
PENSIONS COMMITTEE 16/01/20

Present: Councillors: John Pughe Roberts (Chair), Stephen Churchman, John Brynmor Hughes, Peredur Jenkins, Peter Read, Ioan Thomas and Robin Williams (Isle of Anglesey Council)

Officers:- Dafydd Edwards (Head of Finance), Delyth Wyn Jones-Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer).

Others invited: Osian Richards (observing – Chair of Pensions Board)

1. APOLOGIES

Apologies was received from Councillors David Cowans (Conwy Borough Council) and Aled Wyn Jones

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 29 July 2019, as a true record

5. MINUTES OF PENSION FUND ANNUAL MEETING

Submitted, for information, the minutes of the Pension Fund's annual meeting held on 24 October 2019

6. BUDGET APPROVAL FOR 2020/21

Submitted, a report by the Investment Manager relating to a request for the Committee to approve the budget for the 2020-2021 financial year, for the Pension Administration Unit and the Investment Unit.

Attention was drawn to some amendments to the budget, along with a request for an increase in the training budget and software costs for the Pensions Administration Unit. Budget amendments of £140,940 were approved and this brought the total budget for the Pensions Administration Unit to £1,015,700 for the 2020/21 financial year. Similarly, attention was drawn to a request to amend the working hours and salary scales of officers who divided their hours between

the Gwynedd Pension Fund and Gwynedd Council within the Investment Unit. Budget amendments of £21,240 were approved and this brought the total budget for the Investment Unit funded by the Pension Fund to £110,460 for the 2020/21 financial year.

In response to a question regarding whether the amendments justified commitments from the fund, it was noted that they were being included as an 'additional resource'.

RESOLVED to approve the budget for the 2020/21 financial year for the Pension Administration Unit and Investment Unit, including the additional resources.

7. TREASURY MANAGEMENT 2019/20 MID YEAR REVIEW

Submitted, for information, a report highlighting the Council's actual Treasury Management activity during the current financial year. It was highlighted that, during the six months between 1 April and 30 September 2019, the Council's borrowing activity had remained within the restrictions originally placed and there were no banks where the Council had deposited money that had failed to repay. It was reiterated that it was estimated that the Council's investment income exceeded the expected income in the 2019/20 budget.

It was explained that a few of the Council's investments were in property and strategic combined equity funds that were externally managed where security and short-term liquidity was less of a consideration. Consequently, the objectives were realised through regular revenue income and long-term price stability.

RESOLVED to accept the information.

8. FUNDING STRATEGY STATEMENT 2020/21-2023/24

The Investment Manager submitted a report requesting the Committee to confirm the assumptions and policies in the draft Funding Strategy Statement before consulting with all employers. The Committee was informed that there was a statutory requirement to review and publish a triennial Funding Strategy Statement by 31.3.2020. As part of the review, the administrative authority must consult with all employers who are a part of the plan, with the fund's actuary and advisers, and with any other persons deemed suitable.

It was explained that the Fund's triennial actuary valuation was in the process of being prepared and the Actuary, Hymans Robertson gave a presentation on the process and results to the Employers at a meeting in Caernarfon on 24/10/2019. It was highlighted that the presumptions had been agreed and the deficit recovery periods for various categories of employers were prudent and consistent with the previous valuation (2016).

The Draft Funding Strategy Statement (prepared by Hymans) was discussed and attention was drawn to some matters - specific reference was made to section 3 of the report.

- Asset share accounts - it was highlighted that the Fund had adopted a cash flow method for tracking the assets of individual employers. It was reiterated that there was a need to submit the information every month

and that considerations to this additional requirement had been included in the Unit's budget.

- Equity Risk Premium - it was highlighted that as the assumed difference between the expected yields increased, the risk increased and the funding basis became less prudent. It was noted that the anticipated surplus yield from the equity assumptions for 2019 was 1.7%.
- Deficit Recovery Periods had been introduced for the 2019 valuation.
- Deficit Collection - the deficit would be collected as a salary percentage, rather than as an annual share (which was being paid in 12 monthly part-payments)
- Established Employer - every established employer had to pay a basic rate as a minimum over the next three years. Potential variations had been noted in the report.
- Non-established Employers - the contribution rates for employers, that are closed to newcomers, and aim towards cessation, are set equal to employers' basic rates.
- Gradual Period of Contribution Increases - the regulations would allow all employers to increase their contributions gradually - for the 2019 valuation, the increase could be divided across three years

RESOLVED

- **to accept the presumptions and Policies**
- **following the consultation process, to accept the final Funding Strategy Statement (FSS) for adoption by 31 March 2020.**

9. EXCLUSION OF PRESS AND PUBLIC

RESOLVED to exclude the press and public from the meeting during the discussion on the following item due to the likely disclosure of exempt information as defined in paragraph 12, Section 4, Schedule 12A, Local Government Act 1972. Although there is public interest in having an understanding of how the pension fund operates, this report regarding proposed rates is shared as a prior warning with the Employers of the Scheme. This information has not been shared within the managerial systems of each of these Employers, and its publication at this point may have an impact on the Employers' interests by undermining their reporting arrangements and financial preparations. On balance, the Monitoring Officer was satisfied that there was no public interest to support the publication of this report.

10. PENSION FUND VALUATION RESULTS

Submitted - the report of the Pensions Manager highlighting the Pension Fund valuation results. It was noted that there had been an improvement in the Fund's position with the budget level increasing from 91% on 31 March 2016 to 108% on 31 March 2019. It was noted that this was very good news.

Attention was drawn to the appendix which contained details of employer contributions. It was noted that all employers who were part of the fund were aware of their individual results and that discussions had taken place with them. It was expressed that the situation was very encouraging.

In response to a question regarding employers' rights to challenge contributions / presumptions, it was noted that the employers had a right to challenge the principles of the Fund as part of the consultation, but it was the fund, with advice and support from the Actuary, Hymans Robertson, that made a decision on the final contributions.

It was proposed that a press statement should be released, when timely to do so, drawing attention to the news.

RESOLVED to accept the information.

The meeting commenced at 1.00 pm and concluded at 1.35 pm

CHAIRMAN