
PENSION BOARD 04-02-2025

Present:

Anthony Deakin and Eifion Jones (Member Representatives)

Sioned Parry (Chair) and Ned Michael (Employer Representatives)

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

OTHERS INVITED:

Cllr Elin Hywel (Chair of Pensions Committee) – observing

1. APOLOGIES

Apologies were received from Osian Richards (Member Representative)

Cllr Elin Hywel was welcomed to the meeting and was congratulated on her appointment as Chair of the Pensions Committee

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

• UPDATE ON VACANT SEAT

The Head of Finance provided an update on the steps that had been taken to find a new Member for the Board. The Members were reminded that, in accordance with the terms of reference, the appointment (as an employer representative) will be limited to Members and staff of Cyngor Gwynedd only. He noted that one application has been received and that the next step would be to arrange an interview.

• PENSION BOARD CHAIRS ENGAGEMENT MEETING

The Chair highlighted that she had attended the engagement meeting of the Partnership's Pension Board Chairs (04-02-25) and had highlighted Gwynedd's concerns regarding the suggestion that all operational activity might be delegated to the Partnership, and while accepting that an Investment Strategy was necessary, what would Gwynedd's input into the Strategy be?

4. MINUTES

The Chair signed the minutes of the previous meeting of this committee held on 14 October 2024 as a true record.

5. REVIEW OF STRATEGIC OBJECTIVES FOR THE FUND'S INVESTMENT CONSULTANTS

A report was submitted by the Investment Manager reporting on progress against the current objectives, along with a request to the Board to note the progress and objectives for 2025. It was reported, following a review of the investment consulting and fiduciary management markets, that the Competition and Markets Authority had stated the need for Pension Scheme Trustees to set objectives for their investment consultants, and clearly stipulate what was expected of them.

It was reported that for years now, the Fund had been setting objectives for the current consultants, Hymans Robertson in order to ensure that the work they carried out was aligned with the Fund's strategic objectives, and it also formed part of good governance.

It was reported that the past year had been busy, with the consultants providing advice on the investment strategy with the private markets options, passive equity and ensuring that there was sufficient cash flow to pay the pensioners on a monthly basis. It was reiterated that Hymans had worked with the officers to ensure that internal policies were addressed and that there was compliance with any relevant pension regulations.

Although Hymans did not provide training through direct agreement to the Gwynedd Fund, timely training was available through the Wales Pension Partnership, with significant contributions from Hymans. It was highlighted during a recent tendering period that Hymans had stood out in terms of quality, and although accepting that their fees were high, they were also competitive with other companies.

In reference to the objectives for 2025/26, it was reported that they remained similar to previous years' objectives, but that work to be implemented in 2025 had been added to the list – work such as the triennial valuation, setting a net zero target, and the consultation developments.

The members gave thanks for the report and for updating the objectives

In response to a comment that there was no point in holding excess funds in the Fund as the United Kingdom Government suggests using the surplus money of the funds to fund the growth of the UK economy and whether we should therefore consider reducing employers' payments to avoid this, the Head of Finance noted that discussions were taking place with the actuary on these assumptions, but despite pressure from the Government to pool investments, the Fund's primary duty was to secure the best returns/performance for its members. However, it was accepted that work needed to be done to de-risk investments as investment levels were above 100%.

RESOLVED to note the information and accept the progress made on the consultants' objectives during 2024

6. 2025/26 BUDGET – PENSIONS AND TREASURY MANAGEMENT

The Investment Manager presented, for information, the budget for the Pensions Administration Unit and Investment Unit for the 2025–2026 financial year. She noted that the budget had been approved by the Pensions Committee on 27-01-2025.

She referred to the budget of the Administration Unit, reporting that 25 members of staff were employed in the Unit and that the budget included systems costs, printing,

and central repayments. She noted that the costs were consistent apart from inflation and noted that a few jobs were currently going through the evaluation process and, as a result, the budget may need to be increased somewhat.

She referred to the costs of the Investment Unit which were shared between the Fund and Cyngor Gwynedd as the Unit was also responsible for Treasury Management.

The Investment Manager noted that WPP costs, consultancy costs and investment managers' costs were part of the Investment Unit's responsibility, but that costs varied depending on the performance of the investments and the work required to be carried out by the consultants and the Partnership. They intended to examine the work and costs of the consultants more closely, with agencies such as PIRC looking at the value for money of Investment Managers across the Funds. Consequently, it was not considered beneficial to set a detailed budget for these costs.

The members expressed their thanks for the report.

RESOLVED to accept the report for information, and note the Pensions Administration Unit and the Investment Unit's budget for the 2025/26 financial year

7. THE PENSION FUND'S ADMINISTRATIVE POLICIES

The Pensions Manager submitted a report that presented six key administrative policies for the Board to examine. He stated that the policies were essential for the effective management and administration of the pension fund, and also marked a significant step towards good governance. He added that following the Board's review, the policies would be submitted for approval by the Pensions Committee in March 2025.

The policies were discussed individually, providing the background and context for each one for the Members.

Proof of Life Policy for Pensioners Living Abroad
Overpayment of Pension Policy
Communication Language Policy
Gwynedd Pension Fund Document Distribution Policy
The Pension Fund's Payslip Issuance Policy
Payment of Pensions Benefits and Lump Sum Policy

The members expressed their thanks for the report and for the work of formalising the policies. It was noted that some of the updates had been wise.

A member welcomed the fact that a reminder would be shared with Members of the new arrangements to ensure that benefits are paid to correct and current bank account details (Payment of Pensions Benefits and Lump Sum Policy), and that this should be highlighted in the policy.

RESOLVED to accept and note the information and to recommend to the Pensions Committee to approve the Policies in March 2025

8. RESULTS OF THE NATIONAL KNOWLEDGE ASSESSMENT

In 2024, the Gwynedd Pension Fund took part in Hymans Robertson's National Knowledge Assessment. The assessment was seen as a comprehensive evaluation designed to assess the knowledge and skills of key decision makers and supervisory bodies within pension funds. Participants were asked to respond to a range of questions across different topics, with a view to using their scores to tailor effective training sessions. It was noted that the results were also benchmarked against other funds.

A report was submitted by the Pensions Manager summarising the Pension Board's results, which also offered possible options to address training needs.

The Board Members were thanked for completing the assessment, accepting that the assessment had been challenging. Although the Gwynedd Pension Fund was ranked 18th out of 19 Funds, this was an improvement on the previous assessment.

Hymans Robertson's comments on the results were highlighted. They reported satisfaction that 14 of the Fund's participants had taken part in the assessment with the results being fairly positive (although clearly there were areas of higher levels of knowledge as well as areas in which knowledge should be developed over time).

As a result of the assessment, training opportunities would be arranged for the Members along with the development of a comprehensive training plan that will focus on improving members' understanding and ability in critical areas.

The members thanked the officer for the report

Observations arising from the ensuing discussion:

- The process was long winded – had lost patience by the final questions
- Welcomed the fact that all Members of the Pensions Board and Committee in Gwynedd had completed the assessment
- The face-to-face training would be beneficial – a good opportunity for networking and to pay full attention to what is being presented
- Given that some Members in other funds had not completed the assessment, the results were rather vague
- For the future, the format / layout of some of the questions needs to be considered - the knowledge required should be considered against information that would be desirable to receive
- Any training was welcome – different topics required a different format – virtual, on-line or in person

In response to the comments, the Head of Finance noted that the Members were not required to know everything as there were experts available in the field to provide advice and guidance, but that a training programme was in place to improve members' knowledge of the field

RESOLVED to note and accept the information.

9. THE AMENDED WORK PLAN

A revised work programme for 2025/26 was presented. It was noted that the plan included matters that had been identified following consideration by the Board at previous meetings and matters arising. It was highlighted that matters emerging during the year could be added to the programme in accordance with the need, together with any matters/ideas arising by members following training sessions and/or relevant events.

The members expressed their thanks for the work programme.

A request was made for an item to discuss the United Kingdom Government's proposed reforms – updates on any new developments.

RESOLVED to accept the work programme and note the information.

The meeting commenced at 1.00pm and concluded at 1.50pm.