
PENSIONS COMMITTEE 18.03.2020

Present: Councillors: John Pughe Roberts (Chair), Stephen Churchman, Ioan Thomas and Robin Williams (Isle of Anglesey Council)

Officers:- Dafydd Edwards (Head of Finance Department), Delyth Wyn Jones-Thomas (Investment Manager) and Lowri Haf Evans (Democracy Services Officer)

1. APOLOGIES

Apologies was received from Councillors David Cowans (Conwy Borough Council), John Brynmor Hughes, Peredur Jenkins, Aled Wyn Jones and Peter Read

2. DECLARATION OF PERSONAL INTEREST

None to note.

3. URGENT ITEMS

None to note

4. MINUTES

The Chair signed the minutes of a meeting of this committee, held on 16 January 2020, as a true record.

5. INVESTMENT OF CASH BALANCES - 2020/21

In accordance with Welsh Government's Statutory Guidance on Local Government Investments, the Council was required to prepare an Annual Investment Strategy as part of its treasury management role. As good practice, it was considered that the Gwynedd Pension Fund (the "Fund"), should adopt Gwynedd Council's Treasury Management Strategy Statement (TMSS) for 2020/21, as revised for the purpose of the Pensions Fund. Gwynedd Council's TMSS for 2020/21 was approved by the full Council on 5 March 2020.

The Pensions Committee wished to allow the Pension Fund's cash balances to be pooled with the Council's financial balances. At the end of the financial year, Gwynedd Council paid interest to the Pension Fund based on the Fund's daily balances over the year. It was highlighted that a decision was made on this exercise annually and that the main advantages of the exercise was to attract higher interest, minimise bank costs and avoid the duplication of work within the Council. It was confirmed that the priority was to safeguard the Fund and protect the money, rather than take risks.

It was proposed and seconded to accept the recommendations.

- **It was resolved to request that the Council (although not a separate body) allow the surplus cash balances of the Pension Fund to continue to be pooled with the Council's general cash flow from 1 April 2020 onwards.**
- **Resolved - to approve the Treasury Management Strategy Statement and the Annual Investment Strategy for 2020/21, as revised for the purpose of the Pension Fund.**

6. CONSULTATION ON THE FUNDING STRATEGY STATEMENT 2020/21 – 2023/24

Submitted - the report of the Investment Manager, requesting the Committee to adopt the Statement of Investment Principles 2020/21 - 2023/24. The Members were reminded that they had agreed, at the Committee's meeting in January 2020, for the statement to be sent out to every employer that was a part of the scheme, the actuary and the Fund's advisors for a period of consultation. It was reported that no response had been received to the statement during the period. It was reiterated that the fund's employers had stated that they were satisfied with the strategy and their contribution levels.

It was confirmed that no changes had been made to the version submitted at the committee in January.

The Head of Finance Department highlighted, following the results of the fund's valuation and the fact that the funding level had increased to 108%, that the decision not to reduce the contributions in full was a prudent decision, considering the drop in the global market over the past months.

RESOLVED to accept the information.

7. WALES PENSION PARTNERSHIP UPDATE

The Investment Manager submitted a report updating the Committee on the recent activities of the Wales Pension Partnership. It was reported that partnership performance had been at a very high standard and collaboration was going from strength to strength. Members were reminded that £606.2m of the Gwynedd Fund's equity investments had been transferred to the Wales Pension Partnership Fund in February 2019, with the amount divided equally into two funds. It was reiterated that the performance of both funds was higher than the benchmark and that this was very encouraging news. The next step would involve transferring current investments with Fidelity (£161.6m - Global Equity) and Insight (£292.0m - Bonds) to two Fixed Income funds. It was noted that Russell Investment was monitoring performance and conducting frequent discussions and meetings with the Fund so that the transfer could be completed in April 2020.

Following the Fixed Income transfers, it was reported that the next step would be to determine the ideal investment management structure for the Emerging Markets fund. It was highlighted that there was approximately £52m to be transferred to the Developing Markets fund from the Fidelity company and that discussions were being held with Russell Investment to consider suitable funds. It was reiterated that Russell Investments, when developing the form and management of the Wales Pension Partnership Fund, considered environmental, social and governance requirements when investing responsibly. It was noted that they were looking in detail at ways of meeting these needs by considering and including low carbon investments but also by not losing / weakening returns.

Reference was made to the arrangements of the Partnership's Joint Governance Committee and it was reported that the arrangement had been discussed at the Joint Committee's meeting on 12 March. It was added that there was a suggestion to include representation from Pension Boards (within the constituent authorities) on the Joint Committee.

During the ensuing discussion, the following observations were noted:

- That the Joint Committee arrangement was established and worked well

- That the Chairs of the Pension Boards were meeting at a Chairs forum
- That it was likely that a nomination needed to be proposed to represent the Pension Boards in accordance with the Pension Regulator's requirements - a member who was a non-voting observer.
- Returns were evidence that the Wales Pension Partnership was working
- The Vice-chair of the Gwynedd Pensions Committee had attended the Joint Committee in order to ensure continuity when the period of the Committee's Chair came to an end.
- A broad programme of training, that would focus mainly on satisfying needs, was being drawn up for the Joint Committee's members and officers; a suggestion that it could be extended to members of the Pensions Committee, as well as representatives of the Pension Board, if relevant; a request to consider holding the training sessions on the Joint Committee's meeting dates to avoid the need to arrange further dates.

RESOLVED to accept the information.

The meeting commenced at 2.00pm and concluded at 2:20pm