
PENSIONS COMMITTEE 21-10-21

Present:

Councillors: Stephen Churchman, 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:

Sioned Parry (observing – Pensions Board Member)

1. **APOLOGIES**

Apologies were received from Councillors Goronwy Edwards (Conwy County Borough Council), Simon Glyn and John Brynmor Hughes

2. **DECLARATION OF PERSONAL INTEREST**

None to note

3. **URGENT ITEMS**

None to note

4. **MINUTES**

The Chair accepted the minutes of the meeting held on 24 June 2021, as a true record.

5. **GOVERNANCE POLICY STATEMENT**

Submitted - the report of the Pensions Manager, highlighting the requirement for the Fund to publish a Governance and Compliance Statement under Regulation 55 of the Local Government Pension Scheme Regulations 2013 (as amended) and to review that statement on an ongoing basis. The purpose of the statement is to set out the Fund's Governance Structure, the scheme of delegation, and the terms of reference for its Governing Bodies, the Pensions Committee and the Local Pension Board.

He stated that the current statement had been in force since 2008 and that the service had been reviewing and updating the statement in preparation for the Scheme Advisory Board's Good Governance Project that would come into force in April 2022. He explained that the main changes included providing more information on the functions and responsibilities of pension fund staff and also introducing a new part to the policy in relation to the role and responsibilities of the Pension Board. It was reported that the Statement had been submitted to the Pension Board in July 2021 and that the Board had made observations.

Members thanked the officer for the report, and agreed with the requirement to comply with the Regulations and report on the current situation.

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

- That information should be included about the Wales Pension Partnership, considering that they were responsible for the Gwynedd Fund's activity.
- That the responsibilities of the Head of Finance needed to be updated.
- That the word 'some' in the sentence 'make some decisions in the context of administrating pensions' was vague - there was a need to use wording that explained this better.
- That reference was made to training for Pension Board members, but not for the Pensions Committee

In response to the observations that the wording 'broadly compliant' was an ambiguous statement, it was noted that the current structure did not allow for full compliance. It was reiterated that the Wales Pension Partnership had considered the situation, and reported that it was possible to revisit the structure just before the 2022 Election, as well as the likely introduction of new regulations. It was suggested that the wording 'broadly compliant' should be kept, and for it to be reviewed if any changes occurred

RESOLVED:

To accept the report

To approve the Governance Policy Statement subject to including the following amendments

- **To add a paragraph highlighting the powers delegated by the Council to the Wales Pension Partnership**
- **To amend sentence 4 (Main responsibilities of the Committee) to note *To make some decisions in the context of administrating pensions, in exceptions e.g. appeals***
- **To update the responsibilities of the Chief Finance Officer to highlight the interim arrangements for the period from 01/01/22**
- **To add a note highlighting the training requirements of the Pensions Committee members (as has already been highlighted for Pension Board members)**
- **To continue with the statement '*broadly compliant*' and review the statement if changes are made to the structure of the regulatory procedure**

6. VALUATION TIMETABLE 2022

A report was submitted by the Head of Finance, setting a timetable for valuating the Pension Fund, based on the membership as at 31 March 2022, with new employer contribution rates coming into force on 1 April 2022. The purpose of a valuation was to assess the financial position of the Fund, note the forecasts for inflation and gains on investments in the future and review the employer contribution rates.

Following a discussion at a preliminary meeting with Hymans Robertson, the proposed dates were decided upon. As the exercise was one that took place over a long period of time, it was resolved to set a timetable. Reference was made to the different steps that needed to be actioned, with a proposal for two training days with Hymans so that Members could receive full technical information.

It was noted that the period was a challenging and busy time for the Pension Service, with additional work to be done to finish preparing and submitting clean and accurate information in order to ensure that the outcome of the valuation was as accurate as possible for each employer. Nevertheless, the timetable was considered to be achievable.

The members expressed their thanks for the report.

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

- That setting a timetable summarised the procedure effectively
- That holding training was to be welcomed and that the suggestion of holding training on the day of the valuation was useful, considering that the information was so technical.
- Staff were thanked for their professional attitude and for their praiseworthy work

In response, the Head of Finance noted that it was intended to hold one training session after the final projections were completed (January 2022), followed by a session in October 2022 when publishing the employers' results and updating the Funding Strategy Statement.

RESOLVED

To accept and note the information

7. WALES PENSION PARTNERSHIP UPDATE

The Investment Manager submitted a report, providing a formal update to members on the developments of the Wales Pension Partnership (WPP). It was reported that the collaboration continued to go from strength to strength since it had been established in 2017 and by 31 March 2021, 81% of Gwynedd's fund had been pooled with the WPP. It was noted that the performance was 'very satisfactory' with a number of developments in the pipeline, including the transfer of a proportion of Emerging Markets from Fidelity to the WPP fund. This would bring the total of Gwynedd's pooled investments to 83%.

It was noted that the Fund was performing substantially higher than the benchmark on a regular basis; that the Investment Panel meetings were a good opportunity to question and challenge Managers; and although the Covid situation had been a global crisis, markets were performing strongly.

The next step in the process would be to look at the options of pooling assets to the Private Market category, which was being undertaken with the support of Hymans Robertson, with ongoing discussions taking place to determine the appropriate structure and mechanism to invest in. It was reported that a specialist appointing advisor had been appointed to assist WPP to appoint suitable investment managers to manage the private markets allocation and that a further tender had been released to appoint a suitable manager for infrastructure and private debt.

In the context of a member representative on the Joint Governance Committee, it was noted that each constituent authority was currently submitting amendments to the Inter-Authority Agreement which required the approval of each Full Council - the amendments were approved by Gwynedd Council on 7 October 2021.

Gratitude was expressed for the report and to all staff associated with the work

The Chair noted that the WPP was a successful and effective fund with very acceptable returns. It was reiterated that the position of the Wales fund, compared to others across the UK, was very strong and that the good collaboration was an obvious part of the success.

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

- That the report noted performance that was 'safonol iawn' in the Welsh version, but noted '*very satisfactory*' in English, which appeared to be a better description of the situation / performance - need to reconsider the Welsh turn of phrase.
- That the transfers to date had been very encouraging - the remaining transfers would pose the greatest challenges.

RESOLVED

To accept and note the information

The meeting commenced at 13:00 and concluded at 13:45