more cost effective given the size of the pool.

A Governance Committee will be formed to make decisions such as manager selection at pool level and liaise with the regulated operator of the CIV. The detailed composition of the Committee is still under consideration.

The number of funds participating in the pool (eight) will allow true engagement in investment decision-making by all participants. All eight funds have been participating in discussions on collaboration for a number of years already.

#### **Reduced costs and excellent value for money**

Analysis of the potential for cost savings on a fund-by-fund basis has yet to be carried out. This will be provided in our July submission.

Some of the funds are currently engaged with CEM Benchmarking and consideration is being given to using that firm to monitor the level of cost savings achieved by the group in future years.

As discussed above, it is not possible to estimate fee savings with any degree of confidence as few investment managers provide even indicative fee scales for much larger mandates. However, at this stage, **based purely on the broad assumptions underlying the Project POOL methodology**, aggregate savings for the pool in the region of £15-20m p.a. might ultimately be achieved once all asset classes have been moved fully into a pooled arrangement.

The group recognise that transition costs will be a significant feature of implementing new arrangements. It is anticipated that current mandates will be moved into the pool initially with any restructuring then taking place over a period of time in order to manage costs and the level of disruption. The group will also seek to liaise with other asset pools in order to reduce transaction costs as far as possible.

#### **An improved capacity and capability to invest in infrastructure**

The group recognises that infrastructure can potentially represent an attractive investment for local government pension funds.

The current allocation across the funds in aggregate is less than 0.5% of total assets (£40m), though some funds have commitments in place which will increase that level of investment.

With the increased scale of assets within the pool, it should be possible to consider investing directly into infrastructure funds and obtain a diversified portfolio without making use of a 'fund-of-funds' arrangement. As a result, the pool is likely to provide a lower cost way of accessing the asset class - which may therefore make it more attractive from a risk/return perspective. This will lead to individual funds considering a higher allocation to the asset class than at present.

The group would also welcome the opportunity to use a national infrastructure pool within which investment management costs might be even lower and which is designed to give access to investment in projects that meet the risk / return needs of LGPS investors.

## Next steps

The Welsh Treasurers have in place a professional, external project management team which is starting work on a detailed implementation plan to support our proposals for the July deadline and manage the short term implementation steps which include:

- 1) Completing the joint procurement of passive management to deliver quick win savings for all of the funds that will participate in the Wales Pool;
- 2) Following through the plans agreed to procure a third party operator to provide a pooling vehicle and make this operational to allow transfer of liquid assets to the pool by H1 2017.

## Appendices

The following information has also been included.

- Asset breakdown of participating funds
- Copy of 'Welsh Local Government Pension Funds: Working Together' – Interim Report (March 2013) – published by the Pensions Sub Group
- Copy of 'All Wales Collaboration' (May 2015) – published by Mercer
- Copy of 'Review of the Local Government Pension Scheme Funds in Wales: Costs, Structure and Management' (May 2015) – published by the Wales Audit Office
- Letters of support from Chairs of Pensions Committees / Panels (of elected members) from each of the eight participating funds.

## Asset breakdown

Fund	AUM (£m)	Allocation
Cardiff	1,549	12.6%
Dyfed	1,771	14.5%
Clwyd	1,339	10.9%
Gwynedd	1,396	11.4%
Powys	481	3.9%
Rhondda Cynon Taff	2,228	18.2%
Swansea	1,395	11.4%
Torfaen	2,095	17.1%
<b>Total</b>	<b>12,253</b>	<b>100.0%</b>

Asset Class	AUM (£m)	Allocation
Active UK equity	1,336	10.9%
Active global equity	4,230	34.5%
Active emerging market equity	236	1.9%
<b>Active equity</b>	<b>5,802</b>	<b>47.4%</b>
Passive UK equity	1,079	8.8%
Passive overseas equity	732	6.0%
Passive emerging market equity	136	1.1%
Fundamental indexation	87	0.7%
<b>Passive equity</b>	<b>2,034</b>	<b>16.6%</b>
Active UK corporate bonds	467	3.8%
Active gilts	171	1.4%
Active fixed income composite	511	4.2%
Active overseas bonds	125	1.0%
Active emerging market debt	23	0.2%
Absolute return bonds	512	4.2%
Private debt	10	0.1%
LDI	298	2.4%
<b>Active fixed income</b>	<b>2,117</b>	<b>17.3%</b>
Passive UK corporate bonds	8	0.1%
Passive gilts	63	0.5%
Passive index-linked gilts	270	2.2%
Passive overseas bonds	16	0.1%
<b>Passive fixed income</b>	<b>358</b>	<b>2.9%</b>
Diversified growth fund	284	2.3%
Property	929	7.6%
Private equity	339	2.8%
Hedge fund	136	1.1%
Infrastructure	40	0.3%
Timberland/agricultural	25	0.2%
Special opportunities	10	0.1%
<b>Alternatives</b>	<b>1,762</b>	<b>14.4%</b>
Cash	179	1.5%
<b>Cash</b>	<b>179</b>	<b>1.5%</b>
<b>Total</b>	<b>12,252</b>	<b>100.0%</b>

### Degree of manager concentration

Five managers	<b>52% of total assets</b>
Ten managers	<b>70% of total assets</b>
Fifteen managers	<b>81% of total assets</b>

This level of concentration will increase once the single passive manager has been appointed and funded.

MEETING:	<b>PENSION BOARD</b>
DATE:	<b>9 MARCH 2016</b>
TITLE:	<b>INVESTMENT REGULATIONS CONSULTATION</b>
PURPOSE:	<b>To inform members of the Board of the response to the consultation</b>
RECOMMENDATION:	<b>NOTE THE INFORMATION</b>
AUTHOR:	<b>CAROLINE ROBERTS, INVESTMENT MANAGER</b>

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## 1. INTRODUCTION

The current Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2009 set out the framework for LGPS pension funds' investments. They specifically set maximum percentages for certain types of investment. The limits Gwynedd Pension Fund have set are included in the Statement of Investment Principles and are also published in the Annual Report.

In conjunction with the Pooling consultation the Westminster Government also consulted on changes to the Investment Regulations. The consultation document 'Local Government Pension Scheme: Revoking and Replacing the Local Government Pension Scheme (Management And Investment Of Funds) Regulations 2009' was issued on 24<sup>th</sup> November 2015 with a closing date of 19<sup>th</sup> February 2016 for responses.

There were two proposals as follows:

**Proposal 1:** Adopting a local approach to investment

**Proposal 2:** Introducing a safeguard – secretary of state power of intervention

The Welsh funds decided to respond individually as each fund has its own Statement of Investment Principles (SIP) according to its investment strategy. Following pooling each fund will still have its own investment strategy and SIP.

## 2. PENSIONS COMMITTEE REPORT

Item 6 on the Pensions Committee meeting on 11 February 2016 asked the committee to consider the response to the consultation and following discussion it was agreed to delegate the responsibility for the responses to both proposals to the Investment Manager, Head of Finance and the Chairman.

The report to the Pensions Committee is attached as Appendix A  
The response to the consultation is attached as Appendix B

### **3. ROLE OF THE BOARD**

The Board is invited to retrospectively scrutinise the process and the response.

<b>MEETING</b>	<b>PENSIONS COMMITTEE</b>
<b>DATE</b>	<b>11 FEBRUARY 2016</b>
<b>TITLE</b>	<b>WESTMINSTER GOVERNMENT (DCLG) CONSULTATION ON REVOKING AND REPLACING THE LOCAL GOVERNMENT PENSION SCHEME (MANAGEMENT AND INVESTMENT OF FUNDS) REGULATIONS 2009</b>
<b>AUTHOR</b>	<b>CAROLINE ROBERTS, INVESTMENT MANAGER</b>

## **1. INTRODUCTION**

- 1.1 Members of the Committee will be aware that the Pension Fund has a Statement of Investment Principles which provides a framework for the investments. It includes any increases to the standard limits in the legislation for specific types of investments.
- 1.2 The current consultation proposes revoking the regulations and the restrictions would then no longer apply. The reason for this change is to enable funds to participate in pooling investments without breaching the current limits.
- 1.3 The consultation is aimed at all parties with an interest in the LGPS and the closing date for responses is 19 February 2016. The responses will be analysed and a Government response published within three months, and subject to the outcome of the consultation, the resulting regulations will be laid in Parliament.

## **2. PROPOSAL 1: ADOPTING A LOCAL APPROACH TO INVESTMENT**

- 2.1 The consultation paper sets out the following matters under proposal 1:
  - Deregulating and adopting a local approach to investment by simplifying the regulations that govern the management and investment of funds.
  - Removing the existing schedule of limitations on investments. Instead authorities will be expected to take a prudential approach, demonstrating that they have given consideration to the suitability of different types of investment, have ensured an appropriately divers portfolio of assets and ensured an appropriate approach to managing risk. This would allow us to invest 15% in the Insight fund without the current UK overlay required to conform to the regulations. It would give more flexibility for BlackRock investing in passive funds during any transition period. It would also facilitate pooling on a larger scales as required by the Government.
  - Instead of the current Statement of Investment Principles, there will be a requirement for an Investment Strategy which authorities will be required to prepare, having taken proper advice, and publish. Transitional

arrangements would require authorities to publish an investment strategy statement no later than six months after the regulations come into force.

- The draft replacement Regulations include provision for administering authorities to publish their policies on the extent to which environmental, social and corporate governance matters are taken into account in the selections, retention and realisation of investments.
- Keeping asset allocation with the local fund authorities, and making available more transparent and comparable data to identify the true cost of investment and drive further efficiencies in the Scheme.
- A proposal not to pursue fund mergers at this time.

### 3. CONSULTATION QUESTIONS

3.1 The consultation questions on the changes to the regulations are as follows:

**Q1. Does the proposed deregulation achieve the intended policy aim of removing any unnecessary regulation while still ensuring that authorities' investments are made prudently and having taken advice?**

**Q2. Are there any specific issues that should be reinstated? Please explain why.**

**Q3. Is six months the appropriate period for the transitional arrangements to remain in place?**

**Q4. Should the regulation be explicit that derivatives should only be used as a risk management tool? Are there any other circumstances in which the use of derivatives would be appropriate?**

### 4. PROPOSAL 2: INTRODUCING A SAFEGUARD – SECRETARY OF STATE POWER OF INTERVENTION

4.1 The consultation paper sets out the following matters under proposal 2:

- Power to intervene if the Secretary of State believes that an administering authority has not had regard to guidance and regulations.
- In reaching that conclusion the Secretary of State will consider the available evidence including;
  - Evidence that an administering authority is ignoring information on best practice
  - Evidence that an administering authority is not following the investment regulations or has not had regard to guidance published by the Secretary of State, for example, this might include failing to participate in one of the large asset pools or proposing a pooling arrangement that does not adhere to the criteria and guidance.

- Evidence that an administering authority is carrying out another pension-related function poorly.
- If the Secretary of State is satisfied that an intervention is required, he will write to the authority outlining the proposed intervention and the evidence used to reach a determination.
- The authority will then be given time to consider the proposal and present its argument for any changes that it thinks should be made.
- If, at the end of that period an intervention is issued, any resulting costs, charges and expenses incurred would be met by pension fund assets.
- The intervention will have a formal review date but could be ended before that if sufficient improvement is made.

#### 4. CONSULTATION QUESTIONS

4.1 The consultation questions on the changes to the regulations are as follows:

**Q5. Are there any other sources of evidence that the Secretary of State might draw on to establish whether an intervention is required?**

**Q6. Does the intervention allow authorities sufficient scope and time to present evidence in favour of their existing arrangements when either determining an intervention in the first place, or reviewing whether one should remain in place?**

**Q7. Does the proposed approach allow the Secretary of State sufficient flexibility to ensure that he is able to introduce a proportionate intervention?**

**Q8. Do the proposals meet the objectives of the policy, which are to allow the Secretary of State to make a proportionate intervention in the investment function of an administering authority if it has not had regard to best practice, guidance or regulation?**

#### 5. RESPONSE TO CONSULTATION

- 5.1 A full copy of the consultation document is available at <https://www.gov.uk/government/consultations/revoking-and-replacing-the-local-government-pension-scheme>
- 5.2 The Committee is asked to consider any views or issues that they wish to include in the response from Gwynedd Council.

## **LOCAL GOVERNMENT PENSION SCHEME: REVOKING AND REPLACING THE LOCAL GOVERNMENT PENSION SCHEME (MANAGEMENT AND INVESTMENT OF FUNDS) REGULATIONS 2009**

**Q1. Does the proposed deregulation achieve the intended policy aim of removing any unnecessary regulation while still ensuring that authorities' investments are made prudently and having taken advice?**

The proposed deregulation of pension fund investments is welcome as it enables each fund to develop its own strategy and limits which will be set out in its Investment Statement.

Whilst the principle is appropriate it is necessary to ensure accountability. More detail is needed in the regulations to ensure that greater accountability will work in practice.

The lack of detail regarding the proposed Investment Statement and how the Secretary of State will produce substantive and objective criteria against which a pension fund can measure their Investment Statement, makes it difficult to establish if the increased freedoms are balanced with reasonable increases in accountability and have appropriate safeguards. The draft Regulations should be more explicit on the need for authorities to frame and document appropriate investment objectives in a manner that is consistent with the requirements for the Funding Strategy Statement.

The draft Regulations still require authorities to set out the maximum percentage to be invested in each class of investment. An investment strategy defines a target allocation and any specific maximum would be defined so that market movements do not trigger a requirement to change the actual allocation.

Guidance on the structure and content of the Investment Statement should be based on advice from a group of practitioners and investment experts appointed by the Secretary of State followed by a consultation with interested parties.

Gwynedd Pension Fund has a policy on how social, environmental and governance matters are taken into account. The fund is also a member of the Local Authority Pension Fund Forum (LAPFF). We support the comments made in the LAPFF response to this consultation regarding Responsible Investment and the specific inclusions within the regulations proposed to ensure that all funds have a Responsible Investment policy, ensure the requirements are incorporated in all investment processes and demonstrate how they comply with the policy.

**Q2. Are there any specific issues that should be reinstated? Please explain why.**

The draft regulations change the status of guidance for the Secretary of State from 'comply or explain' to 'must be in accordance with'. This gives the Secretary of State broad powers to direct specific aspects of an investment strategy which may not be appropriate to the circumstances of the individual pension fund. Along with the guidance this could be interpreted as requiring authorities to follow a particular course of action which along with the power to intervene moves the responsibility from authorities to determine an appropriate investment strategy.

It would be appropriate either to reinstate the original wording or ensure that there is sufficient consultation with authorities on any new guidance.

**Q3. Is six months the appropriate period for the transitional arrangements to remain in place?**

Six months would normally be appropriate for transitional arrangements. However, there are other matters which have a direct impact on investment strategies over the transition period.

- a) Authorities will be developing their approach to pooling and responding to the second consultation in July. The pooling approach will need to be included in the Investment Strategy and it is not yet certain that all issues relating to pooling will be resolved in the transition period.
- b) 2016 is a valuation year for funds. This is a busy period for administering authorities of pension funds and is also a period where the funding and investment strategies are reviewed.

A requirement to adopt an Investment Strategy within this period seems inconsistent with cost control when it is likely to be revised within the following six months.

**Q4. Should the regulation be explicit that derivatives should only be used as a risk management tool? Are there any other circumstances in which the use of derivatives would be appropriate?**

It is sensible that reference to derivatives has been included within the draft regulations as this removes the ambiguity that has been present within the 2009 regulations.

As a minimum, derivatives may be appropriately used within the LGPS for both risk management and efficient portfolio management. These uses are also deemed suitable within regulation 4(8) of the Occupational Pension Scheme (Investment) Regulations 2005.

However, we do not believe that specifying the manner in which derivatives may be used within an investment strategy would be consistent with the broader goals of deregulation. To do so could restrict the ability of funds and pools to innovate in the development of investment solutions to the LGPS in future.

**Q5. Are there any other sources of evidence that the Secretary of State might draw on to establish whether an intervention is required?**

There are two areas which are covered by the intervention proposals:

- Poor governance and administrative failings
- Failure by a fund to pool investments or invest as directed by the Secretary of State.

It may be appropriate for the Secretary of State to have the power to intervene to correct poor governance and administrative failings. However, if so, then the

regulations should state what evidence of specified failings should trigger such intervention.

Intervention should be considered only as a last resort with full understanding of the reasons why an authority has taken the course of action.

A key source of evidence will be the advice that has been provided to the authority.

Other sources of evidence include:

- Auditors report
- Pension Regulator report
- Pension Ombudsman report

**Q6. Does the intervention allow authorities sufficient scope and time to present evidence in favour of their existing arrangements when either determining an intervention in the first place, or reviewing whether one should remain in place?**

The Regulations should also include a detailed hierarchy of intervention.

**Q7. Does the proposed approach allow the Secretary of State sufficient flexibility to ensure that he is able to introduce a proportionate intervention?**

Intervention to direct funds to pool and make certain investments, such as infrastructure, goes against the statutory role of administering authorities. There is sufficient evidence that pension funds are working towards pooling their investments. In the case of the eight funds in Wales the collaboration work has reached the stage where a passive equity manager will be appointed for the eight funds in March 2016 and advisors have been appointed to develop an appropriate structure to pool all investments.

It is appropriate that the Secretary of State has the power to hold an authority to account for the investment strategy in place. It is inappropriate for the Secretary of State to direct funds to make specific investments. If such action is taken, who is responsible for the performance of the assets funds are directed to invest in, and making good for any shortfall compared with alternative opportunities?

Regulations 8(2) should be limited to only applying to governance or administration failings and challenging the appropriateness of an investment strategy with reference to the authority's own risk objectives.

**Q8. Do the proposals meet the objectives of the policy, which are to allow the Secretary of State to make a proportionate intervention in the investment function of an administering authority if it has not had regard to best practice, guidance or regulation?**

Subject to the comments set out above, yes.

Your re/Eich cyf:  
Our ref/Ein cyf: GHR/  
Date/Dyddiad: 19 February 2016

Please contact/Cysyllter â Graeme Russell  
Direct line/Llinell union: 01495 742625  
Direct fax/Llinell ffacs: 01495 642670  
Email/Ebost: [graeme.russell@torfaen.gov.uk](mailto:graeme.russell@torfaen.gov.uk)

**LGPS Reform**  
**Department for Communities and Local Government**  
**2/SE Quarter, Fry Building**  
**2 Marsham Street**  
**London**  
**SW1P 4DF**

Dear Sir / Madam,

**REVOKING AND REPLACING THE LOCAL GOVERNMENT PENSION SCHEME  
(MANAGEMENT AND INVESTMENT OF FUNDS) REGULATIONS 2009**

The Greater Gwent (Torfaen) Pension Fund welcomes the opportunity to comment on the above consultation paper dated November 2015. The Fund is one of the largest Welsh LGPS Fund with assets of £2.2bn and some 53,000 members within S.E Wales. This consultation paper has been considered by officers of the Fund in consultation with Councillor Mary Barnett, Chair of the Fund's Pensions Committee who is also a representative on the National Scheme Advisory Board, and at the Funds Pension Committee on 15<sup>th</sup> February 2016.

The Fund responded to the previous related May 2014 consultation paper "*Opportunities for collaboration, cost savings and efficiencies*" and that response concluded that, in broad terms, the Fund welcomed the package of proposals set out in that consultation document. In particular the Fund welcomed the design of proposals to allow asset allocation and funding strategy to remain at local fund authority level and saw the development of collective investment schemes as a positive step to allow benefits of scale, particularly to smaller funds.

The subsequent review of the Investment Regulations, to consider whether the approach to risk management and diversification in the existing regulations is still appropriate, is therefore also welcomed by the Fund in potentially allowing greater flexibility in implementing investments that are both appropriate to the Fund's strategy and allow the maximisation of potential benefits available within the new collective investment schemes, whilst allowing appropriate control of risk.

In summary the Fund would like to convey within its response to this further consultation:-

- that it welcomes the increased flexibility that the move to a prudential approach to regulation would provide. We believe that the proposed revisions to the investment regulations will give authorities the flexibility to determine a suitable investment strategy that still appropriately takes account of risk.

- there are some points that still need clarifying however within the proposed regulations in terms of the proposed Secretary of State intervention in a Fund's investments. Clarification around how this might be both triggered and operate in practice is required, to ensure that the intervention and its timing is indeed "appropriate" and acting solely as the "safeguard" that the government says is its intention in introducing the proposals.

The Fund would also like to put forward the following comments on the 8 specific questions asked within the consultation:-

**Question 1 – Does the proposed deregulation achieve the intended policy aim of removing any unnecessary regulation while still ensuring that authorities' investments are made prudently and having taken advice?**

- the move to a prudential approach seems sensible and is supported by Fund officers who have experienced some inflexibility within the current regulations in making necessary changes to the implementation of the Fund's investment strategy
- the approach should better equip LGPS funds to access the benefits of scale being targeted via pooling
- it seems right and proper that this greater flexibility is balanced by a requirement for enhanced accountability within the Investment Strategy Statement (ISS);
- more detail is required however in terms of the SoS guidance upon which the ISS will be drafted. In particular Fund officers would welcome that guidance to remain explicitly supportive of the current revised Myners Principles which provide a clear framework within the current Statement of Investment Principles around which the Fund's approach to investment and investment decision making can be implemented, monitored and controlled, with appropriate advice taken throughout.

**Question 2 – Are there any specific issues that should be reinstated? Please explain why.**

- there are no other issues evident, though see the suggestion in Q1 (above) that explicit support of the existing Myners Principles is retained within the accompanying SoS Guidance when issued.

**Question 3 – Is six months the appropriate period for the transitional arrangements to remain in place?**

- this seems reasonable, however the full SoS guidance on formulating the ISS will be required as soon as possible to ensure this statement can be put in place by the 1<sup>st</sup> October 2016 deadline.
- recognition should be given however within the final timeline that 2016 is a triennial valuation year for LGPS funds and many funds will be potentially considering their investment strategy in light of that.

**Question 4 – Should the regulation be explicit that derivatives should only be used as a risk management tool? Are there any other circumstances in which the use of derivatives would be appropriate?**

- the definition of "risk management" is a wide area but there are seemingly many derivative based options to allow this risk management so being considerably more explicit may not be helpful.
- however it may be more appropriate to be slightly more specific than is currently

drafted by adding “or to facilitate efficient portfolio management” in addition to “be used as a risk management tool”. This would explicitly allow derivatives to be used for example to reduce costs; or to generate additional capital or income, within acceptable levels of risk.

- what would seem important in the context of derivative use is that any related Committee or delegated investment decision should be specific in terms of the derivatives being used (and how they are being used) in that risk management or efficient portfolio management solution. The decision should include details of the appropriate advice taken, and any required technical training or education received, in making that related investment decision.

**Question 5 – Are there any other sources of evidence that the Secretary of State might draw on to establish whether an intervention is required?**

- the major consideration in terms of compiling evidence to decide upon any intervention would seem to be the need to ensure any data used for fund (or pool) comparisons is transparent and consistent in approach.
- the Scheme Advisory Board is making progress in terms of this transparency and also building a suite of relevant KPI’s which, provided consistency of response is evident, could be used to aid evidence around fund performance (governance; administration; funding and investment performance)
- comparisons of investment performance; cost and funding needs to be considered with care however:-
  - one Fund’s **investment performance** cannot be readily compared to another Fund where liabilities and resultant investment strategy may be quite different but equally well formulated and implemented.
  - with comparison of **costs** then again consistency is important and we understand that CIPFA are in the process of refining initial guidance to enable Funds to produce costs that are more easily comparable. Evidence drawn from other European pension funds (e.g. Holland) would suggest however that the process to achieve full cost transparency and consistency is something that takes considerable time, effort and co-operation across all parties, including the investment management industry. Pension Fund benchmarking service providers also potentially have a role in helping the LGPS achieve this (e.g, CEM Benchmarking are already working with a number of LGPS Funds and developing options to assist with this).
  - comparisons of **funding levels** also require consistency of comparison as varying actuarial assumptions used can have considerable effect. A move towards more consistent assumptions (or certainly using a consistent basis for any comparison) is therefore supported.
- whilst recognising the current difficulties the above would suggest in formulating transparency and consistency it is however felt that “clear triggers” right across the areas of governance; administration; investment performance; costs and funding should be required before any escalation towards Secretary of State intervention is considered.

**Question 6 – Does the intervention allow authorities sufficient scope and time to present evidence in favour of their existing arrangements when either determining an intervention in the first place, or reviewing whether one should remain in place?**

- a “measured” overall timeframe to any intervention is felt prudent with a reasonable

(6 months?) minimum time period for the examination and consideration of evidence prior to any escalation towards intervention .

- the LGPS fund should have ample opportunity to explain, clarify and challenge the evidence before any intervention takes place (and to appoint third parties to assist with this where necessary)
- the possibility of having a “two stage” approach to allow for “peer review” of the Fund where intervention is being considered would seem of value. Such an “expert” peer review team, that should include fellow LGPS practitioners as well as other experts, could be “pre-appointed” possibly via the Scheme Advisory Board so they are ready to advise and evaluate if required.

**Question 7 – Does the proposed approach allow the Secretary of State sufficient flexibility to ensure that he is able to introduce a proportionate intervention?**

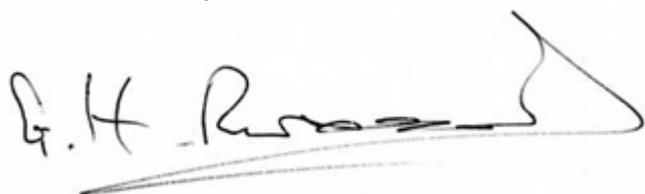
- the proposed regulations are broad, and could be considered too broad in that the SoS can direct an administering authority to invest all or a portion of its assets in a particular way. This could be interpreted as allowing the personal direction of the government of the day on Pension Fund strategic asset allocation decisions.
- intervention to direct funds to make particular investments (e.g. infrastructure) could be construed as going against the statutory role and responsibilities of LGPS administering authorities. This direction to invest may therefore be considered as without the “fiduciary duty” that currently resides with the administering authority in making investment decisions in order to meet member benefits as they fall due.
- there is then the issue of “accountability” to the members, employers and other stakeholders of the fund for the performance and risk of the investment(s) so directed should those investments perform less well than alternatives in the context of the Fund’s investment strategy.

**Question 8 – Do the proposals meet the objectives of the policy, which are to allow the Secretary of State to make a proportionate intervention in the investment function of an administering authority if it has not had regard to best practice, guidance or regulation?**

- reference is made to the response in Q7 (above) in that the current drafting might allow for intervention that is indeed not “proportionate” to any actual issues within the Fund in terms of adherence to best practice, guidance or regulation (i.e. above what might be interpreted as a “safeguarding” role which would seem to be the intention (or the spirit) of this part of the proposed regulations.

I trust these comments are of value but please do not hesitate to contact me in the event that you wish to clarify any point made.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G.H. Russell', with a long horizontal flourish extending to the right.

**Graeme Russell  
HEAD OF HUMAN RESOURCES AND PENSIONS  
TORFAEN COUNTY BOROUGH COUNCIL**

MEETING: **PENSION BOARD**

DATE: **9 MARCH 2016**

TITLE: **ACTUARIAL VALUATION 2016**

PURPOSE: **To inform the Board of the process and opportunity to attend relevant meetings**

RECOMMENDATION:

AUTHOR: **CAROLINE ROBERTS, INVESTMENT MANAGER**

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## 1. Introduction

The pension fund is required to revalue the pension liabilities every three years. The last valuation date was 31 March 2013. The valuation process for 31 March 2016 has started and will be completed early in 2017. Any changes to employer contributions as a result of the valuation will be introduced from 1 April 2017. The Pension Fund's actuary is Hymans Robertson LLP.

## 2. Timetable

The process began in November 2015 with a preliminary meeting between Hymans Robertson and officers to discuss the draft work programme and agree on meeting dates.

A meeting has been arranged for fund employers at on 17 March 2016 and members of the Pensions Committee and Pension Board are welcome to attend. Hymans Robertson will go through the valuation approach and discuss data requirements from the employers.

A broad outline of the process following the employers' meeting is as follows:

June 2016	Agree assumptions
August 2016	Initial data for each employer to Hymans Robertson
September 2016	Initial whole fund results to be considered by the Pensions Committee
November 2016	Draft employer results and employer meeting
February 2017	Approve the final Funding Strategy Statement (FSS)
March 2017	Hymans Robertson sign off the final report

A training session on specific valuation issues or general matters for members of the Pensions Committee and Pension Board can be arranged in March if required.

## 3. Recommendation

The Board is invited to attend the meeting on 17<sup>th</sup> March 2016 and take part in other relevant sessions to be arranged.

# Agenda Item 11

MEETING:	<b>PENSION BOARD</b>
DATE:	<b>9 MARCH 2016</b>
TITLE:	<b>DRAFT WORK PLAN</b>
PURPOSE:	<b>To agree the Pension Board work programme for the year</b>
RECOMMENDATION:	<b>AGREE A WORK PLAN</b>
AUTHOR:	<b>CAROLINE ROBERTS, INVESTMENT MANAGER</b>

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## **1. Introduction**

The development of a work programme for future meetings was started at the meeting of the Pension Board in December when a number of items were prioritised for this meeting.

## **2. Draft Work Programme**

The draft work programme below has been prepared and includes the matters identified in December for consideration by the Board.

### **DRAFT WORK PROGRAMME**

#### **29/06/16**

- Pension Fund Annual Report
  - contents and presentation
  - challenge considerations and decisions
- Update of the Communications Policy to incorporate the 2014 scheme
- Communications with employees
- Actuarial valuation discussions / update

#### **05/12/16**

- Employer risk and covenants
- Actuary discussions / update
- Outline of the security measures in place to protect members data
- Outcome of training
- Training plan

**13/02/17**

- Scrutinise and understand a variety of investment methods
- When was the appointment of the following last reviewed and how does this timeframe compare with national standards:
  - Investment managers
  - Custodian
  - Investment advisors
  - Actuary
- Risk register
- Publications (excluding Annual Report)

**06/04/17**

- Conflicts of interest

Matters that arise during the year can be added to the programme as required, as is the case with the items on this agenda regarding the recent consultations on pooling and investment regulations.

**3. Recommendation**

The Board is asked to consider the draft programme and any additions or changes required before agreeing the work programme for the next year.