

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

25-11-24

Present:

Members of the Pensions Committee

Councillors: Stephen Churchman, Medwyn Hughes, Iwan Huws, Elin Hywel, Ioan Thomas, and Goronwy Edwards (Conwy County Borough Council Representative) and Robin Williams (Isle of Anglesey Council Representative)

Members of the Pension Board

Sioned Parry (Chair of the Pension Board), H. Eifion Jones, Tony Deakin, Ned Michael and Osian Richards

Employers' Representatives:

Councillor Paul Rowlinson (Cyngor Gwynedd), Marc Jones (Isle of Anglesey County Council), Tracey Pardow (Conwy County Borough Council), Gina Galluccio (Eryri National Park), Sandy Ackers (Adferiad Recovery), Tina Earley (Colwyn Bay Town Council) and Gemma Browes (Cartrefi Conwy)

Staff Serving the Fund (Cyngor Gwynedd):

Dewi Morgan (Head of Finance), Ffion Madog Evans (Assistant Head of Finance – Accountancy and Pensions), Delyth Jones-Thomas (Investment Manager), Meirion Jones (Pensions Manager), Gwennan Medi Williams (Governance and Communications Team Leader – Pensions), Glesni Owen (Senior Communications Officer (Pensions)), Owain Pritchard (Systems and Special Projects Team Leader – Pensions), Marina Parry-Owen (Pensions and Investments Officer), Dafydd Richard Owen (Administration Team Leader – Pensions), Jennifer Mowle (Senior Pensions Officer), Bronwen Williams (Pensions Communications Officer), Meinir Wyn Williams (Pensions Assistant), Owain Morgan (Systems Officer – Pensions), Beca Owen (Pensions Assistant) and Lowri Haf Evans (Democracy Services Officer)

1. ELECTION OF CHAIR

RESOLVED to elect Councillor Medwyn Hughes as chair of the meeting.

2. APOLOGIES

Apologies were received from Councillor John Brynmor Hughes and Councillor John Pughe Roberts (Cyngor Gwynedd)

3. DECLARATION OF PERSONAL INTEREST

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

4. URGENT ITEMS

None to note

5. **GWYNEDD PENSION FUND ANNUAL REPORT 2023/24**

Everyone was welcomed to the annual meeting of the Pension Fund.

The Head of Finance introduced the Fund Officers together with Members of the Pensions Committee and Members of the Pension Board to everyone. He referred briefly to the main responsibilities of the Committee including its role as 'Quasi-trustees' to the Fund, determining the general policy objectives, strategy and operation of the Fund in accordance with relevant legislation. He added that they also determined the strategy for investing the Pension Fund's money and monitored and reviewed investment arrangements. Reference was made to the Committee's work during 2023/24 and it was noted that the reports and minutes of the Committee meetings could be viewed on the Council's website.

Referring to the work of the Pension Board (the membership included three member representatives and three employer representatives), it was explained that the Board was an oversight body and although the Board had no decision-making powers it would oversee the operation of the Fund ensuring that it met the legal and administrative requirements.

Reference was made to the Board's work during 2023/24 and it was noted that the reports and minutes of the Pension Board's meetings could be viewed on the Council's website.

Former Board member, Councillor Beca Roberts, was thanked for her contribution during the year.

Pensions Administration:

The Pensions Manager referred to the main duties of the Administrative Unit and presented the Fund's statistics for 2023/24 and the Unit's performance.

Reporting on the 'My Pension Online' system he noted that over 6,000 had registered with the new site and that the response had been very positive. He added that Gwynedd had been progressive in establishing the Welsh language on the system, and it was hoped that it would be useful for other funds in Wales. He drew attention to the Members' Satisfaction Survey which was sent out to all Fund members at the end of each process, e.g. retirements and payment of back payments, for members to give their opinion on the quality of the service received, and on the service provided by the department's staff.

He reported that over 99% of members either strongly agreed or agreed that the quality of the service was high, and 99% of users either strongly agreed or agreed that the quality of the service provided by the staff was high. To achieve these high scores, it was noted that the employers' cooperation was crucial, and he thanked the employers for their readiness to provide the information promptly and for their commitment to using the i-connect system that reconciled the data.

Attention was drawn to the work / new projects that would continue into 2024/25, noting the McCloud case, the Pensions Dashboard, establishing new administration processes and completing work on Shared Cost AVC benefits as some examples.

Investment Performance

The Investment Manager presented details about the value of the Fund and noted that the value had increased gradually (apart from the impact of Covid in 2020) over the past 10 years, and in 2024 the Fund had crossed the £3 billion threshold for the first time. It was

reported that this had been a volatile year, with performance below the benchmark in two of the quarters, and above the benchmark in another two. It was reiterated that the Fund's performance followed a cyclical pattern and followed the market performance which was also up and down. It was noted that the Fund had generated returns of 11.2% (behind the benchmark of 11.4%) and that this underperformance was common to all LGPS funds with the average returns being 9.2% - the benchmark set was undoubtedly challenging.

It was explained that one of the reasons for this was that funds such as Gwynedd were investing heavily in equity and property funds, and those had recently underperformed, nevertheless, it was noted that this was not concerning as the Fund's trend was long-term investment. The Manager referred to charts that highlighted the Fund's performance over a 30-year period and its performance against all local government funds (86 in total), highlighting that Gwynedd Fund's returns had been in line with the average over the long term and well over the short- and medium-term average. In terms of position, it was highlighted that the Gwynedd Fund was within the upper quartile in the 2-, 5- and 10-year period.

Collaboration in Wales

Discussing the Wales Pension Partnership (WPP), it was reported that the collaboration continued to go from strength to strength not only in terms of wider investment opportunities and fee saving, but also by enabling the sharing of good practice, improving governance documents to ensure sound corporate governance and responding to requests jointly. 85% of the Gwynedd Pension Fund had now been pooled with the Partnership, with investments in eight sub-funds. Pooling funds had been launched in Infrastructure, Private Equity and Private Debt in 2023/24 with a view to launching property funds in 2024/25 which would lead to the option of investing in international property and properties that make a difference e.g. social housing – this promised to be an exciting time for the Partnership.

Responsible Investment

It was noted that the Gwynedd Pension Fund had approved a responsible investment policy in March 2022, which considered factors such as legal guidance, investment beliefs, engagement, disclosure and reporting. It was noted that they intended to review the policy in the next financial year as there had been several developments during 2023/24 which included the Fund's commitments to investments, such as £10m to a windmills project in Wales; £34.5m to a sustainable infrastructure fund; £270m to a sustainable equity fund (the Gwynedd Pension Fund allocation equated to 10% of the fund). It was explained that the Fund had a key alignment requirement in Paris, defined exemptions from fossil fuels, and specifically targeted the issuers that offered sustainable solutions to environmental and social challenges.

It was explained that the WPP had played a key role in reinforcing responsible investment as a priority for all Welsh funds. It was noted that the Partnership was a signatory to the Stewardship Code, which verified the transparency of the Partnership's processes, policies and activities. A climate report clearly reported the carbon footprint of the funds in which the Partnership invested, and the Partnership also commissioned Robeco as a voting and engagement provider to assist the Partnership with operating arrangements within the large companies. It was reiterated that the Partnership, through the infrastructure funds, was able to assess investment options local to Gwynedd, therefore it was an important forum to try to make the investments and uphold the trustee duty.

The members expressed their thanks for the report. The Chair noted that the performance was positive and reflected the officers' work and advice.

GWYNEDD PENSIONS FUND ANNUAL MEETING BETWEEN MEMBERS OF GWYNEDD COUNCIL'S PENSION COMMITTEE AND REPRESENTATIVES OF THE EMPLOYERS AND UNIONS 25/11/24

RESOLVED TO ACCEPT THE ANNUAL REPORT OF THE PENSION FUND FOR 2023/24

The meeting commenced at 13:00 and concluded at 13:40