
PENSION BOARD 29-02-24

Present:

Eifion Jones (Chair) and Tony Deakin (Member Representative)

Cllr Beca Roberts, Sioned Parry and Ned Michael (Employer Representative)

Officers: Dewi Morgan (Head of Finance Department), Ffion Madog Evans (Assistant Head of Finance Department - Accountancy and Pensions), Delyth Jones Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer)

OTHERS INVITED

Cllr Stephen Churchman (Chair of the Pensions Committee) - observing

1. APOLOGIES

Apologies were received from Osian Richards (Member Representative)

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

None to note

4. MINUTES

The Chair signed the minutes of the previous meeting of this committee, held on 18-12-23, as a true record.

5. PENSIONS COMMITTEE MINUTES

Submitted for information - the minutes of the Pensions Committee held on 22-01-2024.

Anthony Deakin attended the meeting on behalf of the Pension Board.
He asked the following questions.

- Procurement of Administrative System - after seeing other Pension Funds using the same system, would there be an option in the future to consider a joint procurement system?
- Treasury Management - Local Authorities Loans - was there a risk to this considering that Local Authorities across the country had expressed financial deficits and a potential of issuing a section 114 notice?
- In the context of Wales Pensions Partnership (WPP), it was asked out of interest, whether a financial matters strategy had only been considered compared to a strategy with the aim of trying to ensure balance between principles, such as good returns, climate matters, politics etc.?

In response to the above comments:

- Procurement of Administrative System - the Pensions Manager noted that the biggest barrier that prevented joint agreement was that everyone's contracts would come to an end at different dates - it was difficult to get the same date for re-tendering.
In response to a supplementary question, was there certainty of value for money and a proposal to host a full procurement process, it was noted that the current company received a five-year contract, and a full tender would be released in 2029.
- Local Authorities Loan Treasury Management - the Head of Finance Department explained, in accordance with Arlingclose's advice, that there were good opportunities for Local Authorities to give a loan to other Authorities, because the short-term interest rate was higher than the bank's interest rate and, even if the authority had issued a section 114 notice, the money, in accordance with statutory requirements, should be repaid. He also noted that Arlingclose monitored the situation regularly and would send warnings in advance to the Council that recommended, as they would do with banks, which Local Authorities to avoid.
- WPP – For attention that it was possible to draw up a strategy that would ensure better returns, the Chair of the Pensions Committee noted that there would be a need to ensure balance and avoid compromising the fund's function / performance, which was currently amongst the highest 10% in the UK. He reiterated that there was no need to take risks but make wise investment decisions based on the correct information.

6. PENSIONS AND TREASURY MANAGEMENT 2024-25 BUDGET

The Investment Manager submitted, for information, the budget for the Pensions Administration Unit and Investment Unit for the 2024-2025 financial year. It was noted that the budget had been approved by the Pensions Committee on 22-01-2024.

Reference was made to the Administration Unit's budget, reporting that 24 staff members were employed along with the costs of systems, printing, and central reimbursements. It was noted that the costs were consistent except for the inflation levels, with an adjustment of £28,600 for increases in supplies and services - this was a result of renewing systems agreement during the year with an increase in the cost of the agreement (that had been approved by the Pensions Committee on 22-01-24).

Reference was made to the Investment Unit that had three members and costs were shared between the Fund and Cyngor Gwynedd as the Unit was also responsible for Treasury Management. It was reiterated that adviser costs and investment managers' costs were part of her responsibility but these varied depending on the performance of the investments and the work needed to be carried out by the consultants. It was considered that setting a detailed budget for investment managers' fees and advisers would not be beneficial as the expenditure varied, but agencies such as Pensions & Investment Research Consultants (PIRC) looked at value for money across the Funds. In addition, it was reiterated, by going to tender for advisers and actuary contracts in the near future, a budget for the fees would be considered.

Thanks was given for the report.

It was resolved to accept the report for information, and note the Pensions Administration Unit and the Investment Unit's budget for the 2024/25 financial year

7. THE OBJECTIVES OF ADVISORS 2023

Submitted - the report of the Investment Manager, reporting on progress against current objectives and requesting that the Board noted the progress and the objectives for 2024. It was reported, following a review of the investment consulting and fiduciary

management markets, that the Competition and Markets Authority had noted that Pension Scheme Trustees should set objectives for their investment consultants, and clearly stipulate what was expected from them.

It had been reported for several years by now, that the Fund had set objectives for the current advisers, Hymans Robertson, and to ensure that the work that they deliver corresponded with the fund's strategic objectives, and in addition, was part of good governance. However, during the next six months, the Council would issue a tender for the consultative work establishing a specific contract (which would also include a transitional period). This was reiterated as an appropriate step to take and would be an opportunity to look at what the market had to offer and would add a competitive element.

It was reported that last year had been busy with advisers providing advice on the investment strategy in the recent re-assessment of the funding level, assisting with determining the appropriate level of commitments to the private markets and ensuring that the Fund had adequate cash flow to pay the pensioners on a monthly basis. It was reiterated that Hymans also collaborated with the officers to review internal policies and ensure compliance with any relevant pension regulations.

Although Hymans did not provide training as part of its direct contract with the Gwynedd Fund, appropriately timed training was available through the Wales Pension Partnership, with significant contributions from Hymans. Whilst also accepting that the fees were high (which was also true for some other companies in the market), Hymans had worked well throughout the year with all partners e.g., the actuary and Wales Pensions Partnership.

Referring to the objectives for the next year, it was highlighted that the current objectives had been combined to ten key objectives for the future and the investment consultants were aware of the support that the Fund would need to implement additional projects in 2024.

Gratitude was expressed for the report and for updating the objectives.

In response to a question regarding the potential companies available to fulfil the work, it was noted that there was a framework for the tendering process and qualified companies had signed that framework (which included four actuaries and eight consultants). Although it was accepted that some companies were more well-known than others, the tender looked at two functions and did not look at offering a whole package to one company.

RESOLVED to note the information and accept the progress made on the objectives of the consultants during 2023

8. MEMBERS SELF-SERVICE - MY PENSION ONLINE

An update was presented by the Pensions Manager on the work that had been done to upgrade the My Pension Online system. It was reported that the system in its current form was old-fashioned with many members having problems logging into the site, which meant that it was not being used to its full capacity.

The new version was developed with support from Heywood Pension Technologies (the Fund's software provider). It was noted that the site had a completely new form, and with the new technology used, it would mean that there was much better practicality across the website with further updates underway for better engagement with the members.

An integral element to the Gwynedd Pension Fund was to ensure that the new site was available bilingually and, therefore, Gwynedd had led on the work of preparing Welsh

text for the site and ensured that the Welsh was standard and correct. It was hoped that the rest of Wales's funds would take advantage of this provision.

Gratitude was expressed for the update and for the good work - it was pleasing to see Gwynedd leading the way on the Welsh language provision.

Resolved to accept and note the information

9. GWYNEDD PENSION FUND TRAINING PLAN

The Investment Manager submitted a report, providing a summary of the training given to Members during 2023/24, as well as a brief Training Plan for 2024/25.

It was considered that the 2023/24 Training Plan had been successful, and the Members were thanked for attending the various conferences and training sessions of the Wales Pensions Partnership (WPP) that were useful and timely sessions. It was reiterated that those Members that needed to complete Fundamentals training had now done so and the only training that had not been completed was that the Investment Manager had not attended a closing accounts course and that was because there had been no changes to the guidelines.

It was reiterated that the 2024/25 Training Plan followed the same process as the 2023/24 plan with WPP sessions, courses and conferences that had already been identified.

Gratitude was expressed for the report. An observation was made that the plan was a good one and that the training sessions and webinars were great, even though the notice period was short. In response, the Investment Manager noted that a recording of the training sessions was available if someone could not attend.

RESOLVED to accept and note the information

10. PENSION BOARD'S WORK PROGRAMME 2024-25

An amended work programme was submitted for 2024/25. It was noted that the plan included matters noted following consideration by the Board at previous meetings and matters arising. It was highlighted that matters arising during the year could be included in the programme in accordance with the demand and along with any matters / ideas arising from members after training sessions and / or relevant events.

The Chair of the Pensions Committee noted that he had presented feedback to Committee Members of the LAPFF conference that he attended in Bournemouth in December 2023. He highlighted that there was value in sharing information from training sessions / conferences and his intention was to offer a regular item on the committee's programme. He suggested that the Board Members do the same.

RESOLVED to accept the report and note the information.

The meeting commenced at 1:00pm and concluded at 1:45pm