
PENSION BOARD 5/12/16

Present: Anthony Deakin (Cartrefi Conwy), Cllr Aled Evans (Gwynedd Council), Osian Richards (Members' Representative), Huw Trainor (North Wales Police) and Sharon Warnes (Members' Representative)

Officers:- Dafydd Edwards (Head of Finance Department), Caroline Roberts (Investment Manager), Nicholas Hopkins (Pensions Manager), Meirion Jones (Communication Officer - Pensions) and Lowri Haf Evans (Member Support Officer).

1. APOLOGIES

Apologies were received from Victoria Hallaron (Cartrefi Cymunedol Gwynedd) and Councillor Stephen Churchman (Chair of the Pensions Committee).

2. DECLARATION OF PERSONAL INTEREST

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

3. URGENT ITEMS

Request to discuss the issues / concerns of employers about the data collection process. It was suggested that it should be included as an item at the next meeting. In terms of the protocol of the committee, it was noted that if a matter needed to be discussed which wasn't a genuinely urgent matter, it should be suggested to the Chair / Officers before the agenda was distributed. It was suggested that a briefing meeting should be held with the Chair to discuss the content of the agenda.

4. MINUTES

The Chair signed the minutes of a meeting of this committee, held on 29 June 2016, as a true record.

5. MINUTES OF PENSIONS COMMITTEE

The minutes of the Pensions Committee held on 15.9.16 and 20.10.16 were accepted for information. The Head of Finance Department provided the background to the decisions.

6. ACTUARIAL VALUATION 2016 - UPDATE ON THE PROCESS

The Investment Manager submitted a report updating the Board on the process. It was reported that the process had reached a point where the Formal Valuation Initial Results had been produced. The next steps of the process were highlighted prior to the final

Funding Strategy Statement being submitted to the Pensions Committee in March 2017. It was noted that there would be an opportunity for Board members to consider the draft statement at the next meeting of the Board in February 2017. The Board was encouraged to look at the process and its understanding of the process rather than the results.

In response to an enquiry, it was reported that the final statement would be a public document (Pensions Committee March 2017) and therefore available to the employers.

It was noted that the Hymans presentation on 10 November had been good - it had been a very positive meeting and in response to information about the contributions, it was noted that the contributions would be public once they would be confirmed by every employer.

It was reported that Gwynedd was among the first quarter to prepare information in a timely manner and that this was advantageous to the fund employers, in order to plan ahead.

Everyone was congratulated for their work.

The report was accepted.

7. INVESTMENT POOLING

Submitted – the report of the Investment Manager notifying Board members of the progress towards Pooling Investments in Wales. It was highlighted that the next step in the process would be to appoint a Third Party FCA-regulated Operator to establish and run a range of collective investment vehicles to allow the pooling of their pension fund assets. This step would follow a European procurement process.

Following a visit to the Minister in London, it was reported that the Minister had recommended that the Welsh investment pool should continue, as such good progress had been made and that the procurement procedure had started. It was noted that these initial, early preparations had been advantageous.

In the context of Governance arrangements, it was reported that the eight funds needed to adapt their Constitutions to include a Joint Committee to operate on behalf of the pool. This Joint Committee needed power and it was noted that discussions were underway with the legal departments to implement this.

In response to a question regarding introducing a voting system, if agreement could not be reached, it was noted that a vote would be the likely option; however, to date it appeared that the funds agreed and understood that the benefits of fund members outweighed political tendencies and everyone had reasonable discussions. If a voting system came into force, there would be one vote for each fund with the Chairman having a casting vote.

In response to a question about using one legal team for the different pools to save on costs, it was noted that the procurement arrangements were different for each pool in terms of model and timing and, therefore, it would be difficult to tailor one legal team. Nonetheless, it was noted that, despite the different arrangements, information about good practice was being shared.

In response to a question regarding the timeframe, it was noted that the passive investments were operational and the next step would be the equity investments. It was

expressed that other assets such as property would be a little more challenging, due to the possibility of having to cut contracts and, consequently, potential losses. It was shown that a point would be reached where new contracts would be made through the pool. In practice, it was estimated that it may take up to ten years for everything to be transferred.

The information was accepted.

8. THE PENSIONS REGULATOR PUBLIC SERVICE SURVEY 2016

Submitted - the report of the Investment Manager highlighting that the Pensions Regulator had distributed a survey to each local scheme manager to be completed for their pension fund with input from the Chair of the Pensions Board.

It was noted that the officers' responses were acceptable for the formal questions; however, members' input was sought for the questions which asked for opinion.

The survey was discussed section by section and the responses were recorded directly on the survey by officers.

It was noted that the survey had encouraged a good discussion in some fields but it had been difficult to respond to some questions as there was no comparison for grading some levels - the best option was to express the 'desire to improve over time'. It was also noted that it was not possible to respond to recommendations as very few recommendations had been made by the Board as the fund's performance was high.

The exercise highlighted the need for further training on risk assessments and an update on the 2016 Regulations.

9. SAFEGUARDS TO PROTECT DATA MEMBERS

Submitted – for information, the report of the Pension Fund's Senior Communication Officer highlighting to Board members the methods used by the Gwynedd Pension Fund to safeguard the data of fund members.

Background information was provided on how information was shared and how members' details were safeguarded.

In response to a question regarding which measures were in place should there be a cyber-attack, it was noted that all the computer systems were a part of the Council's systems which had a firewall and back-up systems to protect the information.

In response to a question regarding using 'egress' (a data protection system already used by the Police to protect data), it was noted that this was a possibility for the future. It would strengthen security when sharing e-mails and data.

In response to a question regarding sharing actuarial information and what the protocols were for this, it was highlighted that a password and a special method of loading information was needed and that a 'focal point' had been set up rather than sharing information via e-mails.

The report was accepted and the team was thanked for their work

10. WORK PROGRAMME

Submitted – the amended work programme. It was suggested that members needed to submit observations / outcomes from their training days to the Investment Manager in order to try to identify further training priorities for the future.

The work programme was discussed and a suggestion was made to establish links between the issues in order to try to integrate the information.

Further matters to be considered / added:

- Encourage discussion on moral investments
- The Board's (future) Governance Procedure - what were the Government's considerations to this end

The work programme was accepted and the additions were agreed.

The meeting commenced at 2.00 pm and concluded at 4.10 pm

CHAIRMAN