
PENSIONS COMMITTEE 27-11-23

Present:

Councillors:

Stephen Churchman (Chair), Goronwy Edwards (Conwy County Borough Council), John Brynmor Hughes, Richard Medwyn Hughes, Iwan Huws, Elin Hywel, Ioan Thomas and Robin Williams (Isle of Anglesey County Council)

Officers:

Delyth Jones-Thomas (Investment Manager), Ffion Madog Evans (Assistant Head of Finance - Accounting and Pensions), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer).

Others invited:

Ned Michael (observer – Pensions Board Member)
Yvonne Thomas (Audit Manager, Audit Wales)

1. APOLOGIES

Apologies were received from John Pughe Roberts and Dewi Morgan (Head of Finance)

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

None to note

4. MINUTES

The Chair accepted the minutes of the meeting held on 18 September 2023 as a true record.

5. GWYNEDD PENSION FUND'S FINAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2023 and RELEVANT AUDIT

Yvonne Thomas (Audit Wales) was welcomed to the meeting.

Submitted - a report and a Statement of Accounts for the Gwynedd Pension Fund 2022/23 (post audit), by the Investment Manager providing details of the Pension Fund's financial activities for the year ending 31st March 2023. Members were reminded that a draft of the accounts had been submitted to the meeting held on 26 June 2023 and although there were no significant changes following the audit carried out by Audit Wales, there was an amendment to Note 13: Income Investment breakdown, although there was no change to the total. It was added that Note 23 - Related Party Transactions - governance membership of the Committee and the Pension Board needed updating prior to its final publication.

Yvonne Thomas (Audit Wales) was invited to submit the 'ISA260' report. It was reported that the auditors intended to issue an unqualified audit opinion on the accounts this year, once the Letter of Representation had been signed. It was explained that the auditors could never provide complete assurance that the accounts had been accurately stated, but rather that they worked to a level of 'relevance.' A materiality level of £27.6635 million had been set for this year's audit, in an attempt to identify and rectify misstatements that might otherwise cause a user of the accounts to be misled. Reference was made again to the misstatement in the original accounts (Note 13 Investment Income) and it was confirmed that this had now been corrected by managers.

Attention was drawn to the following headings:

- Propose a recommendation that the Gwynedd Pension Fund should run and save the report on membership details as recorded in the Altair system to support the figures reported in the accounts. It was noted that the Managers accepted the recommendation and had noted an intention to provide a report supporting the membership numbers in future financial statements – with the report 'saved' on the day as evidence.
- The submitted information was of high quality and was extremely positive - a good reflection of the effective arrangements in the Finance Department.
- Officers were thanked for completing the accounts in a tight timescale.

The Auditors were thanked for their cooperation and thorough work. Appreciation was expressed for the commitment and the accuracy of the work, and the Investment Manager and the team were thanked for preparing the accounts.

During the ensuing discussion, the following observation was noted:

- The report was encouraging and positive - and provided confidence that things were going well and the result of the audit highlighted the officers' good work.

Thanks were expressed for the report.

RESOLVED

- **To accept and note the 'ISA 260' report by Audit Wales**
- **To approve Gwynedd Pension Fund's post-audit Statement of Accounts for 2022/23**
- **To authorise the Chair and Head of Finance to certify the Letter of Representation, electronically.**

6. WALES PENSION PARTNERSHIP (WPP) UPDATE

Submitted - the report of the Investment Manager. It was noted that the report was one that appeared regularly on the Pension Committee's agenda as a means of ensuring that Members received current and up-to-date information. Reference was made to a summary of discussions and decisions of the Governance Joint Committee (the Partnership's decision-making body) held on 20 September 2023, drawing specific attention to the review of the Business Plan for 2023/24.

Members were reminded that Waystone (previously Link) was the operator providing the service regulated by the FCA; Russell Investments provided the investment options for the listed assets; Northern Trust was the appointed global custodian; Hymans Robertson was the governance and oversight advisor and Robeco provided voting and engagement services to the WPP, in accordance with its responsibilities and stewardship commitments.

Reference was also made to the operator's update regarding information about all the funds that had been established by the Partnership (Gwynedd was one of eight, with 83% of Gwynedd's Fund pooled with the Partnership) and to the record of the performance of those funds.

In the context of the funds' performance, it was noted that this financial year had been slow initially, although the equity performance had started to improve by June due to American markets.

In the context of future developments, it was reported that work was ongoing with private markets, on-boarding with the open-ended infrastructure sub-fund and Schrodgers private equity mandate soon to receive investments. Finally, it was noted that work was continuing to develop real estate solutions for the partnership, and that the tendering process was ongoing to find a real estate provider.

Thanks were expressed for the report.

In response to the report, the Chair noted that the UK Government had recently been critical about the slow progress of the pooling work. It was pleasing to report that Gwynedd, and the Wales Pension Partnership were at the forefront in this respect.

RESOLVED to accept and note the quarterly update of the Wales Pension Partnership.

7. PENSIONS CONFERENCES

Submitted - a report listing the dates of the pensions conferences for 2024. It was noted that the conferences gave Members an opportunity to expand their knowledge and discuss matters of relevance. Dates were discussed and Members stated their interest in the events that were convenient for them.

RESOLVED to accept the information and note the dates

8. EXCLUSION OF PRESS AND PUBLIC

RESOLVED to exclude the press and public from the meeting during the discussion on the following item due to the likely disclosure of exempt information as defined in paragraph 14, Schedule 12A of the Local Government Act 1972 - Information about the financial or business transactions of any specific person (including the authority that retains that information). There is an acknowledged public interest in openness in relation to the use of public resources and related financial issues. It is also acknowledged that there are occasions, in order to protect public financial interests that matters related to commercial information need to be discussed without being publicised. The reports were specifically regarding the proposed procurement process. Publishing commercially sensitive information of this type could be detrimental to the interests of the Council and its partners by undermining competition. This would be contrary to the wider public interest of securing the best overall outcome. For these reasons, the matter was closed for the public interest.

9. REVIEW OF GWYNEDD PENSION FUND'S STRATEGIC ASSET ALLOCATION

Submitted - a report proposing a new strategic allocation for the Fund's assets further to the improvement in the funding situation since the three-year valuation in 2022. It was expressed that the Strategic Asset Allocation was the most important decision for any Pension Fund, and it was emphasised that there was no right or wrong way of determining the Strategic Assets Allocation, as this was a matter of trying to find the best solution to restrictions and opportunities. The solution would also be influenced by the investors' personal philosophies.

Thanks were expressed for the report.

The proposed new assets were discussed

RESOLVED to approve moving to the proposed strategic assets allocation for the Fund

Note:

The Total Defensive figure needed correcting

10. ROBECO ENGAGEMENT SERVICE – ENGAGEMENT REPORT Q2 2023

A quarterly report was submitted summarising the work Robeco (WPP Voting and Engagement Provider) undertook on behalf of the Pension Fund, including engagement work.

The content of the report was discussed

RESOLVED to accept and note the contents of the report

Note:

In future, ensure that the report included more detail and background information

The meeting commenced at 10:00 and concluded at 10:50