
PENSIONS COMMITTEE 27/03/23

Present:

Councillors:

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

Officers:

Dafydd Edwards (Fund Director), Dewi Morgan (Head of Finance Department), Delyth Jones-Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer).

Others invited:

Osian Richards (Pensions Board - observing)
Yvonne Thomas (Audit Wales)

1. APOLOGIES

None to note

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 January 2023 as a true record

5. INVESTMENT STRATEGY STATEMENT

The Investment Manger submitted a report seeking the Committee's formal approval to adopt the Investment Strategy. It was highlighted that the Fund was required to publish the Strategy Statement and that it was intended to do so and set the new strategic assets allocation following the triennial valuation.

It was added that Kenny Taylor from Hyman Robertson had already presented the strategy to the Committee in detail at a recent meeting of the Investment

Panel and had outlined that the strategy underlined the balance between risk and returns that the fund required. Reference was made to information about the Wales Pension Partnership, Responsible Investment, voting rights and engagement - important elements in the Fund's implementation.

Gratitude was expressed for the report.

RESOLVED

To accept and adopt the Investment Strategy Statement.

6. FUNDING STRATEGY STATEMENT

Submitted - the report of the Investment Manager explaining the requirement for the Fund to review the Funding Strategy Statement every three years, following the triennial valuation. The intention was to publish the Funding Strategy Statement before 31 March 2023. It was highlighted that the main purpose of the statement was to reflect the valuation's factors and weigh up the affordability to the employers, with the long-term liquidity objectives of the Fund.

It was noted that the Statement was a long and technical document and had been prepared in detailed consultation with Hymans and the Fund officers. Reference was made to the statement as well as a number of accompanying policies. It was explained that the accompanying policies had previously been incorporated in the document, but by now, the Strategy referenced the policies as appendices. This would make it easier to find / amend them, when information would need to be accessed or policies updated, without having to adapt the entire Strategy.

It was explained, as part of the review, that the administrative authority was required to consult with every employer that was a part of the plan, with the fund actuary and advisors, and any other persons considered to be suitable. As required, a copy of the draft Statement was submitted to the Pension Board and to all Fund employers. It was reported that positive responses had been received by the Board and by many employers, with some appreciating that the Gwynedd Pension Fund took a long-term view on investment to secure stable contributions and supported the strategy. Following a suggestion made by the Board, it was confirmed that responsible investment was now highlighted within the strategies. It was noted that there were no further amendments to that which had been submitted to the Committee at its meeting on 18 January 2023.

Members gave thanks for the report.

During the ensuing discussion, the following observations were made by Members:

- The Board's observations were to be welcomed.
- That attending information and basic skills courses on pensions administration was imperative so that members understood the importance of the different strategies to deliver their duties efficiently.
- That the document was valuable.
- Welcomed the response from some of the Fund's largest employers - GwE, North Wales Police, Eryri National Park and Isle of Anglesey County Council

RESOLVED

To accept and adopt the Funding Strategy Statement.

7. RISK REGISTER

Submitted to the Committee - the risk register highlighting that although the register had been scrutinised in detail by the Pension Board, the main owner of the register, that it was the responsibility of the Committee to act on some of the steps in the register, and to understand the risks that were relevant to the Pension Fund. It was reported, following a number of recent changes in the pensions world that the register had received an in-depth review recently which involved amending some scores, introducing new risks and archiving some historical risks. It was reiterated that the register was an operational document and although there were some matters that were beyond the Fund's control, it was possible to manage other matters by following the identified actions.

The members expressed their thanks for the report and the detailed review of the register was welcomed

RESOLVED:

To accept and note the information

8. PENSION FUND VALUATION REPORT

Submitted – for information, the valuation report (draft). Hymans Robertson had been commissioned to carry out a valuation of the Gwynedd Pension Fund as at 31 March 2022. It was explained that the purpose of the valuation, which was undertaken every three years, was to ensure that the Fund has a contribution plan and an investment strategy that would deliver the objectives of the Funding Strategy Statement.

There was satisfaction that the Fund took a long-term view of investment reducing the level of contributions but without risking future levels. Reference was made to the employer contribution rate levels which varied according to each employer - the contribution rate reflected the employers' membership and experiences.

The Fund Director noted that the report confirmed that the situation was robust and positive, and set a good foundation for the next three years.

The officer was thanked for the report.

During the ensuing discussion, Members noted the following observations

- Much work had been achieved in a challenging time
- The core work had formed the basis to a detailed and clear report
- The report was well presented
- That wise decisions had affected the situation positively
- Reiterated gratitude to the Funds' actuary, Hymans Robertson for their contribution

RESOLVED

- **To thank officers for presenting information during a challenging**

time.

- **Thank you to Hymans Robertson for their advice and support.**
- **To accept and note the information.**

9. TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2023/24

A report was submitted by the Investment Manager noting, in accordance with Welsh Government's Statutory Guidance on Local Government Investments, that 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 Cyngor Gwynedd's Treasury Management Strategy Statement (TMSS) for 2023/2024, as revised for the purpose of the Pensions Fund. Cyngor Gwynedd's TMSS for 2023/24 was approved by the full Council on 2 March 2023.

It was explained that currently, all the Fund's surplus cash was pooled with the cash balances of Cyngor Gwynedd and invested with counterparties in accordance with Cyngor Gwynedd's Treasury Management Strategy Statement. At the end of the financial year, Cyngor Gwynedd paid interest to the Pension Fund based on the Fund's daily balances over the year. It was noted that in line with legal advice, it was beneficial to approve this practice on an annual basis, and to seek returns within secure boundaries and reduce risk by pooling money with the Council's funds.

Members expressed their thanks for the report.

During the ensuing discussion, Members noted the following observations

- That the report was now a regular item on the Committee's work programme
- That the arrangement had already been approved by the Full Council
- It would be unwise to keep money separate - made sense to stick to the arrangement

RESOLVED:

- **To accept and note the information**
- **To adopt the Treasury Management Strategy Statement for 2023/24 as adapted for the purpose of the Pensions Fund.**
- **To request that the Council allow the Pension Fund's reserves to continue to be pooled with the Council's general cash flow from 1 April 2023 onwards.**

10. CASH FLOW MODELLING PROJECTIONS REPORT

The Investment Manager submitted a report in response to the need to project the expected cash flow of the Fund over a long-term period, so that it was possible to understand the sensitivity of the Fund's net cash flow position in a number of inflation scenarios.

Attention was drawn to the types of income and regular expenditure occurring within the Fund, as well as the cash flow position of recent years, which highlighted the positive position.

Reference was made to the report provided by Hymans Robertson assessing the

situation as well as a *scenario analysis* that they had created to identify when the Fund was likely to be in a negative cash flow position. Three different scenarios had been considered, and it was concluded that the first year when the Fund could face a negative position was 2029, provided that inflation would continue at a very high level. It was noted that this was a better position than the majority of other LGPS funds and was good news for the Fund, although they were fully aware of the need to be cautious of the risks (such as monitoring changes in membership, considering inflation and keeping the cash flow in mind when considering the investment strategy).

Members expressed their thanks for the report, and the exercise carried out by Hymans Robertson was appreciated.

RESOLVED

To accept and note the information

11. POLICY ON REPORTING BREACHES OF THE LAW

Submitted – the report of the Pensions Manager expressing, as part of the Good Governance project, that the Fund was required to produce a policy in relation to Recording Breaches of the Law (in the pensions field only). It was noted that the policy had been drafted by Hymans Robertson jointly with Fund officers, and a consultation was held with the Cyngor Gwynedd Monitoring Officer. It was added that the Pension Board had also scrutinised the content of the policy and had offered minor observations.

It was highlighted that the report included information about the policy and procedures for identifying, monitoring and, where appropriate, reporting cases of breaches of the law as required in the Pensions Act 2004 and detailed in the Pensions Regulator Code of Practice 14 - Governance and administration of public service pension schemes. Although there was no cause for concern, it was noted that the policy was part of the preparation work to ensure order and assurance in any situation of a pensions breach of the law.

The officer was thanked for the report.

During the ensuing discussion, Members noted the following observations

- That the policy highlighted the main functions and responsibilities with clarity
- The roles of Councillors had also been noted
- That the document outlined the responsibilities in an intelligent manner
- Welcomed that the Monitoring Officer and the Pension Board approved the policy

RESOLVED

To accept and approve the Policy on Reporting Breaches of the Law

12. TRAINING PLAN

The Investment Manager submitted a report, providing a summary of the training given to Members during 2022/23, as well as a request to approve the 2023/24 Training Plan for the Gwynedd Pension Fund.

It was considered that the 2022/23 Training Plan had been successful and the Members were thanked for attending the various conferences and training sessions of the Wales Pensions Partnership - it was considered that all sessions had been very useful and timely. It was reiterated that the 2023/24 Training Plan followed the same process as the previous year and that every effort would be made to identify the relevant and appropriate training needs - invitations to be sent out to Members soon.

Members expressed their thanks for the report and the Chair noted that the WPP sessions had been very good and were open to any Members – it was worth participating in them.

RESOLVED

To receive an update on the success of the 2022/23 Training Programme and approve the 2023/24 Training Programme

The meeting commenced at 2.00 pm and concluded at 2.50 pm

CHAIRMAN