

---

## PENSION BOARD 22/02/21

---

### **PRESENT:**

#### **Members:**

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

#### **Officers:**

Dafydd Edwards (Head of Finance Department), Delyth Jones Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer)

#### **Others invited:**

Councillor Peredur Jenkins – Chair of the Pensions Committee

### **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 the previous meeting of this committee held on 23 November 2020 as a true record.

### **5. MINUTES OF PENSIONS COMMITTEE**

Received, for information, the minutes of the Pensions Committee held on 21 January 2021

Members had no further observations arising from the minutes.

### **6. RISK REGISTER**

The Investment Manager and the Pensions Manager presented the current risk register

that highlighted the relevant risks to the Pension Fund. It was highlighted that the register was an active document, that it was reviewed regularly, and updated in response to any substantial risks that were likely to develop.

Gratitude was expressed for the information.

During the ensuing discussion, the following observations were noted:

- Risk: External factors that cannot be controlled - need to review / reduce the risk score
- Risk: Wales Investment Pool - need to review and reduce the risk score under the headings of impact and likelihood. The Investment Pool was now established and operational.

Suggestions on how to format the register:

- Colour-coding the matrix - using RAG?
- Adding a column to include numbers on the risks for ease of reference
- Arranging the risks per risk level - highlight the high-risk matters at the beginning of the document so they can be prioritised - need to agree with the high score level - suggest 20
- Need to review the document, considering how to highlight the risks that have been overcome or that are no longer 'risks'. It must, however, be ensured that there is a record of those 'risks'

In response to a question regarding how the register is used, it was noted that the document was live and available for the Members of the Board, Members of the Pensions Committee and to relevant Officers to record and monitor the risks

## **RESOLVED**

- To accept the information
- Members to review the document and submit suggestions on further amendments to the register to the Pensions Manager

## **7. AMENDED WORK PLAN**

Submitted - an amended work programme for 2021/2022 following observations received in previous meetings of the Board, as well as matters arising in the field. Members were reminded that the document was a working document, to be amended as required.

Members expressed their thanks for the report.

During the ensuing discussion, the following suggestion was made:

- It was suggested that one administrative matter and one investment matter appeared every other meeting, with a governance procedure matter to be submitted at each meeting

In response to the comment, it was noted that investment matters were likely to be discussed outside the Board meetings, with the Members being invited to the quarterly meetings of the Investment Panels, jointly with Members of the Pensions Committee.

Any other investment matter could be presented as it appears - it would be difficult to programme this beforehand.

In response to a question regarding the timing of publishing new legislation, guidance or standards, the Pensions Manager noted that there was no pattern to publications, but it would be possible to present them to the Board when appropriate.

It was reiterated that proposals for developing markets would be submitted in September 2021 and the actuary principles for the valuation would be presented to the Board during the Spring 2022.

**RESOLVED to approve the work programme**

## **8. PENSION BOARD TRAINING REQUIREMENTS**

Submitted - a report by the Pensions Manager including the results of Hymans Robertson's National Knowledge Assessment of the information and understanding of the Board Members to administer the Pension Scheme successfully. The main aim was to seek access to Members' knowledge in the fields that had been identified by the CIPFA Information and Skills Framework and Code of Practice 14 of the Pensions Regulator (TPR).

It was highlighted that the Board's average score for the assessment was 66.67%. A detailed analysis of the results was also received, which measured the Board's score against the national average. Sections on financial markets, the role of the Committee and legislation were the fields that scored highest for the Board, with strong performance in the governance field, which was encouraging considering the Board's responsibility.

It appeared that the Board's knowledge in the other fields was good on the whole, although actuarial methods and pension administration would be key fields to focus on in the future. It was reported that Hymans Robertson had already suggested a training plan to address these fields. It was reiterated that all Board members had participated in the assessment and the Gwynedd Fund had the highest engagement in relation to completing the assessment.

Members expressed their thanks for the report.

During the ensuing discussion, the following suggestions were made:

- That it was difficult to compare results due to the failure of each Fund to participate in full - Gwynedd's figures were encouraging and set a framework for training fields in the future.
- Suggestion to include feedback / updates from training sessions attended as an item on the Board's programme when the need arises

In response to a question regarding training programmes, it was highlighted that the Wales Pension Pool offered a training programme as well as webinars by relevant companies. It was reiterated that the Pensions Regulator also offered on-line courses and that this information could be referred to the Members every month

**RESOLVED to accept the information.**

## 9. BUDGET 2021-22 PENSIONS AND INVESTMENT UNIT

Submitted - the report of the Investment Manager, outlining the budget for the 2021-2022 financial year, for the Pensions Administration Unit and Investment Unit.

It was noted that 2019/2020 was the first time for the budget for the Units to be submitted to the Pensions Committee for approval, and it was now intended to submit the information annually. The 2019/20 budget was amended according to changes to the staffing structure of the Pensions Administration and Investment Sections - there were only minor adjustments to the 2021/22 budget, with the basic budgets remaining the same.

It was noted that the Pensions Committee had approved the budget on 21/01/2021

**RESOLVED to accept the information.**

## 10. CONSULTANT OBJECTIVES

Submitted - the report of the Investment Manager, reporting on progress against the objectives set for the investment advisors, as well as details of the 2020/21 objectives. It was reported, following a review of the of the investment consulting and fiduciary management markets, the Competition and Markets Authority noted that Pension Scheme Trustees should set objectives for their investment advisors, and clearly stipulate the expectations upon them.

Reference was made to the current objectives as well as the progress made against those objectives in 2020. It was highlighted that the objectives had been operational since December 2019, and that the compliance statement for 2020 had been signed by the Chair of the Pensions Committee by the required closing date (7 January 2021).

It was reported that Hymans was delivering good work, providing comprehensive reports for the investment panel, offering practical and prompt advice, responses and correspondence, and performing in accordance with the objectives.

In response to a request for an explanation for the difference between objective 5 and objective 6, it was highlighted that objective 5 referred to the time it took to develop suitable policies with Hymans playing a very useful role in drawing up and developing policies in line with the Council's instruction. It was reiterated that the intention of objective 6 is to ensure that the work reflects the requirements of the policy.

**RESOLVED to accept the information.**

## 11. RESPONSIBLE INVESTMENT AND LOW CARBON INVESTMENTS

Submitted - the report of the Chair of the Pensions Committee, providing an update for the Board on the Fund's activities in the fields of responsible investment and low-carbon investments, as well as submitting a draft statement that provided the Fund's perspective in terms of un-investing in fossil fuels.

It was reported that low-carbon investments had been highlighted as a priority field by the Fund, with a number of developments implemented as a result of good collaboration between the Committee, the Board, Managers and Advisors. It was reiterated that the

asset managers had engaged with companies in terms of their plans for a low-carbon future with the Pension Fund having pressurised companies to increase their efforts in this important field.

The proposal was to publish the statement, drawing public attention to all activity.

During the ensuing discussion, the following observations were noted:

- That the developments were positive and encouraging
- That the document was useful - nice to see the information on black and white

**RESOLVED to accept the report along with the contents of the draft statement. The Chair signed the statement.**

## **12. PUBLIC SECTOR EXIT PAYMENT REGULATIONS 2020**

Since the publication of the programme, a statement was received from the Government (12/02/21), abolishing the exit payment cap regulations of £95k, and therefore no discussion was held on the matter. It was suggested that it was likely that amendments or suggestions to the regulations would be submitted in the future and that those recommendations would be shared and discussed with the Board.

## **13. THE PENSION REGULATOR: PUBLIC SERVICE GOVERNANCE SURVEY 2020**

A survey was published by the Pensions Regulator to receive the Board's feedback on the governance arrangements of the Gwynedd Pension Fund. It was explained that the closing date for responses was 12 February 2021, but the Regulator had extended the deadline in order to receive the Board's input at this meeting.

The survey was completed during the meeting.

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

- A10 - Board Membership's succession plan - it was noted that no specific 'period' had been set but that it was intended to review the Membership in May 2022. It was highlighted that a formal appointment procedure would be followed with an advertisement released for new nominations, as well as an opportunity for current members to re-apply for membership.
- That Answers A3 and B5.7 contradicted each other - there was a need to review the answer under B5.16 'other'
- That the section on cyber security (part D) needed to be updated - it was confirmed that a 'cyber risk' had been included on the amended work programme (Summer 2021)
- That sections I, J and K were new additions and a way to place focus on what needed to be implemented

The meeting commenced at 2.00 pm and concluded at 3.20 pm

---

**CHAIRMAN**