



Complete Agenda

Democratic Service
Swyddfa'r Cyngor
CAERNARFON
Gwynedd
LL55 1SH

Meeting

PENSIONS COMMITTEE

Date and Time

2.00 pm, THURSDAY, 9TH NOVEMBER, 2017

Location

**Ystafell Gwyrfai, Council Offices,
Caernarfon, Gwynedd. LL55 1SH**

Contact Point

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(DISTRIBUTED 01/11/17)

PENSIONS COMMITTEE

MEMBERSHIP (7)

Plaid Cymru (4)

Councillors

Aled Wyn Jones
Peter Read

Simon Glyn

Peredur Jenkins

Independent (2)

Councillors

John Brynmor Hughes

John Pughe Roberts

Lib / Lab (1)

Councillor
Stephen W. Churchman

Co-opted Members

Councillor David Cowans
Councillor John Griffith

Conwy Borough Council
Anglesey Council

Ex-officio Members

Chair and Vice-Chair of the Council

AGENDA

1. APOLOGIES

To receive any apologies for absence

2. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest

3. URGENT ITEMS

To note any items which are urgent business in the opinion of the Chairman so that they may be considered

4. MINUTES

5 - 7

The Chairman shall propose that the minutes of the meeting of this committee held on 29.9.17 to be signed as a true record

5. GUARANTEED MINIMUM PENSION (GMP) RECONCILIATION

8

To consider the Head of Pensions Report

6. PENSIONS BOARD: EXPENSE REIMBURSEMENT, REMUNERATION AND ALLOWANCES

9

To consider the Head of Finances' report (in consultation with the Head of Legal Services)

7. EXCLUSION OF PRESS AND PUBLIC

The Chairman shall propose that the press and public be excluded from the meeting during the discussion on the following item due to the likely disclosure of exempt information as defined in Paragraph 14 of Schedule 12A of the Local Government act 1972 Information relating to the financial or business affairs of any particular person (including the authority holding that information). The Operator Selection Report provides a summary of the procurement exercise to appoint an operator for the Wales Pensions Partnership conducted by the eight Welsh pension funds. This information includes commercially sensitive information about applicants' comparative strengths and weaknesses and their submissions, and the scores awarded to the applicants

8. WALES PENSION PARTNERSHIP PROCUREMENT RECOMMENDATION

To consider the Head of Finance's Report

(Copies for Committee members only)

PENSIONS COMMITTEE 29/09/17

Present:

Councillors: Stephen Churchman (Chair), David Cowans (Conwy Borough Council), Aled Wyn Jones and Peter Read.

Officers: Dafydd Edwards (Head of Finance Department), Caroline Roberts (Investment Manager) and Lowri Haf Evans (Member Support Officer).

1. APOLOGIES

Apologies had been received from Councillors Simon Glyn, John Griffith (Anglesey County Council Representative), John Brynmor Hughes and Peredur Jenkins.

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

i. **Private Equity Investment Arrangements / Allocation of Assets between Funds**

It was explained that the options for various funds proposed by Partners Group were normally submitted for the Committee's approval, but as the information was not available to the committee, it was suggested that the Committee should approve to delegate the power to the Head of Finance Department, in consultation with the Chair, to make the decision and report back to the Committee in November.

Resolved to delegate power to the Head of Finance Department, in consultation with the Chair, to make the decision and report back to the Committee in November.

ii. **Operator's Procurement Process**

It was reported that the Wales Pensions Partnership was in the process of appointing an Operator, but as the complex procurement process had been time-consuming, it was reported that the joint committee had not yet met to make a recommendation to the individual Councils.

The information was accepted.

iii. **New representative on the Local Government Pension Scheme Advisory Board**

Following Mary Barnett's retirement from the Local Government Pension Scheme Advisory Board, it was reported that the Association had now nominated Clive Lloyd (Chair of Swansea City and County Council's

Pensions Fund Committee) to represent Wales (the eight funds in Wales) on the Scheme's Advisory Board.

The information was accepted.

4. MINUTES

The Chair signed the minutes of the meeting of this committee, held on 12 June 2017, as a true record

5. MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE II (MIFID II)

It was explained that under the current UK Act, local authorities were automatically categorised as 'per se professional' clients in respect of non-MiFID scope businesses. They were also categorised as 'per se professional' clients for MiFID scope business if they satisfied the MiFID Large Undertakings test. In accordance with MiFID's presentation, from 3 January 2018, firms would no longer be able to categorise a local public authority as a 'per se professional client', and therefore all local authorities would have to be classified as retail clients unless they were 'opted up' by firms to an elective professional client status. Local authorities that did not satisfy the MiFID Large Undertakings test could opt up to elective professional client status if they fulfilled certain 'opt-up criteria'.

It was reported that MiFID allowed for retail clients that met certain conditions to elect to be treated as professional clients subject to assessment tests - a quantitative and qualitative test.

In order for Gwynedd Council to be treated as a professional body and 'opt-up', the appropriate steps would have to be completed by 3 January. A standard industry quantitative and qualitative questionnaire would need to be completed, and a letter sent to each company and investment manager.

It was emphasised that this process formalised the current arrangements, and that professional engagement already existed between the Fund and the companies. Not 'opting up' would be likely to lead to commercial problems.

RESOLVED

- i) To note the possible impact on the investment strategy from becoming a retail client with effect from 3 January 2018.**
- ii) To approve the immediate commencement of applications for elected professional client status with all relevant institutions in order to ensure it can continue to implement an effective investment strategy.**
- iii) In electing for professional client status, the committee acknowledges and approves to forgo the protections available to retail clients.**
- iv) To delegate the Section 151 Officer the appropriate approvals for the purposes of completing the applications and determining the appropriate basis of the application.**

6. GWYNEDD PENSION FUND'S FINAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 AND RELEVANT AUDIT

Submitted, for information: statement of the Pension Fund's post-Audit accounts and the ISA260 report from Deloitte. It was noted that the Audit and Governance Committee had already approved the accounts at its meeting on 28 September, and that they had now been finally certified. It was noted that it was good practice to submit the information to the Pensions Committee.

Attention was drawn to the Deloitte Report (Wales Audit Office), noting that the Auditor intended to publish an unqualified report on the financial statements subject to the resolution of minor matters that had not yet been completed. It was noted that the partner from Deloitte had expressed satisfaction in relation to these matters, and that the relevant documentation had now been signed following the discussion in the Audit and Governance Committee.

In response to the reports, Members noted their gratitude to the team for its commendable work.

RESOLVED to accept the Statement of Accounts and the Deloitte / Wales Audit Office Report.

7. MID YEAR TREASURY MANAGEMENT 2017-2018

Submitted for information: the mid-year review, namely the aspects of the report relevant to the Fund, which had already been submitted to the Audit and Governance Committee on 28 September 2017. It was explained that the Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that authorities report on the performance of the treasury management function when setting the strategy (March of the previous financial year), at year end (May of the following year), and mid-year (September of the current year).

The treasury's activities were highlighted in the report along with the associated risk monitoring and risk management. It was noted that the flexibility would be managed; the priority was to keep the money in the fund safe, and that pursuing the best interest rate was secondary to security.

In response to a question regarding the value of the British pound following Brexit negotiations, it was noted that concerns had arisen, but that the market response following the election outcome had been quiet, with business confidence dependent upon the progress (or lack of progress) with the Brexit negotiations. It was noted that investments had performed better in relation to the pound, but that the value of investments was dependent upon the world-wide performance of assets.

RESOLVED to accept the information.

The meeting commenced 10:00am and concluded at 10:30am

CHAIRMAN

Agenda Item 5

MEETING	Pensions Committee
DATE	9 November 2017
TITLE	Guaranteed Minimum Pension (GMP) Reconciliation
PURPOSE FOR THE REPORT	To seek Committee approval to extend the existence of the GMP reconciliation team.
AUTHOR	Nicholas Hopkins – Pensions Manager
RECOMMENDATION	Approve extending the GMP reconciliation team to 31 December 2018.

1. Background

1.1 In its meeting of 10 November 2015 this Committee approved a recommendation to establish an in-house team to reconcile Guaranteed Minimum Pensions in line with HMRC recommendations.

2. Update

2.1 On 13th September Gwynedd Pension Fund, as part of a response to the Local Government Pension Committee request for a progress report, submitted the following statistical data.

	Active	Deferred	Pensions	Total
Total number of cases to be reconciled	15,007	6,559	9,571	31,137
Total number of cases that have been reconciled	11,092	5,083	7,679	23,854
Total number of cases for which the administering authority holds a record on the pensions system, yet to be reconciled	3,833	1,308	2,048	7,189
Total number of cases for which the administering authority does not hold a record on their system, yet to be reconciled	82	4	8	94

2.2 The number shown as 'yet to be reconciled' will be problem cases, requiring some discussions between the Fund and HMRC regarding periods of contracted out history.

2.3 HMRC intend to close all reconciliation work on 31 December 2018 with GMP notices being sent to members soon after. With a number of queries still outstanding (as well as further queries to come) completing the work by March 2018 will not be possible.

2.4 I request extending the GMP reconciliation team until December 2018, a period of nine months, at the following additional costs based on the 2017/18 pay scale (including on-costs).

Details / Job title	Grade	Annual f/t eq salary	Total additional cost to Dec 2018
Senior Pensions Officer P/T 16 hrs for 9 months	S3	£27,668	£ 9,127
Reconciliation Team Leader F/T for 9 months	S2	£24,964	£24,764
Reconciliation Assistant F/T for 9 months	GS5	£17,772	£17,103
Total			£50,994

3. Recommendation

3.1 Committee members are asked to approve an additional budget of £ 50,994 to the Pensions Administration Unit, in order to fund the project team until 31 December 2018 (the HMRC deadline).

Agenda Item 6

MEETING

Pensions Committee

DATE

9 November 2017

TITLE

Pension Board – Expense Reimbursement, Remuneration and Allowances

AUTHOR

The Head of Finance in consultation with the Head of Legal Services

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1. In accordance with Gwynedd Council's Constitution, the Pensions Committee is delegated powers to commit to expenditure relating to the Pension Scheme and Gwynedd Pension Fund.
 2. Gwynedd Council's Pension Board has been established since July 2015. This report intends to ensure that no member of the Board will be out of pocket as a result of their membership. The recommendation below seeks to remove potential disincentives to members attending Board meetings, and approved events, whilst avoiding providing a solely financial incentive to take part in the work of the Board.
 3. **The Pensions Committee is asked to resolve that:**
 - i. An allowance will be paid to both Employer Representatives and Scheme Member Representatives for attending meetings relating to Pension Board business (including attending training) at the rates set for co-opted members of Gwynedd Council's Standards Committee and the lay member of Gwynedd Council's Audit and Governance Committee.
 - ii. No allowance will be paid if the Board member is performing this role within their normal working day without a reduction in pay. For Councillors who are appointed to the Board, the role would be part of the various council appointments they take on. Therefore, it is a matter for the particular Council making the appointment to consider how the responsibilities of membership should be dealt with as part of their relevant Members Allowance Scheme.
 - iii. All Pension Board members will also be entitled to claim travel and subsistence allowances at rates for co-opted members of Gwynedd Council's Standards Committee and the lay member of Gwynedd Council's Audit and Governance Committee. All costs (allowances for attending Pension Board meetings, where appropriate, along with travel and subsistence allowances) will be charged to the Pension Fund.
 4. Travel and subsistence allowances are referred to above for context and completeness of the Pensions Committee's decision. These are already payable and claimed. It is estimated that the additional cost of implementing the above policy would be less than £2,000 per annum.