

**PENSIONS COMMITTEE 27-06-22**

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**Present:**

**Councillors:** Stephen Churchman, Goronwy Edwards (Conwy County Borough Council), John Brynmor Hughes, Medwyn Hughes, Iwan Huws, Elin Hywel, John Pughe Roberts and Ioan Thomas

**Officers:**

Dafydd Edwards (Fund Director), Delyth Jones Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer).

**Others invited:**

Sharon Warnes (observing – Pension Board Member)

Yvonne Thomas (Audit Manager, Audit Wales)  
Malcolm Stanley (Hymans Robertson)

**1. ELECTION OF CHAIR**

**Resolved to elect Councillor Stephen Churchman as Chair of the Committee for 2022/23**

**2. ELECTION OF VICE-CHAIR**

**Resolved to elect Councillor Ioan Thomas as Vice-Chair of this Committee for 2022/23**

**3. APOLOGIES**

Apologies were received from Councillor Robin Williams (Isle of Anglesey County Council)

**4. DECLARATION OF PERSONAL INTEREST**

None to note

**5. URGENT ITEMS**

None to note

**6. MINUTES**

The Chair accepted the minutes of the meeting held on 17 March 2022 as a true record.

**7. THE GWYNEDD PENSION FUND AUDIT PLAN FOR 2022**

Yvonne Thomas (Audit Wales) was welcomed to the meeting.

The Audit Wales plan for 2022 was submitted, noting the work intended to be completed during the year, in line with the statutory responsibility they held as external auditors. Reference was made to the need to audit the pension fund's accounts, with the aim of identifying relevant misstatements, as well as the risks associated with the financial audit. Reference was made to the content of the performance auditing programme, offering an overview of the work to be done, the fees and the proposed timetable, and it was highlighted that a Statement of Responsibilities would be submitted, detailing matters and offering more information on the Auditors' work.

It was reported that the Covid-19 pandemic was continuing to have an unprecedented impact on the United Kingdom and on the work of the public sector, and Audit Wales was continuing to monitor the situation and discuss the implications of any changes with officers. It was highlighted that the risks noted were ones that were relevant to every plan and were not unique to Gwynedd and that the increase in fees was due to the need to continually invest in the quality of the audit work in response to increasing pressures and costs.

The members expressed their thanks for the report and to Yvonne Thomas for attending the meeting. A willingness to collaborate was expressed along with an appreciation that the Audit Wales Team were fluent in Welsh, and it was noted that this was to be welcomed.

**RESOLVED:**

**To accept the Gwynedd Pension Fund Audit Plan for the year 31 March 2022 (which is undertaken by Audit Wales).**

**8. DRAFT ACCOUNTS OF THE GWYNEDD PENSION FUND FOR THE YEAR ENDING 31 MARCH 2022**

Submitted, for information, the report of the Investment Manager to provide details of the financial activities of the Pension Fund during the year ending on 31 March 2022. It was highlighted that the accounts (draft) were subject to audit and the audit would be undertaken by Audit Wales.

It was reported that the accounts followed the statutory CIPFA format, with the guidance interpreting what was presented in the accounts.

It was expressed that the year had been very busy for the fund when transferring emerging markets for the Wales Pension Partnership, setting a net zero target and monitoring the effects of events such as the Ukraine war. Reference was made to a summary of the fund account, noting that the figures were relatively consistent. It was reiterated that there had been a reduction in the management costs since the previous year, after the Partners fees had stabilised.

With an increase in the fund's market value of £247 million, the value of the fund came to £2.7billion.

The Fund Director took the opportunity to thank the Investment Team for its commitment to ensure that the Statement of Accounts (Draft) had been completed within the timetable. He noted that the Head of Finance had already certified the draft accounts and that sharing the accounts with the Members was good practice, in order to give them an opportunity to ask questions / make observations.

Thanks were expressed for the report.

In response to a question regarding the explanation of 'unclaimed benefits', it was noted that the term referred to situations, e.g. where repayments had been frozen, failure to identify the location of an individual or very simply, benefits that had not been claimed by contributors.

In response to an observation regarding a reduction in the sales over the year, it was noted that the reduction referred to the activity and not to a reduction in value. It was reiterated that the activity of transferring investments had created an impact (83% of investments now transferred to the Wales Pension Fund).

In response to a question regarding a reduction in the net gains on investments  
In response to a question regarding a reduction in the net gains on investments (£249.18m on 31 March 2022 compared with £596.28m on 31 March 2021), it was noted that stock market equity investments had been prosperous since the pandemic struck in March 2020, but it had now stabilised - nevertheless, it was explained that £249.18m of gains indicated a good year.

In response to a question regarding the contributions of contributors being equal for all, regardless of the employer contributions, it was noted that the contributions varied, with changes being introduced with the triennial valuation.

**RESOLVED to accept and note the Pension Fund's Statement of Accounts (subject to audit) for 2021/22.**

## **9. WALES PENSION PARTNERSHIP BUSINESS PLAN**

The Investment Manager submitted a report, which included the Partnership's Business Plan. It was reported that the Partnership created a Business Plan every year for a period of three years, with the content detailing how the Partnership would achieve its aims. The purpose of the business plan was:

- To explain the background and governance structure of the WPP
- To highlight the priorities and objectives over the next three years
- To outline the financial budget for the Business Plan period
- To summarise the WPP's Investments and Performance Objectives

It was reiterated that the business plan would be monitored regularly and be reviewed and formally agreed every year. It was also noted that the eight Authorities that made up the Partnership needed to approve the Plan.

Thanks were expressed for the report.

**RESOLVED to accept and approve the Business Plan.**

## **10. TREASURY MANAGEMENT**

The Investment Manager submitted a report, noting that the Pensions Committee (at the Committee meeting on 25/03/21), had agreed to pool the Council and Pension Fund's investments for the 2021/22 financial year. It was reported that a decision was made annually to permit the surplus funds of the Pension Fund to be pooled and co-invested with the Council's general cash-flow. It was highlighted that the report compared the actual performance against the strategy for the 2021/22 financial year and achieved the Council's legal duty under the Local Government Act 2003 to take into account the CIPFA Code and the Welsh Government's Investment Guidance.

It was reported, during the 2021/22 financial year, that the Council's borrowing activity remained within the restrictions that had been originally set and £556,000 in interest was received on investments, which was higher than the £433,000 that was in the budget. It was reiterated that no organisation that the Council had invested money with them had defaulted.

Attention was drawn to the investment position, highlighting the areas where the Council had invested money over the period (the list included banks and building societies, local authorities, financial market funds, Debt Management Office (DMO) and pooled funds). It was reiterated that the Debt Management Office was being used this year for the first time for a while and this due to the fact that their rates were very competitive and suitable for investing the Council's cash levels. It was also reported that the rates had improved as a result of an increase in the basic rate from December 2021 onwards.

In the context of the compliance report and indicators, it was reported that all activities had complied in full with the CIPFA code of practice and the Council's Treasury Management Strategy - this was very encouraging news.

Thanks were expressed for the report.

**RESOLVED to accept the report for information.**

## 11. REPRESENTATION POLICY

A report was submitted by the Pensions Manager in response to the requirements of the Good Governance Review for authorities to ensure that every fund produced and published a policy on the representation of scheme members and employers that were not a part of the administration authority on the Committees, and explaining the voting rights arrangements of every group.

It was highlighted that the policy confirmed the Fund's stance in relation to appointments and the Committee's delegated rights, as well as the constitution of the Pension Board. It was reported that a draft of the Policy had been submitted to the Pension Board (4/4/22) and that the Board's recommendations had been included in the final version. One of the recommendations was to note that the Chair of the Pensions Committee served on the Wales Pension Partnership's Joint Governance Committee, and an invitation would be extended to the Vice-chair if the Chair was unable to attend.

Thanks were expressed for the report.

During the ensuing discussion, the following observations were noted:

- That the policy was simple and clear
- The policy reflected what was already in place

**RESOLVED to accept and approve the Representation Policy.**

## 12. PENSIONS ADMINISTRATION STRATEGY

A report was submitted by the Pensions Manager, which again responded to the requirements of the Good Governance Review for every administering authority to produce and publish an administrative strategy that was accessible and achieved the requirements of the LGPS Regulations.

It was explained, as part of the preparations for the good governance project, that a draft copy of the strategy had been shared with Hymans Robertson in order to receive feedback. It was confirmed that the Administration Strategy touched on the appropriate

fields and they were of the opinion that it met all current requirements and those additional requirements that derived from the Good Governance review. It was reiterated that a draft copy of the strategy had also been submitted to the Pension Board (17/3/22) and that the recommendations of the Board were included in the final version. Following a presentation to the Board, a copy of the strategy was also shared with the fund's employers, however, no observations or feedback was received.

It was reiterated that the strategy would be reviewed annually.

Thanks were expressed for the report.

During the ensuing discussion, the following observations were made by members:

- That the strategy responded well to the requirements of the LGPS Regulations
- That the strategy would benefit the Pensions Unit - it would set a timetable, note responsibilities and procedures for communicating
- That the strategy was detailed
- The document was to be welcomed

**RESOLVED to accept and approve the Pensions Administration Strategy**

### 13. SECTION 13 REPORT

The Fund Director submitted a report, setting the background and purpose of Section 13 of the Public Services Pensions Act 2013, which made it mandatory for a report to be published on the valuation of the 91 Local Government Pension Funds in England and Wales every three years.

It was highlighted that the Levelling Up, Housing and Communities Department had appointed the Government's Actuary Department to undertake the exercise of scrutinising the results of the 2019 valuations across the UK funds, and for their conclusions to be published in December 2021. It was reiterated that the Gwynedd Pension Fund had met all criteria of the Section 13 valuation without any amber or red flags being raised or concerns requiring the Committee's attention being highlighted - this news was positive and very encouraging.

Malcolm Stanley from Hymans Robertson was invited to give an independent update to the Committee on the practice and submit and explain the results of the Gwynedd Fund. He noted in his presentation that the Gwynedd Fund was in a good position, and that there were no concerns about the funding of the scheme.

The members gave thanks for the report and thanked Malcolm Stanley for attending.

During the ensuing discussion, the following observations were made by members:

- That the presentation to explain the figures was to be welcomed.
- That the method of 'setting the position' of the fund was inconsistent - there was a need to consider the highest or lowest position, and not a combination of both.
- That the result gave the Committee assurance as it moved on to the next valuation.

**RESOLVED to accept the report for information.**

The meeting commenced at 15:00 and concluded at 16:00