
PENSIONS COMMITTEE 29/07/19

Present: Councillors: John Pughe Roberts (Chair), Stephen Churchman, David Cowans (Conwy Borough Council), Peredur Jenkins, Aled Wyn Jones and Ioan Thomas

Officers:- Dafydd Edwards (Head of Finance Department), Caroline Roberts (Investment Manager), Nicholas Hopkins (Pensions Manager), Delyth Wyn Jones-Thomas (Pensions Accountant and Treasury Management), Meirion Jones (Senior Communications Manager (Pensions)) and Lowri Haf Evans (Member Support Officer)

Others invited: Osian Richards (observing – member Pensions Board), Aron John (observing - Trainee - Finance) and Helen Lloyd Williams (observing - North Wales Police)

1. APOLOGIES

Apologies were received from Councillors John Brynmor Hughes, Peter Read and Robin Williams (Anglesey County Council)

2. DECLARATION OF PERSONAL INTEREST

None to note.

3. URGENT ITEMS

- LGPS Governance Conference, Principal Hotel, York
23 - 24 January 2020

It was noted that Councillor Peredur Jenkins was not available to attend the conference in York. Councillor Aled Wyn Jones was nominated to attend in his place.

4. MINUTES

The Chair signed the minutes of the previous meeting of this committee, held on 16 May 2019, as a true record.

5. GWYNEDD PENSION FUND STATEMENT OF ACCOUNTS 2018-19 (POST AUDIT)

Submitted, for information, the final accounts for the Gwynedd pension fund. It was noted that the statement contained details of the Fund's financial activities for the year ending 31 March 2019. Along with the accounts, which were subject to an audit by Deloitte, an ISA260 report was submitted on behalf of the Auditor General for Wales, detailing the auditor's findings. It was reported that the Audit and Governance Committee had approved the accounts, and the letter of representation authorised by the Chair of the Audit and Governance Committee and the Head of Finance Department at the Committee meeting on 29 July 2019.

Reference was made to two of the Fund's key strategies, the finance strategy statement and the investment strategy statement.

Attention was drawn to the Fund's account, which noted the value of the Fund as it stood on 31 March 2019. There was an increase of £143 million in net assets over the 2018-2019 year, which brought the value of the Fund to over £2 billion.

The increase in expenditure on asset management fees was explained and, in response to an observation, the fall in contributions between 2017-2018 and 2018-2019 was explained. This was because 2017-2018 had been a year in which three years' worth of deficit recovery contributions were made (reference was made to note 7 in the report).

RESOLVED to accept

- **the Statement of the Accounts 2018-19 (post audit)**
- **the ISA260 Deloitte Report for the Gwynedd Pension Fund**
- **the Letter of Representation**

6. GWYNEDD PENSION FUND ANNUAL REPORT 2018/19

A draft version of the Gwynedd Pension Fund Annual Report was presented and which provided a review of the 2018-2019 year, a management report and details of the Fund's financial activities. The Head of Finance Department explained that the accounts audit timetable had changed and, consequently, had provided the opportunity to complete the report sooner than expected. This gave members the opportunity to make observations before a making a formal presentation to all employers at the Pension Fund's Annual General Meeting on 24.10.2019. It was emphasised that the accounts had already been approved and could not therefore be amended.

It was highlighted that the value of the fund on 31 March 2019 was now greater than £2 billion and that the fund's value had been increasing regularly since 2000. Reference was made to the membership statistics, noting that the number of pensioners along with the number of contributors had increased. In response to a comment that this was perhaps contrary to a consideration in the context of staff numbers, considering the current climate, it was suggested that part time v full time work contracts was one explanation.

Over the past 12 months, it was explained that the relationship with the fund's employers had improved, and training workshops had been held to ensure that the data received was accurate and timely for the accounts.

Staff members were thanked for their work and reference was made to the recognition received in the report of the Auditor General for Wales for the standard of the work.

The Head of Finance Department took the opportunity to announce that Caroline Roberts (Investment Manager) and Nicholas Hopkins (Pensions Manager) would be retiring before the end of the year. Both were thanked for their hard work over the years.

RESOLVED to accept the report

7. INVESTMENT IN THE WALES PENSION PARTNERSHIP

Submitted - the report of the Investment Manager stating the need for the Committee to make an official decision to transfer Gwynedd Pension Fund's Insight Absolute Return Bond Fund. It was reported that Hymans Robertson, at a recent meeting of the Investment Panel (16 May 2019) had presented and discussed the options and that the panel resolved to transfer all assets from Insight to a Wales Pension Partnership Absolute Return Bond Fund.

It was also explained, when equity was transferred to the Wales Pension Partnership, a proportion of the assets were withheld, in order to reduce the risk by investing in the Wales Pension Partnership Multi Asset Credit Fund. It was reiterated that this transfer from Fidelity would take place at the same time as the transfer from Insight.

RESOLVED in accordance with the view of the Investment Panel, to confirm investments in the following Wales Pension Partnership funds:

- **Absolute Return Bond Fund** (all assets from Insight).
- **Multi Asset Credit Fund** (worldwide equity assets from Fidelity).

8. LOW CARBON EQUITY INVESTMENT

Submitted - the report of the Investment Manager stating the need for the Committee to confirm low carbon investments. At a recent meeting of the Panel with Hymans Robertson, possible low carbon investment options were discussed in order to achieve the 12% strategic benchmark within the Gwynedd Fund's allocation of 29% of the current permissible equity. The Panel's view was to invest 12% of the fund's total in the BlackRock World Low Carbon equity fund. As BlackRock funds were part of the 2016 permissible equity procurement process held by the Wales Pension Funds, it was explained that a formal procurement process would be unnecessary.

It was reiterated that this investment was responsible and responded to the Council's requirements and the investment principles of the Pensions Committee.

RESOLVED, in line with the view of the Investment Panel, that 12% of the Gwynedd Pension Fund would move from the current general permissive equity allocation with BlackRock to a low carbon permissive equity fund with BlackRock.

9. TRIENNIAL ACTUARIAL VALUATION 2019

Submitted, for information, a report by the Head of Finance Department providing general information and an overview of the current pricing process for conducting a triennial actuarial valuation, and a proposed timetable.

It was explained that the valuation data had been presented to the actuary on 16 July and that work had already commenced on the response to further enquiries from Hymans.

It was noted that it was the employer's responsibility to submit accurate and timely information to officers at the Pensions Unit. It was reported that the quality

of the data this year was acceptable at first glance, and that every employer had met the time requirements. The work of the employers and staff of the Pensions Unit was appreciated.

RESOLVED to accept the information.

10. 2019 VALUATION ASSUMPTIONS

The report of the Head of Finance Department was presented in which it asked the Committee to consider and approve the proposed projections in order to set funding targets for the Fund's current triannual valuation as on 31 March 2019. The full details of the projections were referred to in a report received from the Fund's Actuary, and included as an appendix to the report. It was highlighted that projections had not been submitted to the Committee previously and it was considered that it would be appropriate to share the information to ensure transparency. It was reiterated that the Committee's main priority was to ensure that the fund's investments were secure, but that work was also being done to keep the pension fund's balance against employer costs.

It was reported that only one change was made to the projections, that to salary increases. Following advice from Hymans, it was decided to amend the figure to CPI +0.3% that would respond to higher short term salary increase expectations, thus reflecting recent trends. A formal consultation would be held with the employer on the projections along with other amendments to the Funding Strategy Statement of the 2019 valuation later on in the year.

Responding to an observation that too much information could be complex and the taxpayer simply wished to see an increase in value, it was noted that it was appropriate to share the information and the need for new proposals to seek better investments in the fund should be highlighted.

RESOLVED to approve the proposed projections in order to set the funding target for the Fund's current triennial valuation as on 31 March 2019.

The meeting commenced at 2.00 pm and concluded at 3.05 pm

CHAIRMAN