
PENSIONS COMMITTEE, 24.03.15

Present: Councillors: Stephen Churchman, Trevor Edwards, Peredur Jenkins, Margaret Lyon (Conwy County Borough Council Representative), W Tudor Owen (Chair), John P. Roberts and Gethin Glyn Williams

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

Apologies: Councillors H Eifion Jones (Anglesey County Council Representative) and Peter Read

2. WELCOME AND APOLOGIES

The Chair, Tudor Owen, welcomed everyone to the Committee, and especially welcomed Councillor Gethin Glyn Williams to his first meeting. The above-mentioned apologies were noted.

4. DECLARATION OF PERSONAL INTEREST

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

3. URGENT ITEMS

None to note.

4. MINUTES

The Chair signed the minutes of the previous meeting of this committee, held on 21 October 2014, as a true record.

5. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2015/16

- a) The Head of Finance Department explained that the Council was required, as part of its treasury management function, to prepare an Annual Investment Strategy. It was considered good practice for the Gwynedd Pensions Fund to adopt the Council's Treasury Management Strategy Statement for 2015/16, as revised for the purpose of the Pensions Fund. The Audit Committee had recommended (17.2.15) to the full Council that it should adopt Gwynedd Council's Strategy, and it had been approved by the full Council on 5 March 2015.
- b) The Pensions Committee was requested to approve the Annual Treasury Management Statement and the Investment Strategy for 2015/16, as revised for the purpose of the Pensions Committee.
- c) The Pensions Committee was also asked to make a request to the Council (although it was not a separate body), to allow the Pension Fund's surplus cash

balances to be pooled with the Council's general cash flow from 1 April 2015 onwards.

RESOLVED TO ALLOW THE PENSION FUND'S CASH BALANCES TO BE POOLED WITH THE COUNCIL'S GENERAL CASH FLOW FROM 1 APRIL 2015 ONWARDS

6. TREASURY MANAGEMENT 2014/15 – MID YEAR REVIEW

- a) For information, a report was submitted on the performance of the treasury management function. It was explained that the Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) required that authorities report on the performance of the treasury management function at least twice yearly (mid-year and at year end).
- b) It was emphasised the security of the capital was the Council's main objective when investing.
- c) In response to a question regarding relevant investments in Icelandic banks, it was reported that the Council had now recovered 94% of its investments in Heritable Bank. It was added that it was likely that further distributions would be received, although the administrators had not yet made an official estimate of final recoveries. The Members noted that this was positive news.

ACCEPTED, FOR INFORMATION, THE REPORT OF THE HEAD OF THE FINANCE DEPARTMENT

7. PRIVATE EQUITY INVESTMENT

- a) In a recent meeting of the Pension Fund Investment Panel, a report from Hymans Robinson had been discussed on the options for a further commitment to private equity. The Panel's recommendation was to invest \$38 million (£25 million) in an equity fund of funds with Partners Group.
- b) The Committee was requested to confirm the direct investment with Partners Group Secondary 2015.

RESOLVED to confirm the direct investment with Partners Group Secondary 2015 in line with the view of the Pension Fund Investment Panel.

8. PENSION BOARD UPDATE

- a) A report was submitted to Committee members informing them of the proposed arrangements to establish a Local Pension Board. It was noted that the report had already been submitted to the Full Council on 5 March where the relevant changes to the Council's Constitution had been adopted that would ensure that the Pension Board was established in accordance with the regulations.
- b) It was explained that each Pension Fund had to establish a Pension Board to undertake the scrutiny role by 1 April 2015. The Board's role was to assist the administering authority to ensure compliance with all relevant regulations, other legislation and requirements which were relevant to the scheme. The Board

would also assist the authority to ensure effective and efficient governance and administration of the fund.

- c) It was reported that the Pension Board would consist of six members, to include three representatives of the employer (to include one as a representative of the Administering Authority) and three representatives of the scheme's members. The process of appointing Board members would be undertaken over the next months with requests for nominations to be received before the end of April 2015. The intention was to establish the Board by June with an opportunity for new Members to receive appropriate training. The Board's first meeting needed to be held before the end of July 2015.
- ch) A further update would be provided at the next meeting of the Pensions Committee (16 June 2015). A request was made for new Members to be introduced to the Pensions Committee.

THE REPORT WAS ACCEPTED

9. EXCLUSION OF PRESS AND PUBLIC

The Chair proposed 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 7, Section 4, Schedule 12A of the Local Government Act 1972.

The report contained financial information relating to a company, they had the right for the information to be kept confidential. The nature of the information in the report was commercially sensitive regarding the fees for an investment agreement, and releasing this information to the public could damage the Pension Fund's financial position.

The timing was important and the public interest in respecting that confidentiality outweighed the public interest in disclosing the information.

10. ABSOLUTE RETURN MANDATE

- a) A recommendation was presented to Members to determine the changes to the structure of the investment in bond funds. It was explained that a proposal had been made to restructure the investment in order to ensure compliance with the Investment Regulations. The company had agreed to shoulder the additional costs for three years.
- b) There would be an opportunity for the Investment Panel to question the company in May if there remained concerns.

RESOLVED to accept the recommendation, noting that there will be an opportunity to monitor the situation during the next three years before making a decision to pay the additional costs or to re-consider the investment following this period.

The meeting commenced at 2.00pm and concluded at 2.40pm.