

# **GWYNEDD PENSIONS FUND ANNUAL MEETING BETWEEN MEMBERS OF GWYNEDD COUNCIL'S PENSION COMMITTEE AND REPRESENTATIVES OF THE EMPLOYERS AND UNIONS 19/11/20**

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**Present:**

**Members of the Pensions Committee**

Councillors: Peredur Jenkins, John P Roberts, Stephen Churchman, John Brynmor Hughes, Aled Wyn Jones, Ioan Thomas and Goronwy Edwards (Conwy County Borough Council Representative)

**Members of the Pension Board**

Osian Richards, H Eifion Jones, Sharon Warnes, Aled Evans and Sioned Parry

**Employers' Representatives**

David O'Neil (C.V.S.C), Becky Moss (Menter Môn), Carys Guile (Menter Môn), Jo Worrall (Snowdonia National Park), Huw Jones (Conwy Council), Marc Jones (Anglesey County Council), Nia Jones (Cwmni Fran Wen), Ieuan Williams (Cwmni Cynnal), Ffion Madog Evans (Gwynedd Council), Linda Jones (Medrwn Môn), Peter Lewis (Cartrefi Conwy), Rhys Parry (Adra), Josef Bunton (Conwy Council), Jo Cavill (Careers Wales) and Amanda Davies (Byw'n Iach)

**Members of Staff who Serve the Fund (Gwynedd Council);**

Dafydd Edwards (Head of Finance Department), Meirion Jones (Pensions Manager), Gwenan Medi Williams (Senior Pensions Officer), Delyth Jones-Thomas (Investment Manager), Glesni Jones (Senior Communications Officer (Pensions)), Owain Pritchard (Pensions Unit Systems Officer), Sara Jones (Assistant Accountant, Pensions and Treasury Management), Richard Owen (Executive Team Leader), Bronwen Williams (Communication Officer), Ayesha Trainor (Pensions Officer), Jennifer Mowle (Senior Pensions Officer), Leanne Jones (Pensions Officer) and Lowri Haf Evans (Democratic Services Officer)

**1. ELECT CHAIR**

**RESOLVED to elect Councillor Peredur Jenkins as Chairman for the meeting.**

**2. APOLOGIES**

Apologies were received from Councillor Robin Williams (Anglesey County Council), Geraint Owen (Head of Corporate Services) and Huw Trainor (North Wales Police)

**3. DECLARATION OF PERSONAL INTEREST**

No declarations of personal interest were received from any members present

**4. URGENT BUSINESS**

None to note

**5. PENSION FUND ANNUAL REPORT 2019 / 20**

a) Note from the Chair – Councillor Peredur Jenkins

Everyone was welcomed to the annual meeting of the Pension Fund.

Councillor John Pughe Roberts was thanked for his dedicated work as the Chairman of the Pensions Committee for the past two years. It was noted that the former chair had presided over a developmental and prosperous period for the Fund, where he played an influential part on behalf of Gwynedd as a member of the Wales Pension Partnership Governance Joint Committee.

b) Note from the Chair of the Pension Board (2019/20) - Mr Osian Richards

Reference was made to the annual report of the Fund's Pension Board that had been included in the report along with the main functions of the Board as a body that monitored and reviewed the decisions of the Pension Committee and the work of the Administration Unit. He expressed that there was a strong relationship with the Board, and that the Board had assisted and contributed to the Fund's success.

c) Presentation of the Head of Finance Department - Annual Report of the Pension Scheme for 2018/19

He noted that 2019/20 had been an exceptionally challenging year, with the Fund succeeding to achieve positive returns, although the impact of Covid-19 could be seen on the fund at the end of March 2020. It was reported that the Fund's value at 31/03/2020 was £1,938.3 million, compared to a value of £2,081.3 million at 31/03/2019. Nevertheless, it was pleasing to report that the values since the end of the last financial year had bounced back, with the worldwide equity values continuing to increase. It was reported that the value of the Fund at 30/06/20 was £2,162.1 million and by 30/09/20 it was £2,217.7 million.

On 9 November, Pfizer announced a vaccine that was 90% effective, and in response, the markets increased by approximately 7%. It was noted that this was the strongest week since April 2020, but with a comparative fall on the following Friday as investors considered that it would take some time for the vaccine to be distributed and for the economy to recover. It was added that in terms of performance, the fund was doing well, due to the wise decisions made by the Committee and the Investment Managers who worked on our behalf.

In the context of the Gwynedd Pensions Partnership, it was reported that since its

inception in 2017, collaboration had gone from strength to strength with officers meeting frequently. Since the lockdown period, it was reported that all the partnership's events had been held virtually, but the work had continued with new funds launched, and a number of events held. Members were reminded of all managers who supported the Fund, and the benefits that had accrued as a result of joining the partnership, such as expanding the number of investment managers within our portfolio, and a reduction in fees. It was reported that between July and October 2020, five Fixed Income funds had been created by the Wales Pension Partnership, and the Gwynedd Pension Fund had invested in two: the Multi Asset Credit Fund (£166 million transferred in July 2020) and the Absolute Return Bond fund (£291 million transferred in October 2020). It was confirmed that the next transfer to happen would be Emerging Markets in the summer 2021.

In the context of non-financial matters and the duty to invest responsibly as one of the Committee and the Pensions Board's priorities, it had been agreed in July 2019 to move 12% of the fund's total to the Black Rock Low Carbon Fund, reducing the carbon exposure by up to 80%, with the transfer made in September 2020. It was noted, by tracing the MSCI Low Carbon Index, that Black Rock and Gwynedd's Pension Fund would invest in companies with low carbon emissions, while also ensuring similar financial returns to the standard Global Index, and meeting the fiduciary duty to staff, pensioners and employers of the scheme. The Head of Finance noted that Black Rock had a further fund available, and on 14 October 2020 the Pensions Committee agreed to move to this fund. The advantages of this new fund was that it could achieve a further 44% reduction in carbon by low carbon optimisation screening. Additionally, in October 2020, the Investment Panel received a presentation by Baillie Gifford on their Global Alpha Paris- Aligned fund that would form part of the PPC Global Growth Fund. The fund would screen out fossil fuel extractors and fossil fuel service providers.

#### Pensions Administration:

During 2019/20, it was reported that work had been undertaken to upgrade the Members' Self Service website. The site was launched at the end of January 2020, and it was noted that the new website gave members an improved on-line experience, with a more attractive and user-friendly interface.

A report was provided as at 31/03/2020 on the percentage of members that had joined the self-service - Active members: 60%, Deferred members: 33% and Pensioners: 11%. It was added that work was continuing to try to increase the membership.

Attention was drawn to the importance of each employer inputting data to the pension scheme regularly, as the i-Connect system updated the salary and contributions data on the system on a monthly basis. It was added that i-Connect provided significant benefits for the Local Government Pension Scheme (LGPS) by presenting clear, accurate and timely data. All the employers were thanked for transferring to the i-Connect system.

Attention was drawn to the Members Satisfaction Survey which was sent out to all Fund members at the end of each process, e.g. retirements and payment of back payments. Its intention was to gauge views on the quality of the service received, and also opinions about the service provided by the department's staff. The feedback would be used to ensure that the best possible service was offered

to Members. It was reported that over 98% of members either strongly agreed or agreed that the quality of the service was high, and 98.16% of users strongly agreed or agreed that the quality of the service provided was high in relation to the department's staff. In order to achieve these high scores, it was noted that the employer's collaboration had been crucial, and the employers were thanked for their readiness to provide the information promptly to the Administrator.

Everyone was thanked for their support during 2019/20.

- In response to a question regarding the payments of staff on furlough, whether they would suffer a loss, it was noted that the situation depended on the employer paying the additional 20%. It was suggested that the larger companies were more likely to pay the supplement, and consequently there would be no impact on their pensions.
- In response to a question about pooling costs, it was noted that the economies of scale as a result of merging had been beneficial, and had driven a reduction of approximately 12% in the fees. Attention was drawn to likely effect of Brexit, and it was noted that there was a probable risk to British property investments, but in the context of equity investments, it was noted that only approximately 6% were British, and therefore the risk was lower. It was added that the bulk of the investments were worldwide, and therefore had a lesser impact on equity.
- An observation was made that the recovery after the fall in March due to Covid-19 had been surprising, and evidence of the wise decisions made with various investments. It was emphasised that there was a need to continue with this mindset, and that the opportunities that had arisen from being part of the Wales Pension Partnership should be welcomed.

The Fund's staff were thanked for the professional manner in which they delivered their work and duties in unprecedented circumstances. Committee members and Board Members were thanked for their successful management of the Fund.

**RESOLVED TO ACCEPT THE ANNUAL REPORT OF THE PENSION FUND FOR 2019/20**

The meeting commenced at 10.00 am and concluded at 10.50 am

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**CHAIRMAN**