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## PENSION BOARD 3/03/20

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**Present:** Cllr Aled Evans (Employer's Representative), H. Eifion Jones (Scheme Members' Representative), Sioned Parry (Employer's Representative), Osian Richards (Members' Representative) - Chair, Huw Trainor (Employer's Representative) and Sharon Warnes (Members' Representative).

**Officers:** Delyth Jones Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Member Support Officer).

**Others invited:** Cllr John P Roberts (Pensions Committee Chair) - observing

**APOLOGIES:** Councillors

### 1. APOLOGIES

None to note

### 2. DECLARATION OF PERSONAL INTEREST

None to note

### 3. URGENT ITEMS

None to note

### 4. MINUTES

The Chair signed the minutes of a meeting of this Board, held on 10 December 2019, as a true record.

Sioned Parry (Conwy County Borough Council) was welcomed to the meeting as a new employer's representative on the Board.

### 5. MINUTES OF PENSIONS COMMITTEE

The minutes of the Pensions Committee held on 16 January 2020, were accepted for information.

The members had no further observations arising from the minutes.

### 6. GENERAL UPDATE ON THE PENSIONS ADMINISTRATION

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.

As a result of various staffing changes recently, it was explained that there would be a short period of instability within the department as induction and training sessions needed to be held for the new staff.

In the context of i-connect, it was reported that a substantial increase had been seen in the use of the system to submit members' details on a monthly basis. It was highlighted that Gwynedd Council now submitted details on a monthly basis and that work was being done to transfer the North Wales Police Authority and Conwy County Borough Council to the system before the end of the 2019/20 tax year. It was intended to transfer the Isle of Anglesey County Council and Grŵp Llandrillo-Menai in the 2020/21 tax year.

A summary of data quality results was submitted which had been commissioned by the Fund from a software provider (Aquila Heywod). It was highlighted that the general percentage of tests passed for Gwynedd's **common data** was 99.4% which was an improvement over the 2018 score of 99.3%. It was added that the general percentage of tests passed for the scheme's **specific data** was 96.1%. It was noted that an action plan for data cleansing was being developed in response to the findings of the exercise so that data could be improved for next year.

**The information was ACCEPTED.**

## **7. WALES PENSION PARTNERSHIP UPDATE**

The Investment Manager submitted a report updating Members on the developments of the Wales Pension Partnership. It was reported that partnership performance had been at a very high standard and collaboration was going from strength to strength. Members were reminded that £606.2m of the Gwynedd Fund's equity investments had been transferred to the Wales Pension Partnership Fund in February 2019, with the amount divided equally into two funds. It was reiterated that the performance of both funds were higher than the benchmark and that this was very encouraging news. The next step would involve transferring current investments with Fidelity (£161.6m - Global Equity) and Insight (£292.0m - Bonds) to two Fixed Income funds. It was noted that Russell Investment was monitoring performance and conducting frequent discussions and meetings with the Fund so that the transfer could be completed in April 2020.

Following the Fixed Income transfers, it was reported that the aim was to determine the ideal investment management structure for the Emerging Markets fund. It was highlighted that there was approximately £52m to be transferred to this fund from the Fidelity company and that discussions were being held with Russell Investment to consider suitable funds. It was added that Russell Investments considered environmental, social and governmental requirements when investing responsibly and they looked carefully for ways to meet these needs, along with low carbon investments, when developing the form and management of the Wales Pension Partnership Fund but without losing returns.

Reference was made to the arrangements of the Partnership's Joint Governance Committee and it was noted that there was an intention to discuss whether or not the arrangements were still appropriate at their next meeting on 12 March. It was added that there was a suggestion to include representation from Pension Boards

(within the constituent authorities) on the Joint Committee.

The officer was thanked for the information.

During the ensuing discussion, the following observations were noted:

- That the Gwynedd Fund had agreed and adopted responsible investment principles and these needed to be adhered to when considering future investments. This was a strong stance and no influence should seek to change the viewpoint.
- Need to avoid a rushed way of thinking and be influenced by others.
- The Board had a responsibility to challenge decisions and ensure that guidelines were followed.
- There was a need to ensure the right balance so that expectations were being met.
- That the 17 sustainable aims were being addressed - a suggestion to hold a training session on these aims with Pension Committee Members.
- Wales Pension Partnership Governance Arrangements - a suggestion that Pension Board Chairs could attend the joint committee meetings as observers - able to provide an input but no vote.
- Possible to recommend two observers (one from South Wales and one from North Wales).
- A members' representative should not be an independent chair.
- The exercise must add value.
- CIPFA recommended the exercise and other Funds were implementing it - Wales Partnership needed to do the same.
- The Pensions Regulator pressed on the Boards to examine how funds operated - this was a good reason to include representatives from the Pension Boards on the Joint Committee.
- A suggestion for the Pensions Committee to reach a decision on the matter and refer the decision to the Joint Committee.

**The information was ACCEPTED.**

## **8. COMMUNICATING WITH NEW AND YOUNG MEMBERS - UPDATE**

In accordance with the Board's requirements for further information regarding their concerns that young members were opting out of the Pension Scheme, a more detailed report than what had been submitted to the meeting on 10.12.19, was submitted by the Pensions Manager. Reference was made to the starter pack that was being sent as soon as possible to new members after establishing a record on the employment system, along with a scheme booklet and an opting-out form which included a letter listing all the benefits of continuing with the scheme.

It was reported that the Wales Communication Group had been re-established to discuss communication matters with members and it was expressed that the next meeting would consider the best practice and explore methods that funds could collaborate upon to improve the information provided to members.

During the discussion, the following observations were noted:

- The pack was very professional and included a sufficient amount of information.
- A suggestion for the pack to be sent out with a new contract.

- A suggestion that a sentence was included in the appointment letter referring the individual to the Fund's website.
- Need to ensure that good advice was provided from the offset.
- Consider a way of elaborating on the benefits in a brief manner.

**The information was accepted.**

#### **9. LAPFF CONFERENCE, 4-6 DECEMBER 2019- BOURNEMOUTH**

A report was submitted with an appendix prepared by Hymans Robertson summarising the main matters submitted during the conference. It was noted that the overarching theme of the conference was corporate resilience and the challenges this posed. It was highlighted that the topics discussed were food waste and plastic management, energy transition and cyber security.

During the discussion, the following observations were noted:

- That clarity was required of what companies 'counted'.
- Gwynedd needed to agree on their standards.
- Information needed to be used to update the risk register - a proposal that the risk register was a standing item on the agenda.

**The information was ACCEPTED.**

#### **10. LGPS GOVERNANCE CONFERENCE, 23–24 JANUARY 2020 - YORK**

A report was submitted by Sharon Warnes along with an appendix prepared by Hymans Robertson summarising the matters discussed at the conference. Attention was drawn to the main messages and it was stated that there was an emphasis on funds to ensure that their members were suitable.

**The information was accepted.**

It was highlighted that Members had also attended a LGC seminar in February. It was reported that the key factors of the seminar were environmental, social and governmental requirements when investing responsibly and the impact of coronavirus. Reference was also made to an update on the McCloud case and a suggestion was made to include the matter on the risk register.

The information was accepted and it was recommended to include the McCloud case on the risk register.

#### **11. PENSIONS REGULATOR'S ONLINE TOOLKIT TRAINING**

A report was submitted stating that Board members were required to undertake the Pensions Regulator's online toolkit training as part of the training programme. It was highlighted that this training enabled Board Members to meet the minimum level of knowledge and understanding introduced in the Pensions Act 2004.

During the discussion, the following observations were noted:

- A confirmation was required that the training was essential - members had already completed a three-day training session.
- A suggestion to arrange training days if it was essential.
- Did the Pensions Regulator consider Pension Boards as managers? What were their expectations?
- Should Members of the Pensions Committee complete the training?

It was proposed and seconded to receive a further report at the next meeting.

**RESOLVED to request a further report at the next meeting.**

The meeting commenced at 2.00 pm and concluded at 3.50 pm

**CHAIRMAN**