

**ANNUAL MEETING OF THE GWYNEDD PENSION FUND
BETWEEN MEMBERS OF GWYNEDD COUNCIL'S PENSIONS
COMMITTEE AND REPRESENTATIVES OF THE EMPLOYERS
AND UNIONS
24.10.19**

Present:

Members of the Pensions Committee

Councillors: John P Roberts, Stephen Churchman, John Brynmor Hughes, Aled Wyn Jones, Ioan Thomas and Robin Williams (Isle of Anglesey County Council Representative),

Members of the Pension Board

Tony Deakin (Cartrefi Conwy), Huw Trainor (North Wales Police), Osian Richards (Gwynedd Council) and H Eifion Jones

Employers' Representatives

Lynn Patterson and Ieuan Williams (Cynnal Company), Tony Walter and Huw Ifor Jones (Conwy Council), Geraint Owen (Menter Môn), Eurig Williams (Gwynedd Council), Helen Williams (North Wales Police), Amanda Davies (Byw'n Iach), Marc Jones (Isle of Anglesey County Council), Claire Chapman (CAIS), Fiona Portlock and Siobhan Johnson (Cartrefi Conwy)

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

Dafydd Edwards (Head of Finance Department), Meirion Jones (Pensions Manager), Ffion Madog Evans (Senior Finance Manager), Dewi Morgan (Assistant Head - Revenue and Risk), Gwenan Medi Williams (Senior Pensions Officer), Marina Parry Owen (Pensions and Investments Officer), Delyth Jones-Thomas (Investment Manager), Glesni Jones (Communications Officer (Pensions)), Owain Pritchard (Pensions Unit Systems Officer) and Lowri Haf Evans (Democratic Services Officer)

Apologies - Councillor Seimon Glyn (Gwynedd Council), Councillor Peter Read (Gwynedd Council), Councillor Peredur Jenkins (Gwynedd Council), Councillor David Cowans (Conwy County Borough Council Representative), Councillor Aled Evans (Gwynedd Council), Sharon Warnes (Pension Board), Mandy Evans (Abergele Town Council), Robert Henderson (Holyhead TC), Wendy Jones (CVSC), Einir Griffiths (Gwynedd Council), Mantell Gwynedd, Gwyn Jones (Ysgol Eirias), Tina Earley (Colwyn Bay Town Council), Careers Wales, Jo Cavill (Careers Wales) and Beaumaris Town Council.

1. ELECTION OF CHAIR

RESOLVED to elect John Pughe Roberts as Chair of the meeting.

2. DECLARATION OF PERSONAL INTEREST

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

3. URGENT ITEMS

None to note

4. THE GWYNEDD PENSION FUND ANNUAL REPORT 2018/19

a) Note from the Chair - Councillor John Pughe Roberts

Everyone was welcomed to the annual meeting of the Pension Fund. The Chair expressed that 2018/19 had been a transitional year with 60% of fund assets now transferred to Wales Partnership funds. It was noted that Fund assets received 7.6% investment returns for the year compared to an average of 6.6% that was returned by LGPF funds (and a highest quartile of 7.2%). As a result, the total value of the Fund increased to more than two billion on 31 March 2019. It was reiterated that continuous growth in asset value remained encouraging and the fund was now in a relatively favourable position as the Actuary had announced that the Fund was now funded 108% in the Valuation on 31/03/2019.

Although the position of individual employers within the Fund was different, generally, it was explained that the Fund's strength had allowed the fund to take a flexible approach to employer contribution rates, which would be in effect from April 2020. It was highlighted that most employers had been issued a notice of their amended pension contribution level, which would assist them with the financial situation in light of the continuous squeeze on public spending.

All officers who administrated the Fund were thanked, with a special mention to Nicholas Hopkins (Manager of the Administration Unit) and Caroline Roberts (Investment Manager). It was added that Nick Hopkins and Caroline Roberts were retiring and best wishes were expressed for a happy retirement for both. It was announced that Meirion Jones had been appointed as a new Manager for the Administration Unit and Delyth Jones-Thomas had been appointed as Investment Manager. Both were congratulated on their appointments. Tony Deakin, who had stood down as member of the Pension Board since his retirement, was thanked for his contribution to the Board's work and Osian Richards was congratulated on being elected as new Chair of the Board.

b) Note from the Chair of the Pension Board (2018/19) - Mr Tony Deakin

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 monitors and reviews the decisions of the Pension Committee and the work of the Administration Unit. Compared to other funds, he expressed that the system was a success in Gwynedd and that the Board had assisted and contributed towards the success of the Fund. Attention was drawn to the work plan and specific attention was drawn to examples of the Board's input to responsible investment and staffing succession arrangements. The need was noted to encourage employers to adopt the i-Connect information technology software to ensure clean and accurate data for the future. Attention was drawn to the need and willingness of the Board to attend training in order to keep up with current information and matters. He took the opportunity to congratulate Meirion Jones and Delyth Jones-Thomas on their appointments and his successor, Osian Richards, as Chair of the Pension Board 2019/20.

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

It was reported that the Gwynedd Pension Fund was in a relatively healthy position as the value of the fund had increased gradually since 2010, and a substantial increase of £505m since the last valuation in 2016. It was noted that a proportion of the whole Fund that had been funded had increased from 84% in 2010, to 85% in 2013, 91% in the 2016 Valuation, and 108% in the 2019 Valuation. It was explained that a proportion of the increase in 2016/17 was due to money exchange rates as the Fund had been valued in pound terms and assets had been listed in dollar terms etc. However, it was shown that most movement in Fund value was a real increase in terms of local money.

Despite the satisfactory financial position of the Fund, it was suggested that the global position was not as positive. Reference was made to changing investment patterns, with many general investors, separate to pension funds, taking risks to benefit in the short term rather than responsibly investing in the long term with engagement and ownership.

In response to the climate change emergency, it was highlighted that the Gwynedd Pension Fund was now investing 12% of the fund's value (£260m) in the BlackRock Low Carbon fund. The decision to confirm this investment was made formally at the meeting of the Pensions Committee on 29 July 2019. This investment in sustainable assets was the result of a decision made by the Pensions Committee in November 2018 to amend the Fund's Investment Strategy Statement to note responsible investment principles, which included "need to consider the specific risks that arise from climate change when considering investments". It was reiterated that public bodies had a duty to be at the forefront in doing everything possible to ensure responsible action, given the impact actions would have on future generations. It was explained how the MSCI Low Carbon Index would be traced by investing in companies with low carbon emissions, while also ensuring similar financial returns for the standard Global Index, and meeting the fiduciary duty to staff, pensioners and employers of the scheme. It was reported that Gwynedd Pension Fund Managers and members of the Pensions Committee were confident that investing 12% (£260m at present) of the Pension Fund in a low carbon equity fund would set a responsible balance and underlined the commitment to a more green future.

It was noted that no such index existed for all environmental, social or other governance factors, such as avoiding investment in arms production companies. It was explained that the Pensions Committee would consider other responsible investment vehicles, if and when these would be available in future. It was reiterated that the Gwynedd Pension Fund was jointly investing as one of eight members of the Wales Pension Partnership, with other partners, such as Swansea and Cardiff funds, sharing the desire to reduce carbon exposure in future investments. To this end, the Wales Partnership had commissioned Russell Investments consultants to devise an overlay (an overlay above the stock selections of our asset managers).

Everyone was thanked for their support during 2018/19.

RESOLVED TO ACCEPT THE ANNUAL REPORT OF THE PENSION FUND FOR 2018/19

The meeting commenced at 1.00pm and concluded at 1.35pm.