
PENSIONS COMMITTEE 17/03/16

PRESENT: Councillors: Trevor Edwards, Seimon Glyn, H. Eifion Jones (Anglesey Council Representative), Margaret Lyon (Conwy County Borough Council Representative), W. Tudor Owen (Chairman) and Glyn Thomas.

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

1. APOLOGIES

Apologies were received from Councillors Stephen Churchman, Peredur Jenkins and John P. Roberts.

Osian Richards, a member of the Pensions Board, was welcomed to the meeting, as an observer.

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

Dates for information:

27 - 28 June 2016 Members' Training in London

23 - 24 June 2016 'In at the Deep End' Conference. It was decided that Cllrs Trefor Edwards and Glyn Thomas would attend and also an invitation to two members of the Pensions Board.

4. MINUTES

The Chairman signed the minutes of the previous meeting of this committee, held on 11 February 2016, as a true record.

5. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2016/17

It was explained that in accordance with the Welsh Government's Statutory Guidance on Local Government Investments, that the Council was required, as part of its treasury

management function, to prepare an Annual Investment Strategy. As good practice, it was considered that the Gwynedd Pension Fund (the "Fund"), should adopt Gwynedd Council's Treasury Management Strategy, as revised for the purpose of the Pensions Fund.

Submitted - the report of the Head of Finance, requesting the Pensions Committee to approve the Annual Treasury Management Statement and the Investment Strategy for 2016/2017. It was explained that Gwynedd Council's Statement had already been scrutinised by the Audit Committee (February 11.2.16) and approved by the Full Council on 3 March 2016.

In addition, the Pensions Committee was requested to make a request to the Council to allow the surplus cash balances of the Pensions Fund to continue to be pooled with the Authority's general cash flow from 1 April onwards. It was explained that pooling the fund attracted better interest rates, reduced banking costs and avoided duplication of work within the Council.

Considering the increased risks and the continuation of low returns from short-term unsecured investments, the Authority's objective for 2016/17 was noted, namely, to diversify to more secure/ higher yielding assets. At the moment, most of the Authority's surplus cash was invested in unsecured bank deposits, certificates of deposits and money-market funds. It was reiterated that Arlingclose, the Authority's treasury advisor, offered creative investment methods and, therefore, the diversification would represent a substantial change in the strategy over the coming year.

The recommendations were proposed and seconded.

RESOLVED

- **To approve the Treasury Management Strategy Statement and the Annual Investment Strategy for 2016/17, as revised for the purpose of the Pensions Fund.**
- **To request that the Council (although not a separate body) to allow the surplus cash balances of the Pension Fund to continue to be pooled with the Council's general cash flow from 1 April 2016 onwards.**

6. STATEMENT OF INVESTMENT PRINCIPLES

Submitted - the report of the Investment Manager, requesting the Committee to adopt the Statement of Investment Principles. It was noted that the revised document included amendments that had been introduced in November 2015. It was reported, following an eight week consultation period, that there was a need for the Committee to formally adopt the final version. (It was highlighted that although there were very few amendments to the Statement, it was required for them to be implemented.)

Attention was drawn to the responsibility of the Investment Manager and it was outlined that the statement established boundaries and responsibilities.

Proposed and seconded to adopt the revised Statement of Investment Principles.

RESOLVED to formally adopt the Statement of Investment Principles

7. WESTMINSTER GOVERNMENT (DCLG) CONSULTATIONS UPDATE

Submitted - the report of the Head of Finance Department, reminding Members that responses had been submitted to two recent consultations issued by DCLG, as follows:

- a) Local Government Pension Scheme: Investment Reform Criteria and Guidance.
- b) Revoking and Replacing the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

It was reported that the Government had not responded to the consultations and the funds continued to wait for a decision. It was suggested that there could be two possible responses - either permit ONE fund for Wales or to merge with a fund over the border.

It was highlighted that the situation was vulnerable and it was unlikely that guidance would be offered on the matter from the Westminster Government. Should Gwynedd merge with other funds over the border, the Chairman and Head of Finance Department would be required to hold discussions with funds in order to secure the best interest of the Gwynedd pension fund. A request was made for the Westminster Government's response to be shared when published. Should the need arise to share further information, then a decision would be made to convene an extraordinary meeting.

The observations were accepted.

The meeting commenced at 2.00 pm and concluded at 2.30 pm

CHAIRMAN