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**PENSIONS COMMITTEE 19.01.2017**

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**Present:** Councillors: Stephen Churchman (Chair), Simon Glyn, Peredur Jenkins, H. Eifion Jones (Anglesey County Council Representative) and Glyn Thomas

Officers: Dafydd Edwards (Head of Finance Department), Caroline Roberts (Investment Manager), Nicholas Hopkins (Pensions Manager), Iwan Evans (Head of Legal Service) and Lowri Haf Evans (Member Support Officer).

**1. APOLOGIES**

Apologies were received from Councillors Trevor Edwards, Margaret Lyon (Conwy County Borough Council Representative), John P. Roberts and Tudor Owen.

**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 20 October and 10 November 2016, as a true record.

**5. FUNDING STRATEGY STATEMENT 2017/18 – 2019/20**

Following the Actuarial Valuation in November 2016, the Investment Manager highlighted the fact that it was required for the Council to review and publish a triennial Funding Strategy Statement (FSS) by 31 March 2017 (it was noted that the current Gwynedd FSS had been approved by the Pensions Committee on 17 March 2014). A (draft) report was submitted by the Investment Manager who was willing to share it for a consultation period with the employers that were part of the scheme, the actuary and the fund's consultant.

In response to a question regarding submitting the strategy, it was noted that the strategy was to formalise the discussions held on 10 November 2017 - summarising the decisions made with the employers. It was reported that although the document was a technical and substantial one, it had been prepared in consultation with the support of Hymans.

**RESOLVED TO ACCEPT THE REPORT AND THE PRESUMPTIONS AND POLICIES OUTLINED IN THE REPORT WERE CONFIRMED TO BE CONSULTED APPROPRIATELY**

**6. INVESTMENT STRATEGY STATEMENT**

A report was submitted by the Investment Manager, asking the Committee to approve the Investment Strategy Statement (draft) (that is taking place, in name only, the Statement of Investment Principles - in accordance with the requirements of the new legislation) for consultation with all interested parties by 31 March 2017.

It was reported that the strategy was based on investment arrangements and what needed to be done to deal with Investment Managers. Should the investment arrangements need to be changed, this strategy would need to be revised.

In response to a question regarding Britain leaving the European Union, and the need to adapt investment methods, it was highlighted with worldwide portfolios that there would be no need to adapt investment methods because it would be the companies being affected directly.

In response to a question regarding ethical investments, it was highlighted that the administrator's main responsibility and aim was to ensure the best returns to the fund and definite and strong reasons would be needed to follow a 'political' investment strategy that could endanger this.

In response to a question regarding investing in local infrastructure, it was noted that exciting regional opportunities did not offer themselves to North Wales and that investing in infrastructure that did not offer itself, was a risk in terms of gains. In considering Wales Investment Pools, the possibility of encouraging discussions and conveying opinions on investing in infrastructure was suggested, giving full consideration to possible enterprises in North Wales. It was suggested that the Wales Pool possibly had the flexibility of investing in a more local infrastructure as the size enabled a more direct investment in infrastructure.

It was noted, should the need arise to review the Fund's investments, that there would be a need to amend agreements with Investment Managers. The logical step would be to offer observations to representatives of the Wales Investment Pool. It was suggested to hold a discussion at the investment panel before offering anything formal.

A suggestion was also made that the investment managers should respect the need to keep investments legal, and act responsibly. It was noted that their actions could be challenged to ensure that they were wise enough not to invest in anything suspicious.

**RESOLVED TO ACCEPT THE REPORT AND THE DRAFT STATEMENT FOR THE CONSULTATION PERIOD WAS APPROVED.**

## **7. WALES INVESTMENT POOL**

Submitted – the report of the Head of Finance Department updating the Committee Members on the progress made to the development in the Wales Investment Pool to manage the investment assets of eight Local Government Pension Schemes (LGPS) in Wales on a co-operative basis; and to seek the Committee's approval on Inter-Authority Agreements to be recommended to the full Council to approve, in order to commit to establishing an All Wales Pool and govern the relevant Joint-committee.

It was noted that the Burges Salmon company drew up the Inter-Authority Agreement with a contribution from the finance officers and legal officers of the eight funds. The agreement reflected what had been discussed over the past months.

It was highlighted that the document was not final, but the members were asked to delegate the right to the Head of Finance Department, in consultation with the Head of Legal Department and the Chair to agree on any changes to the Inter-Authority Agreement before submitting it to the full Council for approval on 2 March 2017. It was noted that minor amendments needed to be done before submitting it, but that the agreement, in terms of form, was quite accurate.

During the ensuing discussion the following points were highlighted by individual Members:

- It should be aimed to ensure that the Welsh language was central to the Pool's work
- The host authority would need to arrange that documents were available bilingually and formal, public meetings would be held bilingually
- That a suitable location was needed for the Pool's Joint-committee meetings

In response to the observations, it was noted that the language matters had been highlighted at a meeting of the Pool's Chairs on 11/1/2017 and had been 'accepted as an understanding.' The Solicitor highlighted that it was possible to add this to the agreement. It was acknowledged that language provision standards varied across Wales.

Proposed and seconded - to ensure that official formal meetings of the Pool's Joint-committee followed the full bilingual procedure, and appropriate clauses should be included in the agreement.

In expressing gratitude for the work done in drawing up the agreement, an application was made to the officers to note, if they were uncomfortable with any situation, that they report back to the Committee.

In response to the comments, the Solicitor noted, by establishing Partnerships, it was essential not to set strict elements. It was highlighted that a high level of key matters continued on local levels and that this was part of the agreement. It was also noted that the joint-committee would adopt local rules.

In response to a comment made regarding differences in council regulations in committee membership, and specifically the Chairmanship period, it was noted that Gwynedd arrangements would be adapted to comply with rules and arrangements of other Councils.

In response to an observation regarding Gwynedd offering themselves as a host authority, it was accepted that the observation was a discussion matter and that it was possible to offer this to the Joint-committee should that be the Committee's desire. The Solicitor highlighted that Gwynedd led on a number of projects, therefore it would be necessary to ensure that resources were in place before venturing - the scope of the work to meet the requirements. It was explained that the host resource would be funded by the eight funds and therefore the observation could be considered as a response to an opportunity.

#### **RESOLVED:**

- i. That the Committee notes the progress to the development of the Wales Investment Pool and supports the commitment to the Pool.**
- ii. That the Committee approves the draft Inter-Authority Contract, and supports its recommendation to the full Council on 2 March 2017.**
- iii. That the Committee recommends establishing an All Wales Joint-Committee in accordance with the Agreement and that the Joint-committee's official meetings follow the full bilingual procedure.**
- iv. That the Committee delegates the right to the Head of Finance Department in consultation with the Head of Legal Department and the Chair to decide on**

**any changes to the Inter-Authority Agreement before submitting it to the Council for approval.**

The meeting commenced at 2pm and concluded at 3:20pm