



Complete Agenda

Democratic Service
Swyddfa'r Cyngor
CAERNARFON
Gwynedd
LL55 1SH

Meeting

PENSION BOARD

Date and Time

2.00 pm, TUESDAY, 10TH DECEMBER, 2019

Location

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

Contact Point

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(DISTRIBUTED 03/12/19)

PENSION BOARD

MEMBERSHIP

EMPLOYER REPRESENTATIVES

Councillor Aled Ll. Evans Cyngor Gwynedd Council

Huw Trainor North Wales Police

Vacant seat

MEMBER REPRESENTATIVES

Hywel Eifion Jones (retired – formerly Anglesey Council)

Osian Richards Members Representative

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

5 - 8

The Chairman shall propose that the minutes of the meeting of this committee held on 24 September 2019 be signed as a true record.

5. MINUTES OF PENSIONS COMMITTEE AND PENSION FUND ANNUAL MEETING

9 - 15

To submit, for information,

- minutes of the Pensions Committee meeting held 27th July 2019
- minutes of the Pension Fund Annual Meeting held 24th October 2019

6. EXCLUSION OF PRESS AND PUBLIC

The Chairman shall propose that the press and public be excluded from the meeting during the discussion on the following items due to the likely disclosure of exempt information as defined in paragraph 14 of Schedule 12A of the Local Government Act 1972. Although there is a public interest in gaining an understanding of the operation of the pension fund, this report is about proposed rates, which are being shared with Scheme Employers as a forewarning of rates. This information has not been shared through the governance arrangements of each Employer and publication at this point could have an impact on the interests of the Employers by undermining their budget reporting and preparation. On balance the Monitoring Officer is satisfied that the public interest does not support publication of this report.

7. PENSION FUND VALUATION RESULTS

To consider the report

(separate copy for Board Members only)

8. REOPEN MEETING FOR PRESS AND PUBLIC

The Chairman shall propose that the meeting be reopened for the press and public

9. GWYNEDD PENSION FUND PERFORMANCE 2019-20 16 - 21

To consider the Investment Managers report

10. COMMUNICATING WITH NEW AND YOUNG MEMBERS 22 - 25

To consider the report

11. MCCLOUD UPDATE 26

To consider the Investment Managers report

12. SELECT REPRESENTATIVES TO ATTEND EVENTS 27 - 28

To consider the Head of Finance's report

13. THE PENSION REGULATOR: PUBLIC SERVICE GOVERNANCE SURVEY 2019 29 - 45

Receive feedback from the Board in order to complete the survey

PENSION BOARD, 24.09.19

Present: Councillor Aled Evans (Gwynedd Council), H. Eifion Jones (Scheme Members' Representative), Osian Richards (Members' Representative) and Sharon Warnes (Members' Representative).

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

Officers: - Dafydd Edwards (Head of Finance), Delyth Jones Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Member Support Officer).

1. ELECTION OF CHAIR

RESOLVED to elect Osian Richards as chair of the Pension Board for 2019 - 2020

2. ELECTION OF VICE-CHAIR

RESOLVED to elect Councillor Aled Evans as Vice-chair of the Pension Board for 2019 - 2020

3. APOLOGIES

An apology was received from Huw Trainor

It was noted that a seat for an employers' representative would be advertised before the next meeting.

4. DECLARATION OF PERSONAL INTEREST

None to note

5. URGENT ITEMS

Representation of Board Members at Conferences

Local Authority Pension Fund Forum (LAPFF) Annual Conference
4-6 December 2019, The Hilton, Bournemouth
Osian Richards

LGPS Governance Conference,
23 - 24 January 2020, The Principal Hotel, York
Sharon Warnes

6. MINUTES

The Chair signed the minutes of the previous meeting, held on 17 May 2019, as a true record.

7. PENSIONS COMMITTEE MINUTES

The minutes of the Pensions Committee held on 29 July 2019, were accepted for information.

The contents of the Statement of Accounts 2019-20 and the external auditor's ISA260 report were suggested for the Board's agenda for September 2020.

The members had no further observations arising from the minutes.

8. PENSIONS ADMINISTRATION

Meirion Jones was welcomed to the meeting in his new role as Pensions Manager. It was noted that Meirion was to succeed Nic Hopkins, the former Pensions Manager, who was on a period of flexible retirement. Delyth Jones-Thomas was also welcomed to the meeting. It was explained that Delyth was to succeed Caroline Roberts, the former Investments Manager, who was also on a period of flexible retirement.

Meirion and Delyth were congratulated on their appointments. Nic and Caroline were thanked for their service over the years, and best wishes were expressed for a happy retirement for both.

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

During the discussion, the members made the following observations:

- The staff were thanked for encouraging and engaging in discussions with employers to strive for the accurate and timely submission of information.
- The employers were congratulated for ensuring clean and timely data
- There was a need to set a definite timetable for those employers who needed to transfer to the i-connect system.
- It was suggested that a trial period should be held for the trialling of the self-service website

RESOLVED to accept the information.

9. TRIENNIAL ACTUARIAL VALUATION 2019

A report was submitted by the Head of Finance Department providing general information and an overview of the current valuation process for conducting a triennial actuarial valuation, along with a proposed timetable.

It was explained that the valuation data had been presented to the actuary on 16 July and that work had already commenced on the response to further enquiries from Hymans. It was expected that an improvement will be seen on the result of the 2016 result, namely a funding rate of 92%.

It was noted that it was the employer's responsibility to submit accurate and timely information to officers at the Pensions Unit. It was reported that the quality of the data this year was acceptable at first glance, and that every employer had met the time requirements.

In response to a question regarding employers' risk profiles, the Head of Finance Department noted that the employers had stability and that new employers / companies to the fund now had guarantees.

Gratitude was expressed for the information and it was observed, considering the timetable, that the valuation process was evidently a year's worth of work

RESOLVED to accept the information.

10. 2019 VALUATION PROJECTIONS

The Head of Finance Department submitted a report explaining and scrutinising projections. It was noted that the Pensions Committee had considered and approved projections in the Executive Summary in order to set funding targets for the Fund's current triennial valuation as on 31 March 2019. The full details of the projections were referred to in a report received from the Fund's Actuary, and included as an appendix to the report.

It was reported that only one substantial change was made to the projections, namely that to salary increases. Following advice from Hymans, it was decided to amend the figure to CPI +0.3% that would respond to higher short term salary increase expectations, thus reflecting recent trends. It was reiterated that the projections would be noted in the review for the valuation and that there would be discussions and professional advice sought before amending any future projections.

A formal consultation would be held with the employer on the projections along with other amendments to the Funding Strategy Statement of the 2019 valuation later on in the year.

An observation was made to the effect that longevity had now reached a stable level and that there could be a need to review the methodology.

RESOLVED to accept the information.

11. LOW CARBON EQUITY INVESTMENT

The Head of Finance Department submitted a report outlining the Committee's decision (29 July 2019) to confirm low carbon investment. It was decided to invest 12% of the pension fund's total in the BlackRock Global Low Carbon equity fund. As BlackRock funds were part of the 2016 passive equity procurement process held by the Wales Pension Funds, it was explained that a formal procurement process would be unnecessary.

It was explained that Gwynedd Pension Fund had chosen to invest in a fund managed by BlackRock to track the MSCI Low Carbon Target Index. This fund would reduce exposure to companies who emitted carbon by tracking the MSCI Global Index, reducing carbon exposure by up to 80%, rather than dis-investing randomly. It was noted that the MSCI Low Carbon Index was a benchmark for investors who wished to manage possible risks associated with the transformation towards a low carbon economy. The index aimed at a tracking error target of 0.3% (30 basis points) in reducing the carbon exposure. In placing a greater emphasis on companies that had low carbon emissions (compared to sales) and companies that had the potential for low carbon emissions (per dollar of capital on the stock market), the index reflected lower carbon exposure than those of the wider market.

It was reiterated that this investment was responsible and responded to the Council's requirements and the investment principles of the Pensions Committee.

In response to a question regarding the cost of transfer fees, the Head of Finance Department noted that there would be some transitional costs, but that this would not be a substantial sum in the context of the value of the investment; and that the costs would level out as the investment was one for the long term.

The Board noted that they were supportive of the Pensions Committee's decision to invest in low carbon equity. With daily attention given by the media to the consideration of climate and environmental matters by World Governments, it was noted that this was both a wise and timely decision. It was added that economic, social and governance elements were also making gradual progress, and that suitable investment vehicles to be considered for these elements in the future would be welcomed.

RESOLVED to accept the information.

12. WALES PENSIONS PARTNERSHIP

The Head of Finance Department gave an update and displayed the Wales Pensions Partnership's new website. It was reported that the website had been launched in September 2019 and that it included initial information on the Partnership's work.

It was explained that, by the start of 2020, around 82% of Gwynedd's fund would be transferred to Wales Pensions Partnership funds, which signified encouraging progress in comparison with many English pools. He added that there was good collaboration amongst Partnership members.

Attention was drawn to a wish to have representation of the Pension Board on the Partnership's Joint Committee. The Head of Finance Department suggested that there was already an appropriate number of Members and officers on the Joint Committee, and that engagement meetings were held for Pension Board Chairs. It was suggested that this arrangement was for the time being sufficient to ensure that the Pension Boards and scheme members had the opportunity to contribute and present their opinions.

A request was made for the details of the website to be shared with Members.

Gratitude was expressed for the information.

The meeting commenced at 14.00 and concluded at 15:30.

PENSIONS COMMITTEE 29.7.2019

Present: Councillors: John Pughe Roberts (Chair), Stephen Churchman, David Cowans (Conwy Borough Council), Peredur Jenkins, Aled Wyn Jones and Ioan Thomas

Officers: - Dafydd Edwards (Head of Finance Department), Caroline Roberts (Investment Manager), Nicholas Hopkins (Pensions Manager), Delyth Wyn Jones-Thomas (Pensions Accountant and Treasury Management), Meirion Jones (Senior Communications Manager (Pensions)) and Lowri Haf Evans (Member Support Officer)

Others invited Osian Richards (observing – member Pensions Board), Aron John (observing - Trainee - Finance) and Helen Lloyd Williams (observing - North Wales Police)

1. APOLOGIES

Apologies were received from Councillors John Brynmor Hughes, Peter Read and Robin Williams (Anglesey County Council)

2. DECLARATION OF PERSONAL INTEREST

None to note.

3. URGENT ITEMS

- LGPS Governance Conference, Principal Hotel, York
23 - 24 January 2020

It was noted that Councillor Peredur Jenkins was not available to attend the conference in York. Councillor Aled Wyn Jones was nominated to attend in his place.

4. MINUTES

The Chair signed the minutes of the previous meeting of this committee, held on 16 May 2019, as a true record.

5. FINAL ACCOUNTS OF THE GWYNEDD PENSION FUND FOR THE YEAR ENDING 31 MARCH 2019 AND RELEVANT AUDIT

Submitted, for information, the final accounts for the Gwynedd pension fund. It was noted that the statement contained details of the Fund's financial activities for the year ending 31 March 2019. Along with the accounts, which were subject to an audit by Deloitte, an ISA260 report was submitted on behalf of the Auditor General for Wales, detailing the auditor's findings. It was reported that the Audit and Governance Committee had approved the accounts, and the letter of representation authorised by the Chair of the Audit and Governance Committee and the Head of Finance Department at the Committee meeting on 29 July 2019.

Reference was made to two of the Fund's key strategies, the finance strategy statement and the investment strategy statement.

Attention was drawn to the Fund's account, which noted the value of the Fund as it stood on 31 March 2019. There was an increase of £143 million in net assets over the 2018-2019 year, which brought the value of the Fund to over £2 billion.

The increase in expenditure on asset management fees was explained and, in response to an observation, the fall in contributions between 2017-2018 and 2018-2019 was explained. This was because 2017-2018 had been a year in which three years' worth of deficit recovery contributions were made (reference was made to note 7 in the report).

RESOLVED to accept

- **the Statement of the Accounts 2018-19 (post audit)**
- **the ISA260 Deloitte Report for the Gwynedd Pension Fund**
- **the Letter of Representation**

6. THE GWYNEDD PENSION FUND ANNUAL REPORT 2018/19

A draft version of the Gwynedd Pension Fund Annual Report was presented and which provided a review of the 2018-2019 year, a management report and details of the Fund's financial activities. The Head of Finance Department explained that the accounts audit timetable had changed and, consequently, had provided the opportunity to complete the report sooner than expected. This gave members the opportunity to make observations before making a formal presentation to all employers at the Pension Fund's Annual General Meeting on 24.10.2019. It was emphasised that the accounts had already been approved and could not therefore be amended.

It was highlighted that the value of the fund on 31 March 2019 was now greater than £2 billion and that the fund's value had been increasing regularly since 2000. Reference was made to the membership statistics, noting that the number of pensioners along with the number of contributors had increased. In response to a comment that this was perhaps contrary to a consideration in the context of staff numbers, considering the current climate, it was suggested that part time v full time work contracts was one explanation.

Over the past 12 months, it was explained that the relationship with the fund's employers had improved, and training workshops had been held to ensure that the data received was accurate and timely for the accounts.

Staff members were thanked for their work and reference was made to the recognition received in the report of the Auditor General for Wales for the standard of the work.

The Head of Finance Department took the opportunity to announce that Caroline Roberts (Investment Manager) and Nicholas Hopkins (Pensions Manager) would be retiring before the end of the year. Both were thanked for their hard work over the years.

RESOLVED to accept the report

7. INVESTMENT IN THE WALES PENSION PARTNERSHIP (WPP)

Submitted - the report of the Investment Manager stating the need for the Committee to make an official decision to transfer Gwynedd Pension Fund's Insight Absolute Return Bond Fund. It was reported that Hymans Robertson, at a recent meeting of the Investment Panel (16 May 2019) had presented and discussed the options and that the panel resolved to transfer all assets from Insight to a Wales Pension Partnership Absolute Return Bond Fund.

It was also explained, when equity was transferred to the Wales Pension Partnership, a proportion of the assets were withheld, in order to reduce the risk by investing in the

Wales Pension Partnership Multi Asset Credit Fund. It was reiterated that this transfer from Fidelity would take place at the same time as the transfer from Insight.

RESOLVED in accordance with the view of the Investment Panel, to confirm investments in the following Wales Pension Partnership funds:

- **Absolute Return Bond Fund** (all assets from Insight).
- **Multi Asset Credit Fund** (worldwide equity assets from Fidelity).

8. LOW CARBON EQUITY INVESTMENT

Submitted - the report of the Investment Manager stating the need for the Committee to confirm low carbon investments. At a recent meeting of the Panel with Hymans Robertson, possible low carbon investment options were discussed in order to achieve the 12% strategic benchmark within the Gwynedd Fund's allocation of 29% of the current permissible equity. The Panel's view was to invest 12% of the fund's total in the BlackRock World Low Carbon equity fund. As BlackRock funds were part of the 2016 permissible equity procurement process held by the Wales Pension Funds, it was explained that a formal procurement process would be unnecessary.

It was reiterated that this investment was responsible and responded to the Council's requirements and the investment principles of the Pensions Committee.

RESOLVED, in line with the view of the Investment Panel, that 12% of the Gwynedd Pension Fund would move from the current general permissive equity allocation with BlackRock to a low carbon permissive equity fund with BlackRock.

9. TRIENNIAL ACTUARIAL VALUATION 2019

Submitted, for information, a report by the Head of Finance Department providing general information and an overview of the current pricing process for conducting a triennial actuarial valuation, and a proposed timetable.

It was explained that the valuation data had been presented to the actuary on 16 July and that work had already commenced on the response to further enquiries from Hymans.

It was noted that it was the employer's responsibility to submit accurate and timely information to officers at the Pensions Unit. It was reported that the quality of the data this year was acceptable at first glance, and that every employer had met the time requirements. The work of the employers and staff of the Pensions Unit was appreciated.

RESOLVED to accept the information.

10. 2019 PRICE PROJECTIONS 2019

The report of the Head of Finance Department was presented in which it asked the Committee to consider and approve the proposed projections in order to set funding targets for the Fund's current triannual valuation as on 31 March 2019. The full details of the projections were referred to in a report received from the Fund's Actuary, and included as an appendix to the report. It was highlighted that projections had not been

submitted to the Committee previously and it was considered that it would be appropriate to share the information to ensure transparency. It was reiterated that the Committee's main priority was to ensure that the fund's investments were secure, but that work was also being done to keep the pension fund's balance against employer costs.

It was reported that only one change was made to the projections that to salary increases. Following advice from Hymans, it was decided to amend the figure to CPI +0.3% that would respond to higher short term salary increase expectations, thus reflecting recent trends. A formal consultation would be held with the employer on the projections along with other amendments to the Funding Strategy Statement of the 2019 valuation later on in the year.

Responding to an observation that too much information could be complex and the taxpayer simply wished to see an increase in value, it was noted that it was appropriate to share the information and the need for new proposals to seek better investments in the fund should be highlighted.

RESOLVED to approve the proposed projections in order to set the funding target for the Fund's current triennial valuation as on 31 March 2019.

The meeting commenced at 2:00pm and ended at 3:05pm

**ANNUAL MEETING OF THE GWYNEDD PENSION FUND
BETWEEN MEMBERS OF GWYNEDD COUNCIL'S PENSIONS
COMMITTEE AND REPRESENTATIVES OF THE EMPLOYERS
AND UNIONS
24.10.19**

Present:

Members of the Pensions Committee

Councillors: John P Roberts, Stephen Churchman, John Brynmor Hughes, Aled Wyn Jones, Ioan Thomas and Robin Williams (Isle of Anglesey County Council Representative),

Members of the Pension Board

Tony Deakin (Cartrefi Conwy), Huw Trainor (North Wales Police), Osian Richards (Gwynedd Council) and H Eifion Jones

Employers' Representatives

Lynn Patterson and Ieuan Williams (Cynnal Company), Tony Walter and Huw Ifor Jones (Conwy Council), Geraint Owen (Menter Môn), Eurig Williams (Gwynedd Council), Helen Williams (North Wales Police), Amanda Davies (Byw'n Iach), Marc Jones (Isle of Anglesey County Council), Claire Chapman (CAIS), Fiona Portlock and Siobhan Johnson (Cartrefi Conwy)

Members of Staff who Serve the Fund (Gwynedd Council);

Dafydd Edwards (Head of Finance Department), Meirion Jones (Pensions Manager), Ffion Madog Evans (Senior Finance Manager), Dewi Morgan (Assistant Head - Revenue and Risk), Gwenan Medi Williams (Senior Pensions Officer), Marina Parry Owen (Pensions and Investments Officer), Delyth Jones-Thomas (Investment Manager), Glesni Jones (Communications Officer (Pensions)), Owain Pritchard (Pensions Unit Systems Officer) and Lowri Haf Evans (Democratic Services Officer)

Apologies - Councillor Seimon Glyn (Gwynedd Council), Councillor Peter Read (Gwynedd Council), Councillor Peredur Jenkins (Gwynedd Council), Councillor David Cowans (Conwy County Borough Council Representative), Councillor Aled Evans (Gwynedd Council), Mandy Evans (Abergele Town Council), Robert Henderson (Holyhead TC), Wendy Jones (CVSC), Einir Griffiths (Gwynedd Council), Mantell Gwynedd, Gwyn Jones (Ysgol Eirias), Tina Earley (Colwyn Bay Town Council), Careers Wales, Jo Cavill (Careers Wales) and Beaumaris Town Council

1. ELECTION OF CHAIR

RESOLVED to elect John Pughe Roberts as Chair of the meeting.

2. DECLARATION OF PERSONAL INTEREST

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

3. URGENT ITEMS

None to note

4. THE GWYNEDD PENSION FUND ANNUAL REPORT 2018/19

a) Note from the Chair - Councillor John Pughe Roberts

Everyone was welcomed to the annual meeting of the Pension Fund. The Chair expressed that 2018/19 had been a transitional year with 60% of fund assets now transferred to Wales Partnership funds. It was noted that Fund assets received 7.6% investment returns for the year compared to an average of 6.6% that was returned by LGPF funds (and a highest quartile of 7.2%). As a result, the total value of the Fund increased to more than two billion on 31 March 2019. It was reiterated that continuous growth in asset value remained encouraging and the fund was now in a relatively favourable position as the Actuary had announced that the Fund was now funded 108% in the Valuation on 31/03/2019.

Although the position of individual employers within the Fund was different, generally, it was explained that the Fund's strength had allowed the fund to take a flexible approach to employer contribution rates, which would be in effect from April 2020. It was highlighted that most employers had been issued a notice of their amended pension contribution level, which would assist them with the financial situation in light of the continuous squeeze on public spending.

All officers who administrated the Fund were thanked, with a special mention to Nicholas Hopkins (Manager of the Administration Unit) and Caroline Roberts (Investment Manager). It was added that Nick Hopkins and Caroline Roberts were retiring and best wishes were expressed for a happy retirement for both. It was announced that Meirion Jones had been appointed as a new Manager for the Administration Unit and Delyth Jones-Thomas had been appointed as Investment Manager. Both were congratulated on their appointments. Tony Deakin, who had stood down as member of the Pension Board since his retirement, was thanked for his contribution to the Board's work and Osian Richards was congratulated on being elected as new Chair of the Board.

b) Note from the Chair of the Pension Board (2018/19) - Mr Tony Deakin

Reference was made to the annual report of the Fund's Pension Board that had been included in the report along with the main functions of the Board as a body that monitors and reviews the decisions of the Pension Committee and the work of the Administration Unit. Compared to other funds, he expressed that the system was a success in Gwynedd and that the Board had assisted and contributed towards the success of the Fund. Attention was drawn to the work plan and specific attention was drawn to examples of the Board's input to responsible investment and staffing succession arrangements. The need was noted to encourage employers to adopt the i-Connect information technology software to ensure clean and accurate data for the future. Attention was drawn to the need and willingness of the Board to attend training in order to keep up with current information and matters. He took the opportunity to congratulate Meirion Jones and Delyth Jones-Thomas on their appointments and his successor, Osian Richards, as Chair of the Pension Board 2019/20.

c) Presentation of the Head of Finance Department - Annual Report of the Pension Scheme for 2018/19

It was reported that the Gwynedd Pension Fund was in a relatively healthy position as the value of the fund had increased gradually since 2010, and a substantial increase of £505m since the last valuation in 2016. It was noted that a proportion of the whole Fund that had been funded had increased from 84% in 2010, to 85% in 2013, 91% in the 2016 Valuation,

and 108% in the 2019 Valuation. It was explained that a proportion of the increase in 2016/17 was due to money exchange rates as the Fund had been valued in pound terms and assets had been listed in dollar terms etc. However, it was shown that most movement in Fund value was a real increase in terms of local money.

Despite the satisfactory financial position of the Fund, it was suggested that the global position was not as positive. Reference was made to changing investment patterns, with many general investors, separate to pension funds, taking risks to benefit in the short term rather than responsibly investing in the long term with engagement and ownership.

In response to the climate change emergency, it was highlighted that the Gwynedd Pension Fund was now investing 12% of the fund's value (£260m) in the BlackRock Low Carbon fund. The decision to confirm this investment was made formally at the meeting of the Pensions Committee on 29 July 2019. This investment in sustainable assets was the result of a decision made by the Pensions Committee in November 2018 to amend the Fund's Investment Strategy Statement to note responsible investment principles, which included "need to consider the specific risks that arise from climate change when considering investments". It was reiterated that public bodies had a duty to be at the forefront in doing everything possible to ensure responsible action, given the impact actions would have on future generations. It was explained how the MSCI Low Carbon Index would be traced by investing in companies with low carbon emissions, while also ensuring similar financial returns for the standard Global Index, and meeting the fiduciary duty to staff, pensioners and employers of the scheme. It was reported that Gwynedd Pension Fund Managers and members of the Pensions Committee were confident that investing 12% (£260m at present) of the Pension Fund in a low carbon equity fund would set a responsible balance and underlined the commitment to a more green future.

It was noted that no such index existed for all environmental, social or other governance factors, such as avoiding investment in arms production companies. It was explained that the Pensions Committee would consider other responsible investment vehicles, if and when these would be available in future. It was reiterated that the Gwynedd Pension Fund was jointly investing as one of eight members of the Wales Pension Partnership, with other partners, such as Swansea and Cardiff funds, sharing the desire to reduce carbon exposure in future investments. To this end, the Wales Partnership had commissioned Russell Investments consultants to devise an overlay (an overlay above the stock selections of our asset managers).

Everyone was thanked for their support during 2018/19.

RESOLVED TO ACCEPT THE ANNUAL REPORT OF THE PENSION FUND FOR 2018/19

The meeting commenced at 1.00pm and concluded at 1.35pm.

Agenda Item 9

MEETING: PENSION BOARD

DATE : 10 DECEMBER 2019

TITLE: UPDATE ON PENSION FUND INVESTMENT PERFORMANCE 2019/20

PURPOSE: TO INFORM THE BOARD OF THE MONITORING AND PERFORMANCE OF PENSION FUND INVESTMENTS

RECOMMENDATION: NOTE THE INFORMATION

AUTHOR: DELYTH JONES-THOMAS, INVESTMENT MANAGER

1. Introduction

Quarterly performance of the Pension Fund is monitored by members of the Pensions Committee in quarterly meetings of the Investment Panel.

The investment performance of individual asset managers is monitored by the Investment Panel. The asset managers are invited to present to the Panel in turn. The active equity and active bond managers attend two meetings each year and the other investment managers attend once each year.

Whilst quarterly and annual monitoring takes place, it should be noted that pension fund returns over the longer term are the aim, and there will inevitably be some fluctuations from year to year, and more volatile performance from quarter to quarter. Generally, individual asset managers' performance is assessed over 3 years.

2. Pension Fund investment performance in 2019/20

As at 30 September 2019, the market value of the Pension Fund was £2,203 million with performance against the benchmark set out below:

	Q1 2019/20 %	Q2 2019/20 %	1 year %
Fund	4.0	2.7	5.4
Benchmark	4.4	2.2	4.5
Relative Performance (Gross)	-0.4	+0.5	+0.9

Performance was weak in quarter 1 with two of the top equity investment managers underperforming their benchmarks, as well as the uncertainty of Brexit. Performance was stronger in quarter 2, with year-end performance expected to exceed the benchmark.

Equity Investment Manager's Performance

The table below summarises the performance of the individual equity Investment Managers:

	Market Value 30/09/19 £m	Performance Q1 2019/20 %	Performance Q2 2019/20 %
Black Rock Market Cap Benchmark	493.5	4.0 3.9	1.2 1.2
Relative Performance		+0.1	0.0
Black Rock Fundamental Indexation Benchmark	152.8	5.7 5.5	3.5 3.3
Relative Performance		+0.2	+0.2
Fidelity Global Equity Benchmark	158.5	6.9 6.5	3.4 3.8
Relative Performance		+0.4	-0.4
Fidelity Emerging Market Equity Benchmark	52.8	3.9 2.9	1.4 -1.2
Relative Performance		+1.0	+2.6
Wales PP Global Growth Fund Benchmark	348.3	6.0 6.1	2.2 3.3
Relative Performance		-0.1	-1.1
Wales PP Global Opportunities Fund Benchmark	355.1	7.2 6.1	3.4 3.3
Relative Performance		+1.1	+0.1
Insight Benchmark	285.7	-0.1 0.2	0.2 0.2
Relative Performance		-0.3	+0.0
	1,846.7		

During the period, there were positive returns on bonds and equities, with strong performance in the US and Japan. Returns converted to sterling have been enhanced by the continued depreciation of sterling against other currencies. In Britain, growth has been very slow as there has been uncertainty in the period with Brexit which has had a negative impact on business investment.

Property Investment Manager's Performance

The table below summarises the performance of the individual Property Asset Managers:

	Market Value 30/09/19 £m	Performance Q1 2019/20 %	Performance Q2 2019/20 %
UBS Triton Property Unit Trust	50.2	0.9	1.1
UBS Real Estate - Euro core		3.9	-0.2
Lothbury Property Trust	63.2	1.0	0.8
Black Rock Property Fund	52.7	0.4	0.2
Threadneedle Property Fund	21.0	0.3	0.3
Threadneedle Property Unit Trust		0.6	0.4
Total Property	187.1	0.7	0.6
Benchmark		0.6	0.4
Relative Performance		+0.1	+0.2

Property returns have been fairly consistent compared to the benchmark. There has been a positive increase in rental growth and income returns over the period which has been somewhat reduced with a reduction in capital value.

Partners Group

Partners Group is responsible for managing the Fund's private equity investments and infrastructure.

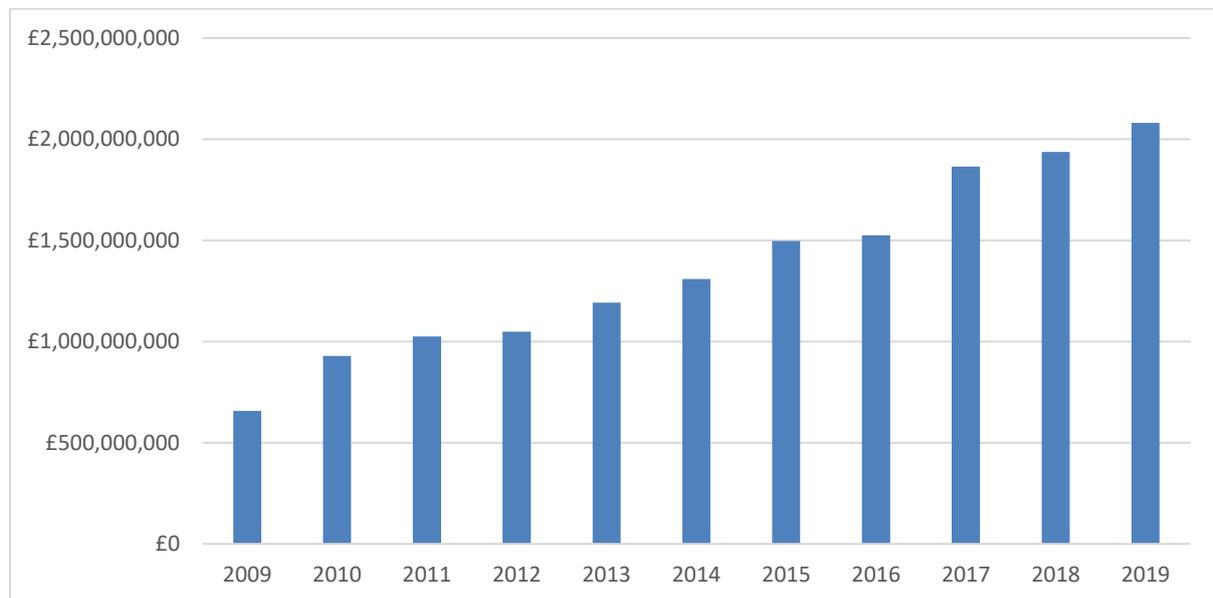
	Market Value 30/06/19* £m
Partners Private Equity	114.8
Partners Infrastructure	53.1
Total	167.9

* Information at 30/09/19 not yet published.

Monitoring the performance of private equity and infrastructure investments is much more difficult than traditional assets, such as quoted bonds and equities. Private equity funds have a fixed life span of about 10-15 years. Real profits / returns can only be confirmed when individual assets are sold, so actual performance cannot be assessed until the fund is closed. The Fund's program for private equity and infrastructure investments is reviewed annually by our consultants, Hymans Robertson.

3. Pension Fund Investment Performance over 10 years

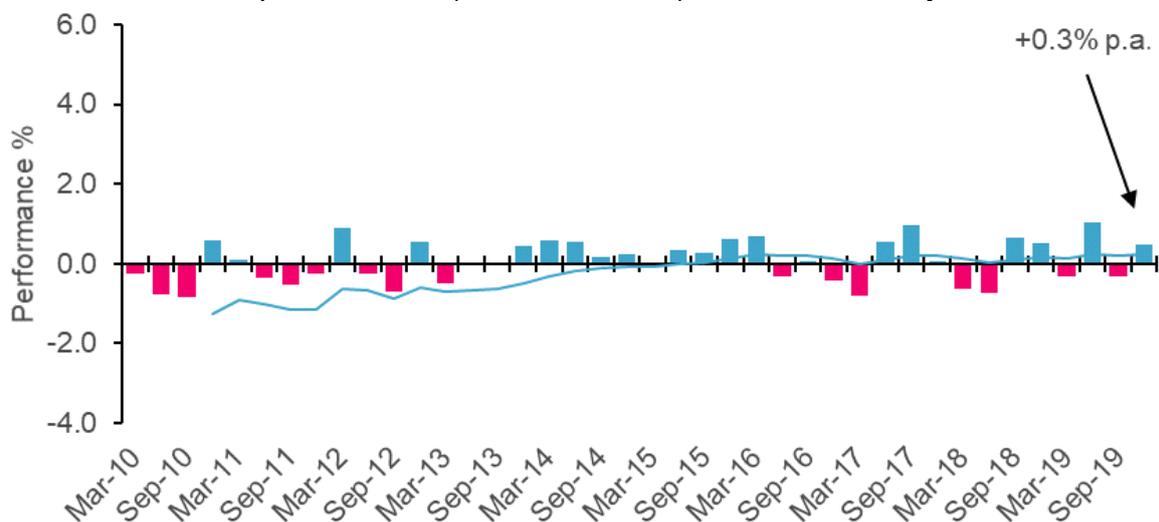
The market value of the Gwynedd Pension Fund over the last 10 years is shown in the graph below:



The Gwynedd Pension Fund is in a relatively healthy position with the value of the fund steadily increasing since 2010. The performance of the fund's investments has been above the benchmark in each of the periods measured, as shown in the table below:

	1 Year %	3 Years % p.a.	5 Years % p.a.	10 Years % p.a.
Fund	5.4	9.0	9.7	9.1
Benchmark	4.5	8.5	9.0	8.8
Relative Performance (Gross)	+0.9	+0.5	+0.7	+0.3

The chart below shows the cumulative quarterly performance of the fund and cumulative annual performance (the dashed line) over the last 10 years.



It is widely recognised that longer-term performance is a more valid performance indicator than a single year because strategies designed for long-term good performance can occasionally suffer short-term losses.

4. Impact of Investment Performance and Triennial Valuation 2019

The Fund's position has improved with the funding level of the Fund increasing from 91% at 31 March 2016 to 108% at 31 March 2019.

Valuation Date	31 March 2016	31 March 2019
Past Service Liabilities	(£m)	(£m)
Employees	761	855
Deferred Pensioners	252	321
Pensioners	657	750
Total Liabilities	1,670	1,925
Assets	1,525	2,081
Surplus / (Deficit)	(145)	156
Funding Level	91%	108%

The funding position has increased from a deficit of £145m to a surplus of £156m. See the movements in the table below:

Change in the surplus/deficit position	Assets (£m)	Liabilities (£m)	Surplus / (Deficit) (£m)
Last valuation at 31 March 2016	1,525	1,670	(145)
Cashflows			
Employer contributions paid in	170		170
Employee contributions paid in	48		48
Benefits paid out	(167)	(167)	0
Net transfers into / out of the Fund*	4		4
Other cashflows (e.g. Fund expenses)	(4)		(4)
Expected changes in membership			
Interest on benefits already accrued		207	(207)
Accrual of new benefits		221	(221)
Membership experience vs expectations			
Salary increases greater than expected		13	(13)
Benefit increases less than expected		(0)	0
Early retirement strain (and contributions)	0	14	(14)
Ill health retirement strain		(5)	5
Early leavers less than expected		(2)	2
Pensions ceasing less than expected		(4)	4
Commutation greater than expected		(0)	0
Impact of GMP equalisation		4	(4)
Other membership experience		(29)	29
Changes in market conditions			
Investment returns on the Fund's assets	505		505
Changes in future inflation expectations		58	(58)
Changes in actuarial assumptions			
Change in demographic assumptions (excl. longevity)		(4)	4
Change in longevity assumptions		(66)	66
Change in salary increase assumption		11	(11)
Change in discount rate		7	(7)
This valuation at 31 March 2019	2,081	1,925	156

There are a number of factors affecting the funding position, but the main factor between 2016 and 2019 appears to be the £505 million increase from investment returns. A proportion of the increase is due to currency exchange rates, as the Fund is valued in terms of pounds, and assets are listed in foreign currency terms e.g. euro and dollars. However, the majority of the movement in the Fund's value is a real increase in local currency due to the favorable performance of the Fund's assets.

Each individual employer of the Fund is different but the Fund's strength has generally allowed a flexible approach to employer contribution rates which will be effective from April 2020.

5. Recommendation

The Board is asked to note the information.

Agenda Item 10



Meeting:	Pension Board
Date:	10/12/2019
Title:	Communicating with new and young members
Purpose:	For information only.
Author:	Meirion Jones, Pensions Manager

1. Introduction

At a recent Board meeting members expressed concerns that young members opt out of the pension scheme and questioned how the Fund engage with its members to try and encourage them to remain in this scheme.

This report notes the regulations behind opting out, gives an idea of how many people do opt out of the scheme and explains how the fund engages with young and new members.

2. Who can join?

To be able to join the Local Government Pension Scheme (LGPS) an individual needs to be under age 75 and work for an employer that offers membership of the scheme.

If an individual starts a job in which they are eligible for membership of the LGPS they will be brought into the scheme, if their contract of employment is for 3 months or more. If it is for less than 3 months they can opt to join by completing an application form.

3. Opting Out

While most members stay in the LGPS, a small number decide to opt out of the scheme. If a member opts out of the LGPS before completing 3 months' membership they will be treated as never having been a member and the employer will refund any pension contributions made through their pay. If the member opts out of the LGPS when they have been a member for 3 months or more but have not completed the 2 year qualifying period (known as the vesting period) – they can take a refund of their contributions (less any statutory deductions) or transfer their pension to another qualifying pension scheme. If the member has more than 2 years membership their benefits are deferred in the scheme until retirement.

In order to opt out the member has to contact the Pension section to request an opt out form. Along with this opt-out form we send a letter to the member a letter which states the benefits of being a member of the scheme. These benefits include:

- A guaranteed pension, which increases annually, payable for life, and is based on pay.
- An option for a tax-free lump sum on retirement.
- Lump-sum death grant of three times pay if a member dies in service, paid to the people they have nominated.
- Pension for the members' husband, wife, civil partner or their eligible cohabiting partner.
- Pension if the member become too ill to work.
- Early retirement if the member is aged 55 or over and made redundant.
- Tax relief on contributions.
- Options to help get more benefits by paying extra.
- Contributions from the employer.

As an alternative to opting out there is also a 50/50 section of the scheme. Under this section the member elects to pay half their normal contribution rate and build up half their normal pension whilst retaining full life and ill-health cover. This section is designed to help members stay in the scheme, building up valuable pensions benefits, during times of financial hardship. Information on this section and an application form is also sent to members when an opt out form is sent out to members.

By sending information on the benefits of the scheme and information on the 50/50 section we hope that we can encourage members not to opt out of the scheme. We also try to mention the benefits of the scheme and the 50/50 section of the scheme if we receive phone calls from members who opt out.

4. How many people opt out?

A request was sent to the Payroll sections of Gwynedd, Conwy and Anglesey Councils for information on the number of staff who have currently opted out of the scheme. Unfortunately, only Gwynedd Council replied, however the information received gives a good indication of the number of members who have opted out:

Age range	Employed	Members of the Pension Scheme	-member of the pension scheme	Membership percentage
Up to 20	115	97	18	86.11%
21 to 30	943	812	131	86.11%

31 to 40	1195	1034	161	86.53%
41 to 50	1433	1301	132	90.79%
51 to 60	1519	1396	123	91.90%
61 to 70	518	400	118	77.22%
71 to 74	40	20	20	50.00%

As you can see that the percentage of younger members (under 40) opting out is slightly higher than middle aged members, however the percentage of older members (61+) opting out is higher than the younger and middle aged members. A number of older members tend to join the scheme later in life as home carers or cleaners and they feel that they are too old to start paying into a pension and therefore opt out.

5. How is the scheme promoted?

Gwynedd Pension Fund aims to use the most appropriate communication medium for the audiences receiving the information, which may involve using more than one method of communication. These include:

Induction Session

Most employers hold induction sessions for new staff members. The benefits of the pension scheme are covered at these sessions.

Starter Pack

A starter pack is issued to each new member. This pack includes a copy of the scheme booklet that explains all the benefits of the scheme, a death grant expression of wish form, a transfer of benefits form and information on how to register for the Member Self Service website.

Fund Website

The Fund has established an extensive website which sets out Scheme provisions in a simple and concise manner. Information updates and news items are quickly added to notify members of any Scheme developments. Electronic copies of Fund literature, policies and reports are also readily available to download.

The Fund's website contains a specific section for prospective members. It highlights the benefits of planning for retirement and what's provided by the Scheme so an informed choice can be made.

'Pensions Made Simple' Videos

Over the last few months we have been assisting the Local Government Association, with the Welsh translation, in the production of 7 short videos on various pension topics.

The topics covered are:

- What is a pension?

- How your pension works
- Looking after your pension
- Protection for you and your family
- Life after work
- Your annual allowance
- Your lifetime allowance

These videos can be accessed through the following link:

<https://www.lgpsmember.org/more/Videos.php>

These videos will be added to the Gwynedd Pension Fund website shortly.

Member Self Service Website

Member Self Service is an integrated web portal via the Gwynedd Pension Fund website, which allows members to view and update their pension details securely online. Members are able to perform accurate benefit calculations, update their death grant expression of wish and contact details, as well as view their annual benefit statement.

We are currently in the middle of the process of upgrading the Member Self Service website. This system should be live before the end of the year and we hope to provide a demonstration of this website at the next Board meeting.

Literature

There are a number of factsheets on the website that provide more detail on topics such as increasing benefits and making nominations. These factsheets can be sent out to individual members and are also available to download from the website.

Annual Benefit Statements

Statements are uploaded automatically to a member's Member Self Service, or sent directly to their home address if they have chosen not to register. The active statement sets out the current value of benefits (as at 31st March), a projection to Normal Pension Age, the current value of death benefits. The deferred statement on the other hand shows the up rated value of benefits as at state pension age.

Newsletters

The Fund issues a newsletter to all active members, covering new pension topics within the LGPS and the pensions industry in general on an ad hoc basis.

General Presentations & Courses

The Fund can deliver standard or tailored presentations on a wide range of LGPS related subjects at the request of the employers.

1 to 1 Sessions

1 to 1 sessions are available for individual members. Meetings are held at the employers'

offices if several require sessions or alternatively members can make an individual appointment at our office.

Agenda Item 11

MEETING:	PENSION BOARD
DATE :	10 DECEMBER 2019
TITLE:	UPDATE ON McCLOUD
PURPOSE:	TO INFORM THE BOARD OF THE McCLOUD JUDGEMENT
RECOMMENDATION:	NOTE THE INFORMATION
AUTHOR:	DELYTH JONES-THOMAS, INVESTMENT MANAGER

1. Introduction

The result of the McCloud judgement has become a troublesome issue for fund administrators and for employers who are members of the Local Government Pension Scheme (LGPS). Therefore, this paper updates the Board on the position.

2. History

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. This was to ensure that these members would get a pension at least equal to that which they would have received in the scheme had it not changed. This protection is known as the underpin.

In December 2018, the Court of Appeal found that these protections were unlawful on the grounds of age discrimination and could not be justified. The Government appealed this decision, however, the Supreme Court denied the Government right to appeal in June 2019.

3. Current position

At present we are still awaiting guidance regarding any potential changes within the LGPS which may be introduced as a result of the judgements. It is likely that any remedy will involve the extension of some form of underpin to members in scope who are not currently offered protection. The underpin would ensure that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

4. Further information

Further information can be obtained from the LGPS McCloud Page:
<http://www.lgpsboard.org/index.php/structure-reform/mccloud-page>

5. Recommendation

The Board is asked to note the information.

MEETING: **PENSION BOARD**

DATE: **10 DECEMBER 2019**

TITLE: **SELECT REPRESENTATIVES TO ATTEND EVENTS ON
16 JANUARY AND 27 - 28 FEBRUARY**

AUTHOR: **DAFYDD L EDWARDS, HEAD OF FINANCE**

1. I would like to inform Pension Board members of an opportunity to attend 2 events scheduled early in 2020.
2. Link Fund Solutions Ltd (Wales Pension Partnership's investment fund operator) and Russell Investments (investment advisers / managers for the Wales Pension Partnership) will be in the Gwyrfai Committee Room, Caernarfon, 10:00 – 12:30 on Thursday, 16 January, for an informal presentation to the Pensions Committee.
3. Link and Russell are visiting the 8 Pensions Committees that are members of the Wales Pension Partnership.
4. There will be an opportunity for 2 or 3 Board members to attend the event, listen to the presentations and ask questions, before a formal meeting of the Pensions Committee commences at 1 o'clock.
5. **The Pension Board is asked to nominate 2 or 3 members to represent them at the Link and Russell presentation on 16 January 2020.**
6. Also, as you know, the LGC Investment Seminar is being held in Carden Park on 27 and 28 February 2020 (brief details are attached herewith).
7. It is essential for 'good governance' of Gwynedd Pension Fund that members of the Pension Board and Pensions Committee receive ongoing training.
8. H. Eifion Jones has already been nominated and registered to attend, with relevant officers, and 2 members of the Committee.
9. As this highly rated event is held at a reasonably convenient location, Fund officers have negotiated a discounted price for one additional Board member to be able to attend.
10. **The Pension Board is asked to nominate 1 additional member to represent them at the LGC Investment Seminar on 27 and 28 February 2020.**



27 – 28 February 2020
Carden Park Hotel, Cheshire

Converting 2020 vision into a successful investment strategy

Dear Dafydd,

As we move into a new decade, what will be on the radar for those responsible for delivering local government pensions?

It is clear that the LGPS will be challenged from all directions. Whether it is the unstable political and economic environment, the implications of the McCloud judgment, the cost cap, the growing challenge of pensions admin or the investment implications of the climate emergency.

By attending the [LGC Investment Seminar](#) you will gain clarity on these critical issues and what they mean for your organisation.

Our new content for 2020 includes practical advice on the impact of the 2019 valuation on investment strategies and a hot topics discussion session, where the audience can debate topical areas including the challenge of administration.

Speakers are being confirmed all the time so go to investmentseminar.lgcplus.com for the latest updates. Our latest expert contributors include:

- **Jeff Houston**, Head of Pensions, LGA
- **Michael Marshall**, Director, Responsible Investment & Engagement, LGPS Central
- **Andrew Burns**, Associate Director, CIPFA
- **Jo Ray**, Head of Pensions, Lincolnshire County Council
- **Graeme Muir**, Partner and Head of Pensions, Barnett Waddingham
- **Phil Triggs**, Tri-Borough Director of Pensions, Westminster City Council
- **Chris Bilisland**, Non-executive Director, London CIV

I look forward to seeing you at the event in February.

Kind regards,

Jenny Vyas
Public Sector Events Director



Meeting:	Pension Board
Date:	10/12/2019
Title:	The Pension Regulator: Public Service Governance Survey 2019
Purpose:	Receive feedback from the Board in order to complete the survey
Author:	Meirion Jones, Pensions Manager

1. INTRODUCTION

The Pensions Regulator has issued a survey for each local scheme manager to complete for the pension fund it administers. Gwynedd Council is the local scheme manager for the Gwynedd Pension Fund and is therefore responsible for completing the survey.

The survey should be completed by the scheme manager working with the Pension Board chair. The Chairman of the Gwynedd Pension Board believes that the best way is for the Board to look at the survey and consider its response. The closing date for responses is 29th November 2019. However the Regulator is happy to extend the deadline for Gwynedd in order for us to receive an input from the Board at this meeting.

2. THE SURVEY

A copy of the survey is attached as Appendix A. The responses to the questions will be considered at this meeting and a final version will be agreed with the Chairman before it is sent to The Pensions Regulator. However to aid the completion of the survey, factual questions and the opinion of the Pensions Manager have been marked in Appendix A. These replies are open for discussion at the meeting.

The Pensions Regulator Public Service Governance and Administration Survey 2019

This document is intended to be used as a guide to help you gather the information required for the survey. Please note, however, that we need you to complete the questionnaire through the online survey link contained in your invitation email.

Thank you for taking the time to complete this survey. Please answer the questions in relation to the scheme referenced in your invitation email. Where the scheme is locally administered, we mean the sub-scheme or fund administered by the local scheme manager.

Your responses will be kept anonymous unless you consent otherwise at the end of the survey. Linking your scheme name to your answers will help inform The Pensions Regulator's (TPR's) engagement with you in the future.

This survey should be completed by the scheme manager or by another party on behalf of the scheme manager. They should work with the pension board chair to complete it, and other parties (e.g. the administrator) where appropriate.

There is a space at the end of the survey to add comments about your answers where you feel this would be useful.

SECTION A – GOVERNANCE

The first set of questions is about how your pension board works in practice.

A1. EVERYONE TO ANSWER

Does your scheme have a documented policy to manage the pension board members' conflicts of interest?

Please select one answer only

- 1. Yes
- 2. No
- 3. Don't know

A2. EVERYONE TO ANSWER

Does your scheme maintain a register of pension board members' interests?

Please select one answer only

- 1. Yes
- 2. No
- 3. Don't know

A3. EVERYONE TO ANSWER

Focusing on the scheme's pension board meetings in the last 12 months, please tell us the following:

Please write in the number for each of a-c below

- a) Number of board meetings that were scheduled to take place (in the last 12 months) 4
- b) Number of board meetings that actually took place (in the last 12 months) 4

- c) Number of board meetings that were attended by the scheme manager or their representative (in the last 12 months) **4**.....

A4. EVERYONE TO ANSWER

Do the scheme manager and pension board have sufficient time and resources to run the scheme properly?

Please select one answer only

- 1. Yes**
- 2. No
- 3. Don't know

A5. EVERYONE TO ANSWER

Do the scheme manager and pension board have access to all the knowledge, understanding and skills necessary to properly run the scheme?

Please select one answer only

- 1. Yes**
- 2. No
- 3. Don't know

A6. EVERYONE TO ANSWER

How often does the scheme manager or pension board carry out an evaluation of the knowledge, understanding and skills of the board as a whole in relation to running the scheme?

Please select one answer only

- 1. At least monthly
- 2. At least quarterly**
- 3. At least every six months
- 4. At least annually
- 5. Less frequently
- 6. Never
- 7. Don't know

A7. EVERYONE TO ANSWER

On average, how many hours of training per year does each pension board member have in relation to their role on the pension board?

Please write in the number below

.....**20**..... hours per year

A8. EVERYONE TO ANSWER

Does the pension board believe that in the last 12 months it has had access to all the information about the operation of the scheme it has needed to fulfil its functions?

Please select one answer only

- 1. Yes**
- 2. No
- 3. Don't know

A9. EVERYONE TO ANSWER

Is the pension board able to obtain sufficient specialist advice on the following matters when it needs to?

<i>Please select one answer per row</i>	Yes	No	Don't know
a) Administration	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

- | | | | |
|-------------------|----------------------------------|-----------------------|-----------------------|
| b) Cyber security | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| c) Legal | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |

A10. EVERYONE TO ANSWER

Focusing on the composition of your pension board, please tell us the following:

Please write in the number for each of a-d below

- a) Number of current board members **5**.....
- b) Number of vacant positions on the board **1**.....
- c) Number of members that have left the board in the last 12 months **2**.....
- d) Number of members that have been appointed to the board in the last 12 months **1**.....

A11. EVERYONE TO ANSWER

Does the scheme have a succession plan in place for the members of the pension board?

Please select one answer only

- 1. Yes**
2. No
3. Don't know

A12. EVERYONE TO ANSWER

Has the scheme manager delegated the responsibility for making the day-to-day decisions needed to run the scheme to another person?

Please select one answer only

1. Yes
- 2. No**
3. Don't know

SECTION B – MANAGING RISKS

The next set of questions is about managing risks.

B1. EVERYONE TO ANSWER

Does your scheme have its own documented procedures for assessing and managing risk?

Please select 'No' if your scheme relies on your local authority's documented procedures for assessing and managing risk.

Please select one answer only

- 1. Yes**
2. No
3. Don't know

B2. EVERYONE TO ANSWER

Does your scheme have its own risk register?

Please select 'No' if your scheme relies on your local authority's risk register.

Please select one answer only

- 1. Yes**

2. No
3. Don't know

B3. EVERYONE TO ANSWER

In the last 12 months, how many pension board meetings reviewed the scheme's exposure to new and existing risks?

Please write in the number below

.....**2**.....

B4. EVERYONE TO ANSWER

To what do the top three governance and administration risks on your register relate? If you do not have a risk register, please tell us to what the top three governance and administration risks facing your scheme relate.

Please select up to three options below

1. Funding or investment
- 2. Record-keeping (i.e. the receipt and management of correct data)**
3. Guaranteed Minimum Pension (GMP) reconciliation
4. Securing compliance with changes in scheme regulations
5. Production of annual benefit statements
6. Receiving contributions from the employer(s)
- 7. Lack of resources/time**
8. Recruitment and retention of staff or knowledge
9. Lack of knowledge, effectiveness or leadership among key personnel
10. Poor communications between key personnel (board, scheme manager, administrator, etc.)
11. Failure of internal controls
- 12. Systems failures (IT, payroll, administration systems, etc.)**
13. Cyber risk (i.e. the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its IT systems and processes)
14. Administrator issues (expense, performance, etc.)
15. Other (please specify):
16. Don't know

SECTION C – ADMINISTRATION AND RECORD-KEEPING PROCESSES

The next set of questions is about administration and record-keeping.

C1. EVERYONE TO ANSWER

Does the scheme have an administration strategy?

Please select one answer only

1. Yes
- 2. No**
3. Don't know

C2. EVERYONE TO ANSWER

Which of the following best describes the scheme's administration services?

Please select one answer only

- 1. Delivered in house**
2. Undertaken by another public body (e.g. a county council) under a shared service agreement or outsource contract
3. Outsourced to a commercial third party
4. Other

5. Don't know

C3. EVERYONE TO ANSWER

Which of the following do you use to measure the performance of your administrators (whether in-house or outsourced)?

Please select all the options that apply

1. Performance against a service level agreement or service schedule
2. Member satisfaction ratings
3. 'Right first time' statistics
4. Testing the accuracy of calculations
5. Analysis of errors
6. Complaints volumes and trends
7. Volumes of rework required
8. Assessing project delivery against initially agreed time and cost
9. Benchmarking against the market
10. Auditing administration functions and systems
11. None of these
12. Don't know

C4. EVERYONE TO ANSWER

To what extent are the following processes automated?

A process is automated if it is completed through the use of technology, for example through a software platform, with minimal human intervention.

Please select one answer per row

	Fully automated	Mainly automated with some manual intervention	Mainly done manually	All done manually	Don't know
a) Verification and input of employer data	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Reconciliation of contributions	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Reporting – data quality	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Reporting – complaints and issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
e) Benefit value calculations	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Transfer value calculations	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Production of benefit statements	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Monitoring workload and resourcing	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C5. EVERYONE TO ANSWER

What, if any, barriers do you face to automating more of the scheme's processes?

Please select all the options that apply

1. Lack of suitable technology
2. Difficulty in integrating it with the scheme's existing systems
3. The initial set-up costs involved
4. Securing the necessary internal approval
5. Internal resistance to (further) automation
6. Lack of knowledge/expertise about how to implement this
7. Poor quality of the data
8. Other (please specify):
9. No barriers to automating more of the scheme's processes
10. Don't know

C6. EVERYONE TO ANSWER

In the last 12 months, how many pension board meetings had administration as a dedicated item on the agenda?

Please write in the number below

.....2.....

C7. EVERYONE TO ANSWER

Do you have processes in place to monitor scheme records for all membership types on an ongoing basis to ensure they are accurate and complete?

Please select one answer only

1. Yes
2. No
3. Don't know

C8. EVERYONE TO ANSWER

Does the scheme have an agreed process in place with the employer(s) to receive, check and review data?

Please select one answer only

1. Yes
2. No
3. Don't know

C9. EVERYONE TO ANSWER

Is your scheme single employer or multi-employer?

Please select one answer only

1. Single employer scheme (i.e. used by just one employer)
2. Multi-employer scheme (i.e. used by several different employers)

C10. ANSWER IF SINGLE EMPLOYER SCHEME (C9=1)

Does your participating employer...

Please select one answer per row

	Yes	No	Don't know
a) Always provide you with timely data?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Always provide accurate and complete data?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Submit data to you monthly?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Submit data to you electronically?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C11. ANSWER IF MULTI-EMPLOYER SCHEME (C9=2)

What proportion of your scheme's employers...

Please write in the percentage (from 0% to 100%) for each of a-d below. If you do not know exactly, please give an approximate percentage.

- a) Always provide you with timely data?85..... %
- b) Always provide accurate and complete data?85..... %
- c) Submit data to you monthly?85..... %
- d) Submit data to you electronically?100..... %

C12. EVERYONE TO ANSWER

Does the scheme have a process in place for monitoring the payment of contributions?

Please select one answer only

- 1. Yes
- 2. No
- 3. Don't know

C13. EVERYONE TO ANSWER

Does the scheme have a process in place for resolving contribution payment issues?

Please select one answer only

- 1. Yes
- 2. No
- 3. Don't know

SECTION D – CYBER SECURITY

The next set of questions is about your scheme's cyber security.

D1. EVERYONE TO ANSWER

Which, if any, of the following controls does your scheme have in place to protect your data and assets from 'cyber risk'?

By 'cyber risk' we mean the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its information technology systems and processes.

Please select all the options that apply

1. Roles and responsibilities in respect of cyber resilience are clearly defined and documented
2. Cyber risk is on the risk register and regularly reviewed
3. Assessment of the vulnerability to a cyber incident of the key functions, systems, assets and parties involved in the running of the scheme
4. Assessment of the likelihood of different types of breaches occurring in the scheme
5. Access to specialist skills and expertise to understand and manage the risk
6. System controls (e.g. firewalls, anti-virus and anti-malware products and regular updates of software)
7. Controls restricting access to systems and data
8. Critical systems and data are regularly backed up
9. Policies on the acceptable use of devices, passwords and other authentication, and on home and mobile working
10. Policies on data access, protection, use and transmission which are in line with data protection legislation and guidance
11. An incident response plan to deal with any incidents which occur
12. The scheme manager has assured themselves of third party providers' controls (including administrators)
13. The scheme manager receives regular updates on cyber risks, incidents and controls
14. The pension board receives regular updates on cyber risks, incidents and controls
15. None of these
16. Don't know

D2. EVERYONE TO ANSWER

Have any of the following happened to your scheme, including at your administration provider, in the last 12 months?

Please select all the options that apply

1. Computers becoming infected with ransomware
2. Computers becoming infected with other viruses, spyware or malware
3. Attacks that try to take down your website or online services
4. Hacking or attempted hacking of online bank accounts
5. People impersonating your scheme in emails or online
6. Staff receiving fraudulent emails or being directed to fraudulent websites
7. Unauthorised use of computers, networks or servers by staff, even if accidental
8. Unauthorised use or hacking of computers, networks or servers by people outside your scheme
9. Any other types of cyber security breaches or attacks
10. None of these
11. Don't know

D3. ANSWER IF EXPERIENCED ANY CYBER SECURITY BREACHES IN THE LAST 12 MONTHS (D2=1-9)

Thinking of all the cyber security breaches or attacks experienced by your scheme in the last 12 months (including at your administration provider), which, if any, of the following happened as a result?

Please select all the options that apply

1. Software or systems were corrupted or damaged
2. Personal data (e.g. on members, beneficiaries or staff) was altered, destroyed or taken
3. Permanent loss of files (other than personal data)
4. Temporary loss of access to files or networks
5. Lost or stolen assets, trade secrets or intellectual property
6. Money was stolen
7. Your website or online services were taken down or made slower
8. Lost access to any third-party services you rely on
9. **None of these**
10. Don't know

SECTION E – DATA REVIEW

The next set of questions is about your scheme's approach to reviewing and improving its data.

E1. EVERYONE TO ANSWER

When did your scheme last **complete** a data review exercise?

Please select one answer only

1. **Within the last 12 months**
2. More than 12 months ago
3. Never completed one
4. Don't know

E2. ANSWER IF SCHEME HAS EVER COMPLETED A DATA REVIEW EXERCISE (E1=1 OR 2)

Did your scheme's most recently completed data review exercise identify any issues or problems with the following?

Please select one answer per row	Yes	No	Don't know
a) National insurance number	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
b) Date of birth	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
c) First name	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
d) Surname	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
e) Gender	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
f) First line of address	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Postcode	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Membership start date	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
i) Membership end date (if applicable)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) Expected retirement age	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
k) Anticipated income at retirement (based on expected retirement age)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
l) Other data item(s)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

E3. ANSWER IF REVIEW IDENTIFIED ISSUES WITH ANY OF THE SPECIFIC DATA ITEMS (YES AT ANY OF E2a-k)

Focussing just on the specific data items that you identified issues or problems with in your most recently completed data review, approximately what percentage of the scheme memberships were affected by each one?

*Please select one answer per row
(just for those selected at E2)*

	% of memberships affected					Don't know
	<1%	1-9%	10-19%	20-29%	30%+	
a) First line of address	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Postcode	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Membership end date (if applicable)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

E4. ANSWER IF DATA REVIEW IDENTIFIED ISSUES WITH ANY DATA ITEMS (YES AT ANY OF E2a-l)

Has any action been taken to address the issues or problems identified with the data?

Please choose one answer that most closely describes the action your scheme has taken to date

- 1. An improvement plan is in development**
2. An improvement plan is in place but rectification work is not yet complete
3. An improvement plan has been put in place and rectification work has been completed
4. Rectification work has been undertaken without an improvement plan
5. No improvement plan has been developed and no work has been undertaken
6. Don't know

SECTION F – ANNUAL BENEFIT STATEMENTS

The next set of questions is about members' annual benefit statements.

F1. EVERYONE TO ANSWER

In 2019, what proportion of active members received their annual benefit statements by the statutory deadline?

Please write in the percentage below. If you do not know exactly, please give an approximate percentage.

.....**90**..... %

F2. ANSWER IF DEADLINE WAS MISSED FOR ANY MEMBERS (F1=0-99%)

Was the missed deadline for issuing active member statements reported to TPR?

Please select one answer only

- 1. Yes - and Breach of Law report made
- 2. Yes - but decided not to make a Breach of Law report
- 3. No - not reported
- 4. Don't know

F3. ANSWER IF MISSED DEADLINE WAS NOT REPORTED TO TPR (F2=3)

What was the main reason for not reporting the breach?

Please select one answer only

- 1. Not material - few statements affected
- 2. Not material - very short delay
- 3. Other reason (please specify):work ongoing to correct records
- 4. Don't know

F4. EVERYONE TO ANSWER

What proportion of all the annual benefit statements the scheme sent out in 2019 contained all the data required by regulations?

Please write in the percentage below. If you do not know exactly, please give an approximate percentage.

.....100..... %

SECTION G – RESOLVING ISSUES

The next set of questions is about resolving issues or complaints the scheme has received.

G1. EVERYONE TO ANSWER

Does the scheme have a working definition of what constitutes a complaint?

Please select one answer only

- 1. Yes
- 2. No
- 3. Don't know

G2. EVERYONE TO ANSWER

Focusing on the complaints you have received in the last 12 months from members or beneficiaries in relation to their benefits and/or the running of the scheme, please tell us the following information.

Please write in the number for each of a), b) and c) below. The number at b) should be equal to or lower than the number at a). The number at c) should be equal to or lower than the number at b).

- a) Total number of complaints received2.....
- b) Number of these complaints that have entered the Internal Dispute Resolution (IDR) process1.....
- c) Number of these complaints that were upheld by the IDR process0.....

G3. ANSWER IF ANY COMPLAINTS ENTERED THE IDR PROCESS IN THE LAST 12 MONTHS (G2b>0)

To what did the top three types of complaint going through the IDR process relate?

Please select up to three options below

1. Slow or ineffective communication
2. Inaccuracies or disputes around pension value or definitions
3. Delays to benefit payments
4. Disputes or queries about the amount of benefit paid
- 5. Delay or refusal of pension transfer**
6. Inaccurate data held and/or statement issued
7. Pension overpayment and recovery
8. Eligibility for ill health benefit
9. Other (please specify):
10. Don't know

SECTION H – REPORTING BREACHES

The next set of questions is about the scheme's approach to dealing with any breaches of the law.

H1. EVERYONE TO ANSWER

Does the scheme have procedures in place to allow the scheme manager, pension board members and others to identify breaches of the law?

Please select one answer only

- 1. Yes**
2. No
3. Don't know

H2. EVERYONE TO ANSWER

In the last 12 months, have you identified any breaches of the law that are not related to annual benefit statements?

Please select one answer only

1. Yes
- 2. No**
3. Don't know

H3. ANSWER IF ANY BREACHES OF THE LAW NOT RELATED TO ANNUAL BENEFIT STATEMENTS HAVE BEEN IDENTIFIED IN THE LAST 12 MONTHS (H2=1)

What were the root causes of the breaches identified?

Please select all the options that apply

1. Systems or process failure
2. Failure to maintain records or rectify errors
3. Management of transactions (e.g. errors or delays in payments of benefits)
4. Failure of the employer(s) to provide timely, accurate or complete data
5. Late or non-payment of contributions by the employer(s)
6. Other employer-related issues (please specify):
7. Something else (please specify):
8. Don't know

H4. EVERYONE TO ANSWER

Are there procedures in place to assess breaches of the law, and report these to TPR if required?

Please select one answer only

1. Yes
2. No
3. Don't know

H5. ANSWER IF ANY BREACHES OF THE LAW NOT RELATED TO ANNUAL BENEFIT STATEMENTS HAVE BEEN IDENTIFIED IN THE LAST 12 MONTHS (H2=1)

In the last 12 months, have you reported any breaches to TPR as you thought they were materially significant? Please do not include any breaches that related to annual benefit statements.

Please select one answer only

1. Yes
2. No
3. Don't know

SECTION I – GOVERNANCE AND ADMINISTRATION

The next set of questions is about your progress in addressing governance and administration issues.

I1. EVERYONE TO ANSWER

What do you believe are the top three factors behind any improvements made to the scheme's governance and administration in the last 12 months?

Please select up to three options below

1. Improved understanding of underlying legislation and standards expected by TPR
2. Improved engagement by TPR
3. Improved understanding of the risks facing the scheme
4. Resources increased or redeployed to address risks
5. Administrator action (please specify):
6. Scheme manager action (please specify):
7. Pension board action (please specify):
8. Other (please specify):
9. No improvements made to governance/administration in the last 12 months
10. Don't know

I2. EVERYONE TO ANSWER

What are the main three barriers to improving the governance and administration of your scheme over the next 12 months?

Please select up to three options below

1. Lack of resources or time
2. Complexity of the scheme
3. The volume of changes that are required to comply with legislation
4. Recruitment, training and retention of staff and knowledge
5. Lack of knowledge, effectiveness or leadership among key personnel
6. Poor communications between key personnel (board, scheme manager, administrator, etc.)
7. Employer compliance
8. Issues with systems (IT, payroll, administration systems, etc.)
9. The McCloud judgement
10. Other (please specify):
11. There are no barriers
12. Don't know

SECTION J – PERCEPTIONS OF TPR

The final set of questions is about your views of TPR.

J1. EVERYONE TO ANSWER

Thinking about your overall perception of TPR, to what extent do you agree or disagree with the following words as ways to describe TPR?

Please select one answer per row

row	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
a) Tough	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Efficient	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Visible	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Fair	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Respected	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Evidence-based	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Decisive	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Clear	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Approachable	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

J2. EVERYONE TO ANSWER

Thinking now about how TPR operates, how effective do you think it is at improving standards in scheme governance and administration in public service pension schemes?

Please select one answer only

1. Very effective
- 2. Fairly effective**
3. Neither effective nor ineffective
4. Not very effective
5. Not at all effective
6. Don't know

J3. EVERYONE TO ANSWER

To what extent do you agree or disagree with the following statements?

Please select one answer per row

row	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
a) TPR is effective at bringing about the right changes in behaviour among its regulated audiences	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) TPR is proactive at reducing serious risks to member benefits	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

SECTION K – ATTRIBUTION

Thank you for completing this survey. Your responses will help TPR understand how schemes are progressing and any issues they may face, which will inform further policy and product developments. Before you submit your answers, there are just a few more questions about your survey responses.

K1. EVERYONE TO ANSWER

Which of the following best describes your role within the pension scheme?

Please select one answer only

1. Scheme manager*
2. Representative of the scheme manager
- 3. Pension board chair**
4. Pension board member
5. Administrator
6. Other (please specify):

**In this survey 'scheme manager' refers to the definition within the Public Service Pensions Act, e.g. the Local Authority, Fire and Rescue Authority, Police Pensions Authority, Secretary of State/Minister or Ministerial department.*

K2. EVERYONE TO ANSWER

What other parties did you consult with to complete this survey?

Please select all the options that apply

- 1. Scheme manager**
2. Representative of the scheme manager
3. Pension board chair
- 4. Pension board member**
- 5. Administrator**
6. Other
7. Did not consult with any other parties

K3. EVERYONE TO ANSWER

To inform TPR's engagement going forward, they would like to build an individual profile of your scheme by linking your scheme name to your survey answers. This will only be used for internal purposes by TPR and your scheme name would not be revealed in any published report.

Are you happy for your responses to be linked to your scheme name and supplied to TPR for this purpose?

Please select one answer only

- 1. Yes, I am happy for my responses to be linked to my scheme name and supplied to TPR for this purpose**
2. No, I would like my responses to remain anonymous

K4. EVERYONE TO ANSWER

And would you be happy for the responses you have given to be linked to your scheme name and shared with the relevant scheme advisory board? This is to help inform the advisory boards of areas for improvement and to further their engagement with pension boards.

Please select one answer only

- 1. Yes, I am happy for my responses to be linked to my scheme name and shared with the relevant advisory board**
2. No, I would like my responses to remain anonymous

K5. EVERYONE TO ANSWER

TPR may conduct some follow up research on this topic to improve their advice and engagement with schemes such as yours. Would you be willing for us to pass on your name, contact details and relevant survey responses to them so that they, or a different research agency on their behalf, could invite you to take part?

You may not be contacted and, if you are, there is no obligation to take part. Your contact details will be stored for a maximum duration of 12 months, before being securely destroyed.

Please select one answer only

1. Yes, I am happy to be contacted for follow-up research
2. **No, I would prefer not to be contacted for follow-up research**

K6. EVERYONE TO ANSWER

Please record your name below. This is just for quality control purposes and will not be passed on to TPR (unless you have agreed that they can contact you for follow-up research).

Please write in below

.....**Meirion Jones (Pensions Manager) in conjunction with Osian Richards (Pension Board Chair) and members of the Board**.....

K7. EVERYONE TO ANSWER

Finally, please use the space below if you have any other comments or would like to clarify/explain any of the answers you have given.

Please write in below if applicable

.....

.....

.....

.....

.....

.....

.....

.....

Thank you. Please now submit your responses through the [online survey link](#) contained in your invitation email. If you have any queries or technical issues please contact James Murray (Director, OMB Research) at james.murray@ombresearch.co.uk or on 01732 220582.