



# Complete Agenda

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

Meeting

**PENSIONS COMMITTEE**

Date and Time

**2.00 pm, THURSDAY, 21ST JANUARY, 2021**

Location

**Virtual Meeting**

Contact Point

**Lowri Haf Evans**

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(DISTRIBUTED 13/01/21)

## **PENSIONS COMMITTEE**

### **MEMBERSHIP (7)**

#### **Plaid Cymru (4)**

Councillors

Aled Wyn Jones  
Simon Glyn

Peredur Jenkins

Ioan Thomas

#### **Independent (2)**

Councillors

John Brynmor Hughes

John Pughe Roberts

#### **Individual Member (1)**

Councillor

Stephen W. Churchman

#### **Co-opted Members**

Councillor Robin Wyn Williams    Isle of Anglesey County Council  
Councillor Goronwy Owen Edwards    Conwy County Borough Council

#### **Ex-officio Members**

Chair and Vice-Chair of the 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 - 9

The Chairman shall propose that the minutes of the meeting of this committee held on the 14<sup>th</sup> of October 2020 to be signed as a true record

## **5. BUDGET APPROVAL FOR 2021/22**

10 - 11

To approve the 2021/22 financial year budget for the Pensions Administration and Investment sections.

## **6. TREASURY MANAGEMENT 2020/21 - MID YEAR REVIEW**

12 - 19

To consider the Investment Managers Report

## **7. BAILLIE GIFFORD GLOBAL ALPHA PARIS ALIGNED FUND**

20 - 21

To ask the Pensions Committee to agree the movement of its current Baillie Gifford core fund to the Baillie Gifford Global Alpha Paris Aligned fund.

## **8. SETTING OBJECTIVES FOR INVESTMENT CONSULTANTS**

22 - 24

To report progress against current objectives and to review future objectives

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

25 - 27

To consider the Pension Managers Report

## **10. NEW COMMUNICATION POLICY STATEMENT**

28 - 41

To receive the Committee's approval to adopt the new Communication Policy Statement



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## PENSIONS COMMITTEE 14.10.2020

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### PRESENT:

**Councillors:** Stephen Churchman, Goronwy Edwards (Conwy County Borough Council), Simon Glyn, John Brynmor Hughes, Peredur Jenkins, Aled Wyn Jones, John Pughe Roberts, Ioan Thomas and Robin Williams (Isle of Anglesey Council)

**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:** H Eifion Jones (observing – Chair of Pensions Board)

Councillor Goronwy Edwards (representative from Conwy County Borough Council) was welcomed to his first meeting and Councillor Simon Glyn was welcomed back as Plaid Cymru member (Gwynedd Council). The former representative for Plaid Cymru, Councillor Peter Read, was thanked for his service.

### 1. ELECTION OF CHAIR

**It was resolved to elect Councillor Peredur Jenkins as Chair of this Committee for the year 2020 / 21.**

Councillor John Pughe Roberts was thanked for his work as the Chairman of the Pensions Committee 2018 / 20. With additions to the responsibility of the post regionally and nationally, he was thanked for his commitment to the post especially given that it had been a challenging and difficult time for him.

### 2. ELECTION OF VICE-CHAIR

**It was resolved to elect Councillor Stephen Churchman as Vice-chair of this Committee for the year 2020 / 21.**

### 3. APOLOGIES

None to note

### 4. DECLARATION OF PERSONAL INTEREST

The Members highlighted an interest that did not prejudice them as they were Members of the Pension Fund.

### 5. URGENT ITEMS

None to note

**6. MINUTES**

The Chair accepted the minutes of the meeting held on 23 July 2020 as a true record.

**7. ACCOUNTS OF THE GWYNEDD PENSION FUND FOR THE YEAR ENDING 31 MARCH 2020**

Submitted - a report along with the Gwynedd Pension Fund's 2019/2020 Statement of Accounts (post audit), by the Head of Finance Department providing details of the Pension Fund's financial activities for the year ending 31st March 2020. Members were reminded that a draft of the accounts had been submitted to the 23 July 2020 meeting and although the figures had not changed, attention was drawn to some amendments to the narrative following the audit by Deloitte. Reference was made to the ISA260 report that had been submitted on behalf of the Auditor General for Wales, detailing the auditor's findings. It was reiterated that the Audit Committee bore the responsibility for formally accepting the accounts and they would be submitted to the Audit Committee on 15 October for approval.

Reference was made to additions by the Auditors to Notes 4 and 5 which included information on property fund valuations. After property fund trading had been suspended in March, it was reported that the property funds had now recommenced trading and the suspension had been lifted since the beginning of September. Although the current amount was slightly lower than noted at the end of March 2020, according to Hymans, it was not substantially lower than what was reasonable. Given that the portfolio was broad, it was reported that the portfolio had held its ground well and it would be possible to hold a discussion and highlight any concerns with the Managers who were investing on behalf of the Fund at the Panel meeting in November.

It was reported that although the Auditors had not highlighted any specific matters to the Gwynedd Pension Fund, they had noted three cases that were likely to affect the Fund.

- GMP Equalisation
- The McCloud case
- The Goodwin case

It was reiterated that these cases were common across all pension funds and that Gwynedd had already begun working with the actuary in the case of Mc Cloud and Goodwin.

During the ensuing discussion, the following observations were noted:

- With a shift in equity investments and values away from the high street and into warehouses, there was a need to consider changes to working arrangements in the long term. It was essential to be open to opportunities and to respond to these changes.

Gratitude was expressed for the commitment and accuracy of the work and the Investment Manager and the team were thanked for preparing the work.

It was reported that Marina Parry Owen (Pensions and Investments Officer) was suffering from Addison's Disease. It was the Committee's wish to send their best wishes to Marina and to thank her for her work for the Pensions and Investment Unit.

**RESOLVED:**

To accept for information

- The Statement of Accounts 2019/20 (post audit)
- The ISA260 Deloitte Report for the Gwynedd Pension Fund
- The Letter of Representation

**8. WALES PENSION PARTNERSHIP FIXED INCOME TRANSITION UPDATE**

Submitted for information - the report of the Investment Manager providing an update on the Fixed Income fund. It was reported that an investment of £166,119,549.08 with Fidelity Global Equity had been successfully transferred on 27 July 2020 to the Multi Asset Credit Fund.

Additionally, it was noted that it had been intended to launch the Absolute Return Bond Fund in July 2020 but it had been discovered that current investments did not qualify for the ACS structure. Following further research by Paul Potter - Hymans Robertson, and a discussion at the Investment Panel in September, the Absolute Return Bond Fund had been launched on 1 October with the £291,238,172.22 investment with Insight now transferred successfully to the fund.

**RESOLVED to note the information.**

**9. EXCLUSION OF PRESS AND PUBLIC**

**To exclude the press and public from the meeting during the discussion on the following item due to the likely disclosure of exempt information as defined in paragraph 14, Schedule 12A of the Local Government Act 1972 - Information about the financial or business transactions of any specific person (including the authority that retains that information). There is an acknowledged public interest in openness in relation to the use of public resources and related financial issues. It is also acknowledged that there are occasions, in order to protect the financial interests of public authorities that matters related to commercial information need to be discussed without being publicised. The report specifically involves awarding contracts and includes details about the proposals along with the status and business of prospective suppliers. Publishing commercially sensitive information of this type could undermine the provider's confidence in submitting prices to the Council and, therefore, the Council's ability to procure successfully. This would be contrary to the wider public interest of securing value for money and the best overall outcome. For these reasons, I am satisfied that the matter was closed for the public interest.**

10. **WALES PENSION PARTNERSHIP EMERGING MARKETS EQUITY SUB-FUND**

Submitted - the report of the Investment Manager asking the Committee to agree on the structure of the Wales Pension Partnership Emerging Markets Equity Sub-fund. It was reported that the options had been submitted to the Partnership and had already been approved by the Governance Joint-Committee on 12 March 2020. The Sub-fund was expected to be launched in Spring 2021.

**RESOLVED to approve the Sub-fund structure**

11. **RE-OPEN THE MEETING TO THE PRESS AND PUBLIC**

**RESOLVED to re-open the meeting to the press and public**

12. **BLACK ROCK LOW CARBON FUND**

Submitted - the report of the Investment Manager, requesting the Committee to agree to transfer the current Black Rock Low Carbon Fund to the ACS World Low Carbon Equity Tracker Fund.

The members were reminded that a decision had been made at the meeting in July to transfer an amount from the Black Rock fund, however; since that time Black Rock had developed a new fund that had a greater focus on carbon reduction than the current fund.

It was highlighted that the new fund included the following changes;

- fossil fuel screens prior to the low carbon optimisation
- For an increase in tracking error from 0.30% to 0.50%, carbon is reduced by 44%.

It was noted that the Investment Panel had recently held a discussion on the new fund and that the advisers had agreed that it would be beneficial to move this new fund.

During the ensuing discussion, the following observations were noted:

- that the decision to invest in funds that reduce carbon was in keeping with the beliefs of the investment strategy that had been approved in November 2019.
- the transfer did not involve any major costs

**RESOLVED To approve moving the current holding in the ACS World Low Carbon Equity Tracker Fund (MSCI World Low Carbon Target to the ACS World LOW Carbon Equity Tracker Fund (MSCI World Low Carbon Target ex Fossil Fuels Index) in accordance with the discussion at the last Investment Panel meeting**

### 13. PENSIONS ADMINISTRATION

Submitted - the report of the Pensions Manager on the response of the Service to working through the covid 19 pandemic. It was reported that the Service had been working successfully from home since 25/03/2020. It was highlighted that the service had not suffered due to the change in work patterns and despite the challenges of being flexible with some staff and others transferring to other departments, it appeared that this change has been beneficial to the administrative department. The work had been prioritised and use had been made of Teams to communicate and keep in touch locally and regionally.

It was noted that there had been an increase in the use of the Members self-service system and the crisis had encouraged the team to work in a paperless way (this was more effective, quicker and cheaper). It was added that various tasks and projects required attention and these had been timetabled for the next few months.

The members expressed their thanks for the positive report and for operating the pensions so effectively.

In response to a question regarding the payments of staff on furlough, whether they would suffer a loss, had the Unions drawn attention to the matter? It was noted that the situation depended on whether the employer was paying the additional 20%. It was suggested that the larger companies were more likely to pay the supplement. It was explained, if the supplement was not paid, the deductions would be taken from the 80% and therefore, staff would be worse off. It was reiterated that the contributions were in line with the pension and that Unions were likely to challenge the Employer rather than the Fund. It was also noted that those on furlough who were retiring this year were at a slight disadvantage as there was a need to consider the last three years of service to determine the final pay to ensure fairness.

In response to a question regarding reducing the number of paper letters posted every week, it was noted that this was not always possible in practical terms as some people wished to receive the letter in paper form and there was a need to respond to some letters with a signature. Nevertheless, it was noted that using Gwynedd Council's printers or a private company to distribute the letters more effectively had been considered along with ensuring that every attempt was made to use e-mails wherever possible.

**RESOLVED to note the information.**

The meeting commenced at 10:30am and concluded at 11:50am.

# Agenda Item 5

MEETING:	<b>PENSIONS COMMITTEE</b>
DATE:	<b>21 JANUARY 2021</b>
TITLE:	<b>BUDGET APPROVAL FOR 2021/22</b>
PURPOSE:	<b>To approve the 2021/22 financial year budget for the Pensions Administration and Investment sections.</b>
RECOMMENDATION:	<b>APPROVE THE BUDGET</b>
AUTHOR:	<b>DELYTH JONES-THOMAS, INVESTMENT MANAGER</b>

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## 1. INTRODUCTION

- 1.1 The purpose of this report is to approve the 2021/22 financial year budget for the Pensions Administration and Investment sections.
- 1.2 Historically, it is only the approval of any additional budget for pensions administration and investment of the Fund that has been reported to the Pensions Committee. This year, in line with good practice, the total annual budget will be reported.

## 2. PENSIONS ADMINISTRATION SECTION

	<b>Final 2020/21</b>	<b>Adjustment*</b>	<b>Inflation</b>	<b>Budget 2021/22</b>
Employees	£657,900	£6,700	£6,940	£671,540
Travel and Subsistence	£1,440	£0	£0	£1,440
Supplies and Services	£248,270	£0	£3,210	£251,480
Central Services	£112,800	£0	£1,690	£114,490
<b>Total</b>	<b>£1,020,410</b>	<b>£6,700</b>	<b>£11,840</b>	<b>£1,038,950</b>

\*Reversal of one day unpaid leave by the Council

### 2.1 Employees, travel and subsistence

The budget for this section consists of 18 full time posts and 1 part time post.

### 2.2 Supplies and Services

The supplies and services includes mainly printing, office materials and software costs.

### 2.3 Central Services

Central services comprise 20% of the Head of Finance and his ancillary staff costs, and support from Council services such as information technology, corporate and legal.

### 3. INVESTMENT SECTION

	<b>Final 2020/21</b>	<b>Adjustment*</b>	<b>Inflation</b>	<b>Budget 2021/22</b>
Employees	£111,375	£432	£1,145	£112,952

\*Reversal of one day unpaid leave by the Council

#### 3.1 Employees

This section is located within the main Central Finance department and therefore only an element of the posts are funded by the Pension Fund.

There are 3 full time posts with officer time divided between the Gwynedd Pension Fund and Gwynedd Council. The following percentages of posts are funded by the Pension Fund:

- Investment Manager (85%)
- Pensions and Investment Officer (80%)
- Pensions and Treasury Management Assistant Accountant (60%)

### 4. FUND MANAGER AND CONSULTANCY FEES

- 4.1 There is no budget set as the expenditure can vary significantly, but the expenditure is reported fully in the Fund's financial statements and Annual Report.

### 5. RECOMMENDATION

- 5.1 The Committee is asked to approve the 2021/22 financial year budget for the Pensions Administration and Investment sections.

# Agenda Item 6

MEETING:	<b>PENSIONS COMMITTEE</b>
DATE:	<b>21 JANUARY 2021</b>
TITLE:	<b>TREASURY MANAGEMENT 2020/21 – MID YEAR REVIEW</b>
PURPOSE:	<b>CIPFA's Code of Practice recommends that a report on the Council's actual Treasury Management during the current financial year is produced.</b>
RECOMMENDATION:	<b>RECEIVE THE REPORT FOR INFORMATION</b>
AUTHOR:	<b>DELYTH JONES-THOMAS, INVESTMENT MANAGER</b>

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## **EXECUTIVE SUMMARY**

**During the six month period between 1 April and 30 September 2020, the Council's borrowing and investments remained well within the limits originally set. There were no new defaults by banks in which the Council deposited money. Furthermore, it is estimated that the Council's actual investment income will be lower than the expected income in the 2020/21 budget.**

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## **1. INTRODUCTION**

The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that Authorities report on the performance of the treasury management function at least twice yearly (mid-year and at year end). This report provides a mid-year update.

The Council's treasury management strategy for 2020/21 was approved by full Council on 5<sup>th</sup> March 2020. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.

It was decided at the Pensions Committee, 18 March 2020 to allow the surplus funds of the Pension Fund to be pooled and co-invested with the Council's overall cash flow for the financial year 2020/21.

## **2. CONTEXT**

On 30<sup>th</sup> September 2020, the Council had £63.1m of investments, compared with £27.8m on 31 March 2020, with an average return of 0.61%.

### 3. INVESTMENT ACTIVITY

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the 6 months, the Council's investment balance ranged between £49.6 and £110.4 million due to timing differences between income and expenditure. The investment position during the period is shown in the table below.

#### Treasury Investment Position

	<b>31.3.20</b>	<b>6 month</b>	<b>30.9.20</b>	<b>30.9.20</b>
	<b>Balance</b>	<b>Movement</b>	<b>Balance</b>	<b>Income</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>Returns</b>
				<b>%</b>
Banks & building societies (unsecured)	8.7	5.0	13.7	0.22
Local authorities	0.0	6.0	6.0	0.08
Debt Management Office	0.0	4.0	4.0	0.01
Money Market Funds	9.1	20.3	29.4	0.07
Pooled Funds (initial investment)	10.0	0.0	10.0	3.30
<b>Total investments</b>	<b>27.8</b>	<b>35.3</b>	<b>63.1</b>	

Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

In the light of the pandemic crisis and the likelihood of unexpected calls on cash flow, the Council has kept more cash available at very short notice than is normal. Liquid cash was diversified over several counterparties and Money Market Funds to manage both credit and liquidity risks.

£10m of the Authority's investments are held in externally managed strategic pooled property and equity funds where short-term security and liquidity are lesser consideration, and the objectives instead are regular revenue income and long-term price stability. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued stability in meeting the Authority's investment objective are regularly reviewed.

The performance of our pooled property and equity funds at 30 October 2020 can be seen below:

STRATEGIC POOLED FUND PORTFOLIO			GWYNEDD				From:	21/02/2019	To:	31/10/2020
FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility
AEGON (KAMES) DIVERSIFIED MONTHLY INCOME FUND	MULTI ASSET	1,158,480	1,145,158	-104,842	99,997	1.7	-8.39%	8.00%	-0.39%	12.2%
CCLA - LAMIT PROPERTY FUND	PROPERTY	1,524,344	4,250,328	-749,672	305,882	1.7	-14.99%	6.12%	-8.88%	6.2%
NINETY ONE (INVESTEC) DIVERSIFIED INCOME FUND	MULTI ASSET	1,209,599	1,202,221	-47,779	85,516	1.7	-3.82%	6.84%	3.02%	6.3%
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	4,783,773	1,518,370	-981,610	256,234	1.7	-39.27%	10.25%	-29.02%	17.7%
<b>GRAND TOTAL</b>			<b>8,116,076</b>	<b>-1,883,924</b>	<b>747,629</b>	<b>1.7</b>	<b>-18.84%</b>	<b>7.40%</b>	<b>-11.36%</b>	<b>6.8%</b>
			Unrealised capital loss:	-1,883,924	Annualised income return:	4.38%				

It is evident that the combined capital value of £8.116m is less than the initial investment of £10m. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters, and even years; but with the confidence that over a three to five year period total returns will exceed cash interest rates. Investment in these funds will be maintained in the medium term.

The falls in the capital values of the underlying assets, in particular bonds and equities were reflected in the 31<sup>st</sup> March 2020 fund valuations with most funds registering negative capital returns over a 12-month period. Since March there has been improvement in market sentiment which is reflected in an increase in capital values except for the property funds where dealing was suspended in March 2020. The relative infrequency of property transactions in March as the pandemic intensified meant that it was not possible for valuers to be confident that their valuations correctly reflected prevailing conditions. To avoid material risk of disadvantage to buyers, sellers and holders of units in the property fund, the management company was obliged to suspend transactions until the required level of certainty is re-established.

## Investment Benchmarking

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in the table below.

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2020	4.99	A+	100%	31	1.97
30.06.2020	4.39	AA-	71%	13	0.85
30.09.2020	3.98	AA-	74%	14	0.68
<b>Similar LAs</b>	<b>4.41</b>	<b>AA-</b>	<b>44%</b>	<b>177</b>	<b>0.40</b>
<b>All Las</b>	<b>4.14</b>	<b>AA-</b>	<b>64%</b>	<b>18</b>	<b>0.90</b>

## Treasury Management Performance

The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates.

Investment income in the Council's 2020/21 budget was set against a very different economic backdrop. Bank rate, which was 0.75% in February, now stands at 0.1%, but interest earned from short dated money markets will be significantly lower. In relation to income from the Council's externally managed strategic funds, dividend and income distributions will ultimately depend on many factors, including but not limited to the duration of COVID-19 and the extent of its economic impact, the fund's sectoral asset allocation and securities held.

The Council's budgeted investment income for the year is £0.4m, however the actual expected investment income for the year 2020/21 is estimated at £0.08m. This is based on the following expectation:

- Bond funds and property fund: 20% lower
- Multi asset income funds: 25% lower
- Equity income funds: 50% lower
- Overnight rate: 0.01%-0.06%

## 4. COMPLIANCE

The Council's borrowing and investments remained well within the limits originally set. The only indicator that was not met is Interest Rate Exposures.

### Debt Limits

	<b>Maximum during period</b>	<b>30.9.20 Actual</b>	<b>2020/21 Operational Boundary</b>	<b>2020/21 Authorised Limit</b>	<b>Complied</b>
Borrowing	£124.9m	£110.0m	£184m	£194m	✓
PFI & finance leases	£1.7m	£1.7m	£6m	£6m	✓
<b>Total debt</b>	<b>£126.6m</b>	<b>£111.7m</b>	<b>£180m</b>	<b>£200m</b>	✓

## Investment Limits

	Maximum during period	30.9.20 Actual	2020/21 Limit	Complied
Any single organisation, except the UK Government	£7m	£7m	£8m each	✓
UK Central Government	£45.4m	£4m	Unlimited	✓
Any group of organisations under the same ownership	£0	£0m	£8m per group	✓
Any group of pooled funds under the same management	£5m	£5m	£20m per manager	✓
Negotiable instruments held in a broker's nominee account	£0	£0	£40m per broker	✓
Limit per non-UK country	£5m	£4m	£8m per country	✓
Registered providers	£0	£0	£20m in total	✓
Unsecured investments with building societies	£0	£0	£8m in total	✓
Loans to unrated corporates	£0	£0	£8m in total	✓
Money Market Funds	£40m	£29.4m	£40m in total	✓
Real Estate Investment Trusts	£0	£0	£20m in total	✓

## Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

**Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one year revenue impact of a 1% rise or fall in interest was:

Interest rate risk indicator	2021/21 Limit	2020/21 Target	Complied
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£374,303	£324,000	✘
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£5,096	£23,000	✓

Since setting this indicator the economic outlook for interest rates has changed completely with the onset of the global pandemic. The average interest rate received on short term balances was 0.07% during the six month period to 30<sup>th</sup> September 2020, with more recent investment being made as low as 0.01%. This indication was set when the base rate was 0.75% and therefore it is reasonable that there is such an impact of a 1% rise, and demonstrates the severe impact that the pandemic has had on investment returns.

**Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating or credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment.

	<b>Target</b>	<b>Actual</b>	<b>Complied</b>
Portfolio average credit score	6.0	3.98	✓

**Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments.

	<b>30.9.20 Actual</b>	<b>2020/21 Target</b>	<b>Complied</b>
Total cash available within 3 months	£53.1m	£10m	✓

**Maturity Structure of Borrowing:** This indicator is set to control the Council’s exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	<b>Upper</b>	<b>Lower</b>	<b>Actual</b>
Under 12 months	25%	0%	5.0%
12 months and within 24 months	25%	0%	1.4%
24 months and within 5 years	50%	0%	8.6%
5 years and within 10 years	75%	0%	9.9%
10 years and above	100%	0%	75.1%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

**Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2020/21	2021/22	2022/23
Actual principal invested beyond year end	£0m	£0m	£0m
Limit on principal invested beyond year end	£20m	£20m	£20m
<b>Complied</b>	✓	✓	✓

**5. INVESTMENT TRAINING**

During the period, officers have attended investment training with Arlingclose and CIPFA relevant to their roles.

**6. OTHER**

IFRS 16: The implementation of the new IFRS 16 Leases accounting standard has been delayed until 2021/22.

**7. OUTLOOK FOR THE REMAINDER OF 2020/21**

The medium-term global economic outlook is weak. While the strict initial lockdown restrictions have eased, coronavirus has not been suppressed and second waves have prompted more restrictive measures on a regional and national basis. This ebb and flow of restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed.

The global central bank and government responses have been significant and are in many cases on-going, maintaining more stable financial, economic and social conditions than otherwise. This has supported a sizeable economic recovery in Q3.

However, the scale of the economic shock to demand, on-going social distancing measures, regional lock downs and reduced fiscal support will mean that the subsequent pace of recovery is limited. Early signs of this are already evident in UK monthly GDP and PMI data, even before the latest restrictions.

This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut to zero. Money markets have priced in a chance of negative Bank Rate.

Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term,

depending on investor perceptions of growth and inflation, or if the UK leaves the EU without a deal.

Arlingclose expects Bank Rate to remain at the current 0.10% level and additional monetary loosening in the future most likely through further financial asset purchases (QE). While Arlingclose's central case for Bank Rate is no change from the current level of 0.1%, further cuts to Bank Rate to zero or even into negative territory cannot be completely ruled out.

Gilt yields are expected to remain very low in the medium term. Shorter-term gilt yields are currently negative and will remain around zero or below until either the Bank of England expressly rules out negative Bank Rate or growth/inflation prospects improve.

Downside risks remain in the near term, as the government dials down its fiscal support measures, reacts to the risk of a further escalation in infection rates and the Brexit transition period comes to an end.

# Agenda Item 7

MEETING:	<b>PENSIONS COMMITTEE</b>
DATE :	<b>21 JANUARY 2021</b>
TITLE:	<b>BAILLIE GIFFORD GLOBAL ALPHA PARIS ALIGNED FUND</b>
PURPOSE:	<b>To ask the Pensions Committee to agree the movement of its current Baillie Gifford core fund to the Baillie Gifford Global Alpha Paris Aligned fund.</b>
RECOMMENDATION:	<b>AGREE TO THE NEW INVESTMENT</b>
AUTHOR:	<b>DELYTH JONES-THOMAS, INVESTMENT MANAGER</b>

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## 1. Introduction

The Investment Panel of the Gwynedd Pension Fund met on 14<sup>th</sup> October 2020 where a presentation was received by Baillie Gifford on its Global Alpha Paris Aligned fund. Gwynedd Pension Fund is currently invested in Baillie Gifford's core fund which forms part of the Wales Pension Partnership Global Growth Fund.

## 2. Global Alpha Paris Aligned

Global Alpha Paris-Aligned is a lower carbon variant of the core model and it is aligned to the objectives of the Paris Agreement.

The Global Alpha Paris Aligned has the same team running the model, same investment philosophy and no change to either performance objective or fee, but has two carbon screens added:

- Within the existing Global Alpha portfolio, companies that are engaged in fossil fuel exploration and production are excluded within a certain revenue threshold.
- A qualitative framework to understand where carbon risk and opportunity lies in the portfolio, with a 3-question framework.

As a result, seven companies will be excluded.

The Global Alpha Paris Aligned has a lower Weighted Average Carbon Intensity (WACI) than the brand new MSCI ACWI Climate Paris Aligned index.

This new fund was introduced to the Investment Panel and it was agreed by our advisors that it would be beneficial to transfer our current holdings to this new fund.

All constituent pension funds within the Global Growth Fund must agree to the transfer, and the decision will be resolved officially by the JGC once a decision has been received by all constituents.

### **3. Recommendation**

The Committee is asked approve the movement of our current holdings in the Baillie Gifford core fund to the Baillie Gifford Global Alpha Paris Aligned fund which forms part of the WPP Global Growth fund in accordance with the discussion at the most recent Investment Panel.

# Agenda Item 8

MEETING:	<b>PENSIONS COMMITTEE</b>
DATE:	<b>21 JANUARY 2021</b>
TITLE:	<b>SETTING OBJECTIVES FOR INVESTMENT CONSULTANTS</b>
PURPOSE:	<b>To report progress against current objectives and to review future objectives</b>
RECOMMENDATION:	<b>NOTE PROGRESS AND APPROVE FUTURE OBJECTIVES</b>
AUTHOR:	<b>DELYTH JONES-THOMAS, INVESTMENT MANAGER</b>

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## 1. INTRODUCTION

At the end of 2018, following a review of the investment consulting and fiduciary management markets, the Competition and Markets Authority (“CMA”) stipulated that Pension Scheme Trustees should set objectives for their investment consultants.

The objectives were operational from 10<sup>th</sup> December 2019.

## 2. ESTABLISHING OBJECTIVES FOR INVESTMENT CONSULTANTS

The CMA states that objectives for consultants should include a clear definition of the outcome expected, and should be:

- ‘closely linked’ to the pension scheme’s strategic objectives
- reviewed at least every three years, and after a significant change to the investment strategy or objectives

Establishing long term objectives is part of a well organised and well managed governance approach. The extension to set objectives for investment consultants could be regarded as a natural progression towards all stakeholders being aligned towards a common goal.

## 3. GWYNEDD PENSION FUND OBJECTIVES FOR INVESTMENT CONSULTANTS

The objectives for Gwynedd Pension Fund can be found in Appendix 1, with the progress reported against them during 2020.

A compliance statement has been signed by the Pensions Committee Chairman by the required deadline of 7th January 2021.

## 4. FUTURE OBJECTIVES

The current objectives will remain for the upcoming period unless any amendments have been identified by the committee.

## **5. RECOMMENDATION**

The Committee is asked to note the progress report and approve the Investment Consultants' objectives for the upcoming year.

Consultant's Objectives	Outcome of 2020
1. Advise on a suitable investment strategy, and amendments to the strategy, to deliver the required investment returns from the Fund's investments to support progress towards a long term steady state of funding	Advice has been given on the Investment Strategy during 2020 following the three year actuarial valuation.
2. Deliver an investment approach that reflects the Fund's cashflow position, and likely evolution, and minimises the risk of forced disinvestment	Strategic objectives for the Fund are stated in the ISS and recent Actuarial Valuation confirmed current investment strategy provides the Fund with high likelihood of meeting its objectives.
3. Advise on the cost efficient implementation of the Fund's investment strategy as required, taking into account the evolution of the Wales pool (WPP).	This exercise is being carried out by the Wales Pension Partnership.
4. Ensure advice complies with relevant pensions regulations, legislation and supporting guidance.	All arrangements remain compliant. There have been no recent regulatory changes that the Fund needed to be aware of.
5. Develop the Committee's policies and beliefs, including those in relation to Responsible Investment.	Ongoing review of ESG policy, and potential broadening of the scope. Comments provided on new Baillie Gifford Alpha Paris Aligned and Black Rock low carbon fund
6. Ensure our advice reflects the Committee's own policies and beliefs, including those in relation to Responsible Investment considerations	Ongoing advice has been provided on new investments, to ensure these are consistent with strategy
7. Provide relevant and timely advice	Timely advice and regular updates are given.  Ongoing advice provided on transfers to WPP especially with the Fixed Income transfers delay.
8. Help the Committee develop knowledge and understanding of investment matters	Hymans have not provided any training on new asset classes but have done through Wales Pension Partnership. The fund has also taken part in the National Knowledge Assessment indicated the potential areas for future training needs.
9. Our services to support your ongoing governance shall be proportionate and competitive in terms of costs relative to our peer group	Hymans' fees are in line with peer group, with fixed fees for certain core tasks, and time-cost fees for additional tasks. Large project fees are agreed in advanced.



<b>Meeting:</b>	Pension Committee
<b>Date:</b>	21/01/2021
<b>Title:</b>	Public Sector Exit Payment Regulations 2020
<b>Purpose:</b>	For information
<b>Author:</b>	Meirion Jones, Pensions Manager

## 1. Introduction

The Restriction of Public Sector Exit Payments Regulations 2020 came into force on 4 November 2020. The regulations have a considerable impact on public sector exit arrangements for those public bodies listed in the schedule to the regulations.

The legislation stems from an initiative in 2015, where the then government sought to reduce the cost of public sector redundancy payments to the taxpayer.

Please see the following link for a copy of the full regulation:

<https://www.legislation.gov.uk/ukdsi/2020/9780348210170/contents>

## 2. What is the public sector exit cap and who is affected?

Under the cap, the Government has introduced a limit on the amount of money a public sector employer can pay when an employee leaves their employment.

The exit cap is most likely to affect members of the Pension Fund if they are a public sector employee aged 55 or over and they are made redundant or they leave their employment due to business efficiency. This is because the amount the employer pays to the pension fund so that the member can receive their pension early is included in the exit cap calculation.

For Gwynedd Pension Fund the following employer types are affected:

- A community council in Wales established under Part II of the Local Government Act 1972
- A county and county borough council established under section 20 of the Local Government Act 1972
- A National Park Authority established by an order under section 63 of the Environment Act 1995 / National Park Authorities (Wales) Order
- Careers Choices Dewis Gyrfa Limited (Trading as Careers Wales)

The employer can apply to the Government for the cap not to apply in some limited circumstances such as genuine hardship. For Welsh employer, the circumstances for the cap not to apply may be different. The Welsh Government is working on this at the moment - further information will follow.

### **3. Why has the exit cap been introduced?**

The Government is concerned about the number and the amount of exit payments made to public sector workers. The exit cap, as well as other planned changes, are meant to ensure better use of public money and ensure that workers across the public sector are treated in a similar way.

### **4. How much is the exit cap and what payments are included in the calculation of the exit cap?**

The exit payment cap is set at a total of £95,000 which will not be index-linked. Exit payments include:

- Redundancy/severance payments (including statutory redundancy payments)
- pension strain costs that arise when an LGPS pension is paid unreduced before a member's normal pension age, and
- other payments made as a result of termination of employment.

Any lump sum paid to a member from the pension fund, sometimes referred to as a retirement grant, does not count towards the calculation of the exit cap.

### **5. Further Ministry of Housing, Communities & Local Government (MHCLG) reforms**

In addition to the exit cap, MHCLG have proposed further reforms.

On 7 September 2020, the Ministry of Housing, Communities and Local Government (MHCLG) published a consultation on restricting exit payments in local government in England and Wales. This consultation has wider implications than the £95k cap and draft regulations have been published as part of the consultation. These proposals will affect all local government workers and propose to change the automatic entitlement to unreduced pension benefits for those over age 55 who leave the scheme at the request of their employer because of redundancy/efficiency. The exit payment reform consultation closed for responses on 9 November 2020.

It was hoped that the exit cap and MHCLG reforms would have come into force together, however we are currently still waiting for the MHCLG reform to go through Parliament.

The MHCLG proposals will limit the payments made to, or in relation to, employees of the relevant employers' in addition to statutory entitlement as follows:

- The actual pay used in severance calculations will be limited to £80,000;
- The maximum severance (including statutory redundancy pay) will be limited to 3 weeks' pay per year of service or 15 months' pay, whichever is the lower;
- No severance will be payable if the member receives an immediate pension with a payment by the employer to cover the cost of early release of pension – the strain cost – except in the case of the severance amount exceeding the strain cost in which case the excess would be payable;
- The amount available for any strain cost will be reduced by the statutory redundancy payment.

Please see the following link to see a copy of the draft regulations:

[https://lgpslibrary.org/assets/cons/lgpsew/20200907\\_DR.pdf](https://lgpslibrary.org/assets/cons/lgpsew/20200907_DR.pdf)

Until these further reforms come in, there is currently a conflict between the exit cap regulations and the LGPS regulations when a scheme member aged 55 or over is made redundant and the total exit payment exceeds £95,000. The LGPS regulations require the member to take payment of an unreduced pension, but the exit cap regulations prevent the employer from paying the full strain cost.

Until the LGPS regulations are amended we have decided to pay reduced benefits to members.

After receiving advice from Hymans Robertson we have also changed the early retirement factors and methodology to calculate the strain cost. We have adopted the factors and calculation methodology consistent with GAD's draft guidance. The benefit of this option is that these factors are expected to apply in the future once the LGPS Regulations are updated, so the calculations would be consistent over time. However, the Fund's admin software system cannot currently carry out these calculations, so we are currently calculating these costs manually.

## **6. Applying the cap and further reform in the LGPS**

The major impact of the regulations will be on LGPS members aged 55 or over who currently qualify for an unreduced pension because of redundancy or efficiency retirement as well as a severance payment under The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.

Once both the cap and further reforms are in place for members whose employers are both capped and subject to further reform the effect of the proposals will be significant as they would receive one of the following options:

- have a fully unreduced pension paid immediately alongside the statutory redundancy payment but only if the employee tops up the strain cost, which will have been reduced by the value of their statutory redundancy pay;
- have a partially reduced pension (i.e. not reduced due to early payment, but reduced on account of the statutory redundancy payment reducing the strain cost) paid immediately alongside the statutory redundancy payment;
- have a fully reduced pension paid immediately alongside the statutory redundancy payment plus any entitlement to a discretionary redundancy payment and discretionary additional lump sum payment;
- defer the pension to normal pension age (i.e. not take it immediately) and have the statutory redundancy payment plus any entitlement to a discretionary redundancy payment and discretionary additional lump sum payment.

The above assumes the employer is both a capped and reform employer, the exact impact on members will depend on whether they fit under both or either definitions.

It is expected that the MHCLG reforms will come into force Spring 2021.

Currently our software provider, Aquila Heywood, are working on updating the system in order for it to calculate all the new options. In the meantime we will have to perform these complex calculations manually.

# Agenda Item 10



<b>Meeting:</b>	Pension Committee
<b>Date:</b>	21/01/2021
<b>Title:</b>	New Communication Policy Statement
<b>Purpose:</b>	To receive the Committee's approval to adopt the new Communication Policy Statement
<b>Author:</b>	Meirion Jones, Pensions Manager

## 1. Introduction

The Fund must provide, maintain and publish a communication policy statement in accordance with Regulation 67 of the Local Government Pension Scheme (LGPS) Administration Regulations.

The communications policy must be revised and republished following any change in policy. Unfortunately Gwynedd's policy has not been updated since 2010.

## 2. Purpose

The purpose of this policy is to publish a statement setting out the policy concerning the methods of communications with the stakeholders of the Gwynedd Pension Fund (the Fund).

In accordance with LGPS regulations, the communications policy details the:

- provision of information and publicity about the scheme
- format, frequency and method of distributing information and publicity
- promotion of the scheme to prospective members and their employers.

## 3. Conclusion

The last Communication Policy was written in 2010, a number of changes has happened in respect of the way the fund communicates within the last 11 years. The policy has been revised to include our current methods of communication.

The new policy was presented to the Pension Board at their last meeting, with minor changes being made to the document following the feedback received.

In order for the new policy to be adopted I would appreciate to receive approval from the Committee.



# Communication Policy Statement

March 2020

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# COMMUNICATION POLICY STATEMENT

## Introduction

Regulation 61 of the Local Government Pension Scheme (LGPS) 2013 Regulations stipulates that all administering authorities are required to publish a statement of policy regarding communication with key stakeholders.

Gwynedd Council is the administering authority for the Gwynedd Pension Fund and the Fund's key stakeholders include:

- 1. Scheme members:**
  - 1.1 Active Scheme Members
  - 1.2 Deferred members
  - 1.3 Pensioner members
  - 1.4 Prospective members
  
- 2. Scheme Employers**
  
- 3. Other bodies:**
  - 3.1 Pension Committee and Pension Board
  - 3.2 Fund Staff
  - 3.3 Other Bodies

This communication statement sets out the policy for the provision of information and how the Fund intends to publicise, promote and develop the Scheme to each stakeholder group. It will be kept under review and amended when there is a material change in the policy.

The Fund's aim is to provide a high quality and consistent service to their stakeholders in the most efficient and cost-effective manner.

The intention is that all communications are as timely as possible, factual and in plain language, and presented in a manner appropriate to the receiver. Where individuals have specific needs in relation to the format of information, steps are taken to ensure that the required format is available, such as Braille, Audio, and Large Print.

All Gwynedd Pension Fund's publications are bilingual, in line with Gwynedd Council's Language Policy. Information in other languages may be available on request.

Where legislative Scheme changes are known in advance, procedures will be put in place to implement the changes in the most effective manner.

# 1.1- Communicating with Active Members

Active Members (including Councillor Members) are those who are contributing into the LGPS through one of the Gwynedd Pension Fund Scheme Employers. The methods of communication with these members are described below.

- **Website** - The Gwynedd Pension Fund website contains a section dedicated to Active Members. It provides general information about the LGPS including, Transfers, Improving Benefits, Retirement, Divorce, Death Benefits, Tax Allowances and Frequently Asked Questions. News items are added when required to notify members of any Scheme changes. There is a separate section dedicated to the pension benefits for Councillor Members.
- **Member Self Service** - The member self-service web portal on the Gwynedd Pension Fund website allows members to view and update their pension data securely online, such as death grant expression of wish, contact details, annual benefit statements and letters. The planning tools allow members to perform benefit calculations and prepare for retirement.
- **Employer Events** – The Gwynedd Pension Fund is available to attend employer events on request and provide a pension stand where members can discuss any pension issues with the pension fund staff and provide relevant scheme literature.
- **Presentations** – The Gwynedd Pension Fund is always available to offer presentations on the scheme. Presentations are also held when needed to inform Active Members of major changes to scheme regulations. Specialist information sessions can also be held at the request of the employer for members who are affected by the bulk transfer of pensions from the LGPS to other pension providers.
- **Pre-Retirement Courses** – A program of six courses are held by Chadwicks IFA, a firm of financial advisors' from Chester each year. The Gwynedd and Flintshire Pension Funds provide alternate LGPS presentations at these events.
- **Consultation Sessions** – The Gwynedd Pension Fund Communications Officers can hold individual consultation session for scheme members at the request of scheme employers. Consultations are usually held at the employees worksites and they offer the opportunity for scheme members to receive general and specific information about the LGPS and ask any question they may have relating to their LGPS pension.
- **Individual Appointments** - Active Members can arrange an appointment with a member of the Gwynedd Pension Fund staff at the Pension office in Caernarfon. In some cases (e.g terminal illness) a representative from the Gwynedd Pension Fund will visit a member at their home at the request of their employer.
- **Scheme Literature** –
  - **Pension Starter Pack.** Issued when a Scheme Employer notifies us of a new Active Member. This includes a Short Guide to the LGPS, a New Starter Form, Death Grant Expression of Wish form and a Statutory Notification of entry into the scheme.

- **Short Scheme Guide.** The short scheme guide provides general information on the LGPS and is issued to all new employees and to existing members on request. Copies of the scheme guide in Braille, large print and audio can be provided on request.
- **Retirement Guide.** The Retirement Guide outlines the arrangements for the payment of pension benefits and sets out the benefits payable to survivors in the event of the member's death and the other most important things to note.
- **Factsheets.** A range of factsheets have been produced for scheme members which give information specific topics relating to the LGPS.
- **Newsletters** - We issue periodic newsletters to Active Members to update them of changes in the scheme regulations.
- **Annual Benefit Statements** - Each year we issue a statement to each member showing the pension they have built up to the previous 31st March and forecasts the benefits payable at State Pension Age. They are uploaded automatically to a member's Member Self Service Online portal or sent directly to their home address if they have chosen not to register.
- **Annual Report and Accounts** - An electronic copy of the Fund's Annual Report and Accounts is available to all Scheme members on the website. Hard copies are also available upon request.
- **Correspondence** - The Fund uses both paper mail and e-mail to receive and send correspondence. Response will be made in the individuals preferred language of choice.
- **Statutory Notification** - Members are notified when any change occurs to their pension record, thus affecting their pension benefits.
- **Pensions Helpline** – A single helpline number is available for all pension enquiries and a dedicated e-mail address is available for enquiries by e-mail.
- **Poster Campaign** – A poster campaign will be implemented when major scheme changes need to be communicated to Active Scheme members. They will be distributed to employers so that they can be displayed at employees work sites.
- **Internal Dispute Resolution Procedure (IDRP) leaflet** – A document covering stage 1 of the IDRP is available on request.

## 1.2- Communicating with Deferred Members

Deferred Members (including Councillor Members) are those who have left their employment with a scheme employer and who have preserved benefits within the fund. The methods of communication with these members are described below.

- **Website** - The Gwynedd Pension Fund website contains a section dedicated to Deferred Members. It provides general information about the LGPS including, Transfers Out, Retirement, Divorce, Death Benefits and Frequently Asked Questions. News items are added when required to notify members of any Scheme changes. There is a separate section dedicated to the pension benefits for Councillor Members leaving before retirement.
- **Member Self Service** - The member self-service web portal on the Gwynedd Pension Fund website allows members to view and update their pension data securely online, such as death grant expression of wish, contact details, annual benefit statements and letters. The planning tools allow members to perform benefit calculations and prepare for retirement.
- **Individual Appointments** - Deferred Members can arrange an appointment with a member of the Gwynedd Pension Fund staff at the Pension office in Caernarfon. In some cases (e.g terminal illness) a representative from the Gwynedd Pension Fund will visit a member at their home at the request of their old employer, the individual or individual's representative.
- **Scheme Literature** –
  - **Retirement Guide**. The Retirement Guide outlines the arrangements for the payment of pension benefits and sets out the benefits payable to survivors in the event of the member's death and the other most important things to note.
  - **Factsheets**. A range of factsheets have been produced for scheme members which give information specific topics relating to the LGPS.
- **Newsletters** - we issue periodic newsletters to Deferred Members to update them of changes in the scheme regulations.
- **Deferred Benefit Statements** - Each year we issue a statement to each deferred member showing the up to date value of their pension benefits. They are uploaded automatically to the member's Member Self Service online portal or sent directly to their home address if they have chosen not to register.
- **Annual Report and Accounts** - An electronic copy of the Fund's Annual Report and Accounts is available to all Scheme members on the website. Hard copies are also available upon request.
- **Correspondence** - The Fund uses both paper mail and e-mail to receive and send correspondence. Response will be made in the individuals preferred language of choice.
- **Pensions Helpline** – A single helpline number is available for all pension enquiries and a dedicated e-mail address is available for enquiries by e-mail.
- **Internal Dispute Resolution Procedure (IDRP) leaflet** – A document covering stage 1 of the IDRP is available on request.

## 1.3 - Communicating with Pensioners

Pensioners include retired members and the dependants of deceased members. The methods of communication with pensioners are described below.

- **Website** - The Gwynedd Pension Fund website contains a section dedicated to Pensioners. It provides general information about the LGPS including, Divorce, Death Benefits, Payment Dates, Living Abroad, Pensions Increases and Frequently Asked Questions. News items are added when required to notify pensioners of any Scheme changes.
- **Member Self Service** - The member self-service web portal on the Gwynedd Pension Fund website allows pensioners to view and update their pension data securely online, such as death grant expression of wish, contact details and letters.
- **Individual Appointments** - Pensioners can arrange an appointment with a member of the Gwynedd Pension Fund staff at the Pension office in Caernarfon.
- **Payslips and P60** – A payslip is sent to Pensioner when there is a change of £5 or more in their next payment as compared with the previous month. All pensioners receive a combined P60 and payslip at the end of each tax year.
- **Notice of Pensions Increase** – Each April, pensioners receive a notice informing them of the Pensions Increase which is to be applied on their pension (if applicable) and they also receive confirmation of the pay dates for the next 12 months.
- **Annual Report and Accounts** - An electronic copy of the Fund's Annual Report and Accounts is available to all Scheme members on the website. Hard copies are also available upon request.
- **Correspondence** - The Fund uses both paper mail and e-mail to receive and send correspondence. Response will be made in the individuals preferred language of choice.
- **Pensions Helpline** – A single helpline number is available for all pension enquiries and a dedicated e-mail address is available for enquiries by e-mail.
- **Birthday Congratulations** – Pensioners, including those receiving dependents benefits, celebrating their 100<sup>th</sup> birthday will receive a birthday card from the Gwynedd Pension Fund.
- **Internal Dispute Resolution Procedure (IDRP) leaflet** – A document covering stage 1 of the IDRP is available on request.

## 1.4 - Communicating with Prospective Members

Prospective Members are employees who are eligible to join the LGPS with one of the Gwynedd Pension Fund Scheme Employers but have decided not to. The methods of communication with prospective members are described below.

- **Website** - The Gwynedd Pension Fund website contains a section dedicated to Prospective Members. It provides general information about the LGPS including, Reasons for Joining, Transfers, Contribution Rates, Retirement, Opting Out and Frequently Asked Questions. News items are added when required to notify members of any Scheme changes. There is a separate section dedicated to the pension benefits for Councillor Members.
- **Employer Events** – The Gwynedd Pension Fund is available to attend employer events on request and provide a pension stand where prospective members can discuss any pension issues with the pension fund staff and provide relevant scheme literature and forms.  
The Gwynedd Pension Fund encourages employers to include pensions as part of staff induction events and will provide scheme literature and forms. The communications team could attend upon request.
- **Consultation Sessions** – The Gwynedd Pension Fund Communications Officers can hold individual consultation session for scheme members and prospective members at the request of scheme employers. Consultations are usually held at the employees worksites and they offer the opportunity for scheme members to receive general and specific information about the LGPS and ask any question they may have about joining the LGPS.
- **Individual Appointments** - Prospective Members can arrange an appointment with a member of the Gwynedd Pension Fund staff at the Pension office in Caernarfon.
- **Scheme Literature** –
  - **Short Scheme Guide.** The short scheme guide provides general information on the LGPS and is issued to all new employees and on request. Copies of the scheme guide in Braille, large print and audio can be provided on request.
  - **Factsheets.** A range of factsheets have been produced for scheme members which give information specific topics relating to the LGPS
- **Correspondence** - The Fund uses both paper mail and e-mail to receive and send correspondence. Response will be made in the individuals preferred language of choice.
- **Pensions Helpline** – A single helpline number is available for all pension enquiries and a dedicated e-mail address is available for enquiries by e-mail.
- **Poster Campaign** – A poster campaign is periodically implemented which highlights the benefits of joining the LGPS. They will be distributed to employers so that they can be displayed at employees work sites.

## 2- Communicating with Scheme Employers

For Gwynedd Council as Administering Authority to efficiently run the scheme it is essential that the flow of accurate, timely and clear information between Scheme Employers and the Fund is maintained through effective communication.

The methods of communication with Scheme Employers are described below.

- **Website** - Our website is under review to develop a section dedicated to Scheme Employers. The Website also contains all the Pension Fund Governance Documents, for example the Actuarial Valuation Report, Policy Documents and the Annual Report and Accounts. There are also links to sources of further information such as the Local Government Association's (LGA's) dedicated LGPS website.
- **i-Connect** - i-Connect is a secure online portal that takes data directly from the payroll system and feeds it directly into the pension system on a monthly basis. It automatically identifies and processes new joiners, opt-outs and leavers and enables the employer to check and cleanse the data before submission.
- **Contact Database** - Regulatory and administrative updates are frequently issued to all employers listed on the contact database via e-mail or letter. The employer Contact database is amended as necessary following updates from the Employers.
- **Annual General Meetings** - The Annual General Meeting is held specifically for Employers and Union Representatives to discuss the Annual Report and Accounts. Representatives from various professional advisory bodies, such as the Fund Actuary and Fund Managers also attend in order to answer on Funding, Investment Performance and Valuations.
- **Employer meetings** - As required to discuss topical issues, significant legislation changes, pre and post actuarial valuation and provide information and discuss improvements in the flow of information.
- **Individual Employer meetings** - Meetings with individual employers can be arranged to discuss matters specific to their participation in the Pension Fund. or to provide advice and guidance on specific issues.
- **Individual Employer Training meetings** - These can be arranged to resolve any administrative training issues identified by either the employer, or the Fund. These sessions are held at employer venues, with development being monitored and reviewed periodically thereafter.
- **Employer Guide** - The new Employer Guide is in the process of being completed and will be circulated electronically to all Employing Bodies and uploaded onto our website.
- **Service Level Agreements** - To improve the standard of service to members we aim to establish Service Level Agreements with Employers. The agreements will provide guidance on statutory obligations and responsibilities and set targets for both Employers and the Administering Authority –
  - To provide correct information
  - To act on, and respond to that information within a given timescaleAny targets for the Service Level Agreements will be agreed beforehand.

## 3.1- Communicating with the Pensions Committee and Local Pension Board

As the Gwynedd Pension Fund's administering authority, Gwynedd Council has formed a Pensions Committee and a Pensions Board which meets quarterly to discharge the duties of the Council regarding the governance and administration of the Fund.

The Pensions Committee is responsible for approving the pension fund governance documents, including the Annual Report and Accounts and the Pension Fund Policies. It is also responsible for setting the Pension Fund Investment Strategy and the appointment of Investment Managers. The Pensions Committee is made up of nine elected Councillors.

The Pension Board is responsible for overseeing the work of the Pensions Committee and assists the Pension Fund in complying with all the legislative requirements making sure the scheme is being effectively and efficiently governed and managed. The Pension Board has three scheme member representatives and three employer representatives, one of which is elected as chair.

To facilitate the work of both the Pension Committee and Pension Board they are provided with access to all the Pension Fund Documents including the Annual Report and Accounts, the Actuarial Report, Policy Documents, Pensions Committee reports and decisions and Pension Board reports.

The methods of communication with Pension Committee and Board members are described below.

- **E-mails** - E-mail is the preferred method of communication for general messages.
- **Reports** – The Committee and Board members are provided with the following Reports:
  - **Annual Reports and Accounts** - The key publication on investment and administration.
  - **Actuarial Report** – Following the Fund's triennial valuation
  - **Specialised Reports** – Produced by the Gwynedd Pension Fund for their consideration.
- **Pension Fund Policies** – The committee have access to all the Gwynedd Pension Fund policies for consideration and approval
- **Presentations** – Committee and Board members are invited to presentations by The Gwynedd Pension Fund and advisers on investment, actuarial, and administration matters.
- **Training** - Committee members and Pension Board Members are required to undertake relevant training to enable them to carry out their roles effectively. Training can be done in-house, by LGA, the Pension Fund Investment Managers and advisors or the Pension Fund Actuary.
- **Agenda and Minutes** – The agenda and minutes for each meeting are published on the Gwynedd Council website.

## 3.2- Communicating with Pension Fund Staff

Effective communication with Pension Fund Staff is an important part of daily operations and enables the Gwynedd Pension Fund to deliver a quality and accurate service to our key stakeholders.

The methods of communication with Pension Fund Staff are described below.

- **Induction** – All new members of staff undergo an induction program.
- **E-mails** - E-mail is the preferred method of communication for general messages within the unit. Where necessary, this will be followed up with individual or team training.
- **WhatsApp Group Chat** – During emergencies when e-mail is not available general messages will be shared on WhatsApp.
- **In-house Training** – General and pension-specific training on matters arising with regards to regulatory or procedural changes is given as a necessary as part of the unit's commitment to continuous improvement.
- **External Training** – Professional qualifications can only improve the knowledge and confidence of the team in their communication with stakeholders. All new and existing members of staff are therefore encouraged to study for professional qualifications in pension administration with the Chartered Institute of Payroll Professionals (CIPP). Staff also attend LGA and Heywood training as appropriate.
- **Staff Meetings** – Staff Meetings are held bi-monthly to discuss any developments in legislation, changes to working procedures and operational matters. Staff are encouraged to participate in these meetings and influence the decisions that affect the whole Unit.

The operational plan, including Key Performance Indicators is also discussed on a regular basis to ensure that the members of the team are aware of and are meeting their targets.

- **Staff Appraisals** - Fund staff of all levels have an appraisal each year to discuss work issues, monitor performance and areas for development.
- **Continuous Monitoring** – Service Standards are monitored regularly to ensure staff are aware of their responsibilities in relation to the Scheme. On a daily basis communication is encouraged between members of staff and the Management team and an open door policy is in place.
- **Internet** - All staff have access to the Internet to ensure timely access to LGPS information. They also have access to Member Self Service to assist them in carrying out their roles.

## 3.3 - Communication with Other Bodies

To facilitate the administration of the Gwynedd Pension Fund we must communicate with the following bodies:

- **Member Representatives** - These can include any individual or group, such as solicitors, Trade Unions or other Pension Providers, requesting information on behalf of a Scheme Member. This is only provided with the member's authority, in compliance with the Data Protection Act 1998 and GDPR. All Scheme Literature is available on request.
- **Wales Pension Partnership** - The Wales Pension Partnership (WPP) was established in 2017. The WPP is a combination of eight Local Government Pension Scheme (Constituent Authorities) funds across Wales and one of eight national funds for Local Government Pension Scheme.
- **Shrewsbury Pensions Officers Group** - Senior Pensions Officers from the Gwynedd Pension Fund meet representatives from other Local Authority Funds in the West Pennines area on a quarterly basis to share information, discuss questions on legislation and prevailing regulations as well as any technical or procedural issues.
- **All Wales Group** - Senior Pensions Officers from the Gwynedd Pension Fund meet representatives from other Local Authority Funds in Wales on a quarterly basis to share information, discuss questions on legislation and prevailing regulations as well as any technical or procedural issues.
- **All Wales Communication Group** - The Group meets as and when required, with a view of formalising and unifying approach to communications within the Welsh Local Government Authorities. The Group have collectively produced:
  - Uniform Annual Benefit Statement for both active and deferred members
  - A Short Scheme Guide
  - A Retirement Guide
  - Death Grant Expression of Wish Forms
  - Ill Health Certificates
  - Pension Fact Sheets on various topics which can be distributed to members.
- **Scheme Actuary** – Regarding Funding Levels, the Triennial Valuation, FRS17, TUPE and all funding issues.
- **HMRC** – With regards to tax issues for Scheme members.
- **Additional Voluntary Contributions** – Officers of the Pension fund have regular contact with the Fund's AVC providers regarding the funds of individual Scheme members.
- **Fund Managers** – Regarding investment and Fund performance.
- **LGA** – The Local Government Association (The Pensions Team) provides technical advice to Pension Fund Administering Authorities and to employers on the LGPS.

## Contacting the Gwynedd Pension Fund

You can contact us in several ways:

In person or by post at our offices:

The Gwynedd Pension Fund  
Gwynedd Council,  
Shirehall Street,  
Caernarfon,  
Gwynedd.  
LL55 1SH

By email:

[pensions@gwynedd.llyw.cymru](mailto:pensions@gwynedd.llyw.cymru)

By telephone:

01286 679982

Online:

[www.gwyneddpensionfund.wales](http://www.gwyneddpensionfund.wales)