
PENSIONS COMMITTEE, 17.03.14

Present: Councillor Peter Read (Chairman)

Councillors Trevor Edwards, Hywel E Jones (representative of the Isle of Anglesey County Council), Margaret Lyon (representative of Conwy County Borough Council), Dafydd Meurig and Peredur Jenkins.

Officers:- Dilwyn Williams (Corporate Director), Dafydd Edwards (Head of Finance Department), Caroline Roberts (Investment Manager) and Lowri Haf Evans (Member Support and Scrutiny Officer).

Apologies: Councillors Stephen Churchman, W Tudor Owen, John P Roberts.

1. WELCOME AND APOLOGIES

Everyone was welcomed to the meeting by the Chairman, Councillor Peter Read. The above-mentioned apologies were noted.

2. DECLARATION OF PERSONAL INTEREST

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

3. URGENT ITEMS

None to note.

4. MINUTES

The Chairman signed the minutes of the previous meeting of this committee, held on 20 January 2014, as a true record.

5. EMPLOYERS' RESPONSE TO THE CONSULTATION ON THE FUNDING STRATEGY STATEMENT

On 20 January 2014, a report had been given to the committee noting that there was a statutory requirement to review and publish a Funding Strategy Statement by 31.3.2014. As part of the review, the administering authority was required to consult with all scheme employers, the fund actuary and advisers and any other persons they considered appropriate.

On 24 January 2014, a consultative letter had been sent to all scheme employers, the fund actuary and advisers and Unison, TGWU and the GMB, consulting on the policies agreed upon. The consultation period ended on 28.2.2014.

It was reported that no response had been received. It was explained that, although disappointing, it was not surprising as the majority of the Funding Strategy Statement had been unchanged since the previous version and those elements which had changed, such as the actuary presumptions, had been explained to and discussed by employers at the Fund Valuation meeting on 07.11.2013.

RESOLVED

To adopt the proposed Funding Strategy Statement (FSS).

6. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2014/15

Submitted – the report of the Head of Finance Department recommending that the Pensions Committee should make a request to the Council to allow the Pension Fund's surplus cash balances to continue to be pooled with the Council's general cash flow from 1 April 2014 onwards and approve the Treasury Management Strategy Statement and the Annual Investment Strategy.

In accordance with the Welsh Assembly Government's statutory guidance on Local Government Investments, the Council was required, as part of its function in treasury management, to prepare an Annual Investment Strategy. As good practice, it was considered that the Gwynedd Pension Fund should adopt the Gwynedd Council Treasury Management Strategy Statement for 2014/15, as amended for the purpose of the Pension Fund.

In the context of investing money, it was outlined that the main advantages of combining the cash flow arrangements of the pension fund and the Council was to attract higher interest, minimise bank costs and avoid duplicating work.

In response to a question, it was confirmed that *Arlingclose* had been the Council's independent advisers since 2009. It was noted that the Finance Department was very happy with the quality of service and that the advisers communicated in a clear and coherent manner. It was further noted that the Council's contract with the advisers had been renewed after a period of three years in 2012, and it would be reviewed again in a year's time.

RESOLVED:

- a) To approve the Treasury Management Strategy Statement and the Annual Investment Strategy.**
- b) To make a request to the Council to allow the Pension Fund's surplus cash balances to continue to be pooled with the Council's general cash flow from 1 April 2014 onwards.**

7. LGPS GOVERNANCE STRUCTURES – PUBLIC SERVICE PENSIONS BILL

The Investment Manager reported on the significant changes to the Local Government Pension Scheme which would come into force on 1 April 2014. These changes would be enacted by the Public Service Pensions Bill and were the result of the review of the LGPS carried out by Lord Hutton and the recommendations in his report.

As a result of these amendments, changes would appear in the governance requirements, role and structure of the Local Pension Boards specifically. The current situation in Gwynedd was that Gwynedd Council acted as 'Scheme Manager' and the Pensions Committee was responsible for assisting the Council to ensure compliance. It appeared that the review would recommend a Pension Board, with a specific duty of scrutinising the work of the Scheme Manager rather than operational support.

It was reported that the final details of the review had not been released but that the Committee was required to consider how these arrangements should be

implemented in practice in Gwynedd in order to respond to the consultation. The final structure would be statutory and Gwynedd must therefore find a way of responding to the change.

Possible options:

- i) Creating a Pension Board to scrutinise and hold an additional Panel to manage administration and investments. Fund members and unions would need to be invited to nominate members for the Board as the membership needed to be equal.
- ii) Continuing with the existing system and amend the constitution in order to allow staff representatives to be members of the Pensions Committee.

RESOLVED

- a) **To await the final details of the review and make a decision on what will be required.**
- b) **To delegate the right to officers to respond to the consultation, seeking to influence**
 - i) **the minimisation of the possible changes to the existing system**
 - ii) **the continuation of the existing, effective system that Gwynedd has.**

In response to a question regarding press coverage of a possible slump in the stock market, it was proposed that the Member's concerns would be highlighted in a letter to Hymans (independent investment advisers).

The meeting commenced at 2:00pm and concluded at 3:00pm