

PENSIONS COMMITTEE

28 SEPTEMBER 2016

Present: County Councillor (Chairperson)
County Councillors Elsmore, Hinchey, Margaret Jones and
Graham Thomas

1 : APPOINTMENT OF CHAIRPERSON

Councillor Graham Hinchey was appointed as Chairperson of the Committee; this was proposed by Councillor Elsmore and seconded by Councillor Margaret Jones.

2: COMMITTEE MEMBERSHIP

It was noted that Council on 28 July 2016 appointed Councillors Elsmore, Evans and Hinchey, Margaret Jones and Graham Thomas to the Pensions Committee.

3 : APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Jonathan Evans.

4 : DECLARATIONS OF INTEREST

A declaration of interest was received from Councillor Margaret Jones; this was a personal interest as she contributes to the Council's pension fund.

5 : PENSION COMMITTEE TERMS OF REFERENCE

It was noted that Council on 28 July 2016 agreed the terms of reference to the Pension Committee.

6 : WALES INVESTMENT POOL

Members were advised that the report had been prepared to inform Committee Members of progress with the development of a Wales Investment Pool to manage on a collaborative basis the investment assets of the eight Local Government Pension Scheme (LGPS) funds in Wales and to seek the Committee's approval of the proposed Memorandum of Understanding (MOU) to govern the interim Joint Chairs' Group.

The eight LGPS funds in Wales had been working together for several years to identify areas of potential collaboration, under the direction of the Society of Welsh Treasurers (SWT) Pensions Subgroup. In 2013 the Subgroup published a report "Welsh Local Government Pension Funds: Working Together" which identified investments as the area where collaboration might yield the most significant savings.

The Subgroup then commissioned Mercers Ltd to identify options for collaborative investing and in May 2015 their report recommending a Common Investment Vehicle (CIV) was issued. In September 2015 the eight funds agreed to proceed with establishing a CIV on a voluntary basis and Hymans Robertson were appointed in December 2015 to advise on the procurement of a CIV from a third party provider.

Members were advised that the value of the Wales pool was £13 million and that after the draft submission being presented in February; DCLG & HM Treasury were happy for Wales to have its own Pool arrangements. The final submission to DCLG had been presented in July.

Going forward the option for renting a space rather than building a pool or pooling investments was chosen for the Wales pool. The next step was to establish a Joint Chairs Group as a pre cursor of the Joint Governance Committee.

Members had been provided with a Memorandum of Understanding setting out intended processes.

RESOLVED to:

- I. Note the progress in the development of the Wales Investment Pool.
- II. Approve the draft Memorandum of Understanding.
- III. Delegates authority to the Corporate Director Resources to approve any amendments to the MOU in consultation with the Chair.
- IV. Appoint Councillor Graham Hinchey to represent the Committee on the Joint Chairs Group and subsequently on the Joint Committee.

7 : STRATEGIC POLICY DOCUMENTS FOR THE PENSION FUND

Members were advised that the Pension Committee Terms of Reference set out the Committee's responsibility for the strategic governance of the Cardiff & Vale of Glamorgan Pension Fund.

This report recommended that the Committee approve policy statements which are reviewed annually or require updating as a consequence of the establishment of the Committee.

Members were advised that the LGPS Regulations require each administering authority to prepare and maintain a number of statements setting out the governance arrangements for the Pension Fund:

- A Governance Compliance Statement (Regulation 55)
- A Funding Strategy Statement (Regulation 58)
- A Communications Policy Statement (Regulation 61)
- A Statement of Investment Principles (Investment Regulation 12)

Members then asked questions and discussed items in closed session as Appendix 4 of this report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.

RESOLVED:

- I. That the Committee approves the revised Governance Compliance Statement, Communications Policy Statement and Statement of Investment Principles.
- II. That the Committee approves the Strategic Asset Allocation as recommended by the Investment Advisory Panel.

8 : STATEMENT OF ACCOUNTS AND ANNUAL REPORT FOR 2015-16

Members were advised that the Council's Audit Committee considered the Accounts and Auditor's report at its meeting on 19 September and was content with the comments therein.

The final accounts were due to go to Council at the meeting on 29 September 2016.

The audit had now been completed and the auditor's draft 'Audit of Financial Statements Report' for the Pension Fund was attached as Appendix 1. WAO intend to issue an unqualified audit report on the financial statements once they have been provided with the Letter of Representation included at Appendix 1. There were no misstatements which remain uncorrected. The report referred to the main corrections made by management.

WAO's Audit of Financial Statements Report also highlighted a number of qualitative findings as follows:

- We have no concerns about the qualitative aspects of your accounting practices and financial reporting.
- We did not encounter any significant difficulties during the audit.
- There were no significant matters discussed and corresponded upon with management which we need to report to you.
- There are no other matters significant to the oversight of the financial reporting process that we need to report to you.
- We did not identify any material weaknesses in your internal controls.
- There are no 'other' matters specifically required by auditing standards to be communicated to those charged with governance.

RESOLVED:

- I. That the Committee notes the Auditor's Report.
- II. That the Committee approves the Annual Report for the Fund.

9 : DATE OF NEXT MEETING

It was noted that the next meeting of the Pensions Committee needed to be rescheduled and Members would be asked for their availability to determine a new date.

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