

## PENSION BOARD 14-10-24

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### **Present::**

Anthony Deakin, Eifion Jones and Osian Richards (Member Representatives)

Ned Michael, Sioned Parry (Employer Representatives)

**Officers:** Dewi Morgan (Head of Finance Department), Ffion Madog Evans (Assistant Head of Finance – Accountancy and Pensions), Delyth Jones Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer)

### **OTHERS INVITED**

Cllr Medwyn Hughes (Chair of the Pensions Committee) – observing

#### **1. APOLOGIES**

None to note

#### **2. DECLARATION OF PERSONAL INTEREST**

None to note

#### **3. URGENT ITEMS**

The Head of Finance Department stated that he had received a message of resignation from the Board from Cllr Beca Roberts, who conveyed her gratitude for the opportunity to serve on the Pension Board and for the support of the members and officers during her time as a Board Member. He reiterated that steps had been taken to find a New Member – in line with the terms of reference the appointment (as an employer representative) would be restricted to Cyngor Gwynedd Members and staff only.

#### **4. MINUTES**

The Chair signed the minutes of the previous meeting of this committee held on 8 July 2024 as a true record.

#### **5. PENSIONS COMMITTEE MINUTES**

Submitted for information – the minutes of a Pensions Committee held on 16 September 2024. Ned Michael had attended the meeting on behalf of the Board.

In response to a question regarding an item on Treasury Management and the Council's continued investment with other Local Authorities and whether there was any risk with this bearing in mind that some Authorities were announcing that they were unable to balance their budgets without support, it was noted that Arlingclose were employed by the Council to monitor the investment work and they highlighted those Local Authorities with whom the Council should not invest. He added that this list was updated regularly.

In response to a question regarding the tendering processes for appointing a new Investment and Actuarial Consultant for the Fund, and the number who had applied, it was confirmed that four companies out of the seven on the LGPS national framework had applied for the investment consultant tender and two companies out of four on the framework had applied for actuarial services.

## **6. RELEVANT AUDIT OF THE GWYNEDD PENSION FUND ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2024**

A (draft) annual report was submitted by the Investment Manager, detailing the activities of the Pension Fund during the year ending on 31 March 2024. The report included the financial statements that had been audited by Audit Wales and approved by the Pensions Committee at its meeting on 16 September 2024.

The Members were reminded that a draft of the accounts had been presented to them in July 2024, and although there were no changes to the main statement, she highlighted some statements in the notes that corresponded to the core accounts. She reiterated that the Annual Report, in accordance with the CIPFA guidance, included details of membership, administration, investments, financial performance, the actuary's report, accounts, and a reference to the five standard statements.

She also presented the ISA260 report on behalf of the Auditor General for Wales, which detailed the findings of the audit.

It was noted that the report would be submitted in its final form to the Fund's Annual General Meeting on 25 November 2024, and the Members were encouraged to attend that meeting.

The members expressed their gratitude for the report and to the staff associated with preparing the work – it was a clean and timely statement.

**RESOLVED to note the ISA260 report by Audit Wales and the Gwynedd Pension Fund Annual Report for 2023/24.**

## **7. WALES PENSION PARTNERSHIP UPDATE**

The Investment Manager submitted a report, providing a formal update to members on the work of the Wales Pension Partnership (WPP). She noted that the report was now a regular report for the Board and was a very important element of the Gwynedd Pension Fund where 85% of the fund had now been pooled.

She reported that the Head of Finance Department and the Investment Manager represented the Fund in all the pool's meetings, and that the joint-working continued to work well on matters such as responding to freedom of information requests, voting and engagement and generally sharing good practice across the funds.

She drew attention to the funds, highlighting that the funds' performance overall had lagged behind the benchmark since the beginning, specifically because the benchmark that had been set was challenging e.g. for the Sustainable Equity Fund, the benchmark used was the MSCI All Country World Index, which included all the companies, but the Fund was restricted in terms of which companies it could invest in them. It was explained that the Global Growth Fund had been in existence for over five years and had been underperforming the benchmark. Subsequently, it was reported that it would be timely to review this fund. It was noted that Russell Investments were looking at the structure of this

fund and were changing the managers within the portfolio – Gwynedd officers, the Fund's advisers, Hymans Robertson and WPP officers would closely monitor the funds in future.

In the context of developments in the property field, it was noted that the procurement process for appointing property investment managers had been completed. Attention was drawn to the requirements of establishing a property investment portfolio which included the requirement to develop an investment programme that used funds' investments and direct investments in strategies that made a difference in the UK, with a minimum of 50% of assets located in Wales. She added that the Gwynedd Pension Fund would consider its property portfolio in due course, and would take full advantage of these options.

Reference was made to a very recent development, which was the 'Call for Evidence' pensions review with the Chancellor launching a landmark pensions review to boost investment, increase savings pots and tackle waste in the pensions system. The first stages of the review would ask funds to consider whether the number of active pools should be reduced, and the Gwynedd Pension Fund's response had been included as an appendix to the report, which expressed that the partnership between Gwynedd and the Wales Pension Partnership worked well, and that there were advantages of working together within Wales e.g. the Welsh Language, the Future Generation Act, and also the fact that the partnership had established a number of sub-funds that met the needs of the funds, and that they were keen to make local investments – interfering with this would divert this money to the UK instead of Wales.

Feedback was received from Sioned Parry and Osian Richards who had attended a recent engagement meeting with the other pension boards from Wales, which had been arranged by the WPP Host Authority (Carmarthenshire County Council). Osian Richards noted that he had suggested that a policy officer should be appointed to develop policies and work with the officer of the operational group, rather than appointing an external consultant. It was considered that this would be a good opportunity for Wales to show good governance, would reinforce the reasoning for the Wales pool to remain in Wales, and show that the WPP had prepared in advance to prove the value of keeping the pool in Wales.

The members thanked the officer for the report

Observations arising from the ensuing discussion:

- It was good to see that investments in the Fund were continuing to increase
- Agreed with the comments of the Council and the Partnership regarding the 'Call for Evidence' review, particularly the comment about the Welsh language
- Pensions were just deferred salaries and not government money – although there was incentive to invest, it must be ensured that the money was safe
- Wales Pension should stay in Wales and be invested in Wales
- The funds within the partnership were still working together – there was concern that political discussions were emerging from this rather than financial discussions.

In response to a question as to whether the Chancellor had consulted with the Welsh Government, the Head of Finance Department stated that the Welsh Government had been part of the discussions, but he was not aware of the Welsh Government's response to the consultation. He added that the consultation was open for anyone to make representations – there was no restriction on it.

**RESOLVED to note the information.**

## **8. LAPF STRATEGIC INVESTMENT FORUM AND THE LGC INVESTMENT AND PENSIONS SUMMIT**

The Investment Manager highlighted that a LAPF Strategic Investment Forum and the LGC Investment and Pensions Summit had been held in recent months, and that Anthony Deakin had attended on behalf of the Board. Tony was invited to give feedback to the Members from the two conferences and from the information sessions that had been of interest to him, such as:

- The potential effect that geopolitical factors had on the world e.g. USA policies, and China's economic trajectory.
- An overview of the investment market conditions suggested that there were better opportunities for small and medium-sized businesses
- Investing for positive social outcomes in the UK – what kind of incentive can the Government offer to boost markets
- Responsible investment and disinvestment – a discussion about fossil fuels
- New emerging investment trends – he referred to 'Blue Bonds' which offer long-term sustainability objectives and benefits in biodiversity issues

## **9. HYMANS ROBERTSON NATIONAL KNOWLEDGE ASSESSMENT**

A report was submitted by the Pensions Manager providing information about the National Knowledge Assessment which was a valuable resource developed by Hymans Robertson for stakeholders to improve their understanding and have the required knowledge to navigate the complexities of pension schemes. It was highlighted that the assessment would provide the fund with an insight into the knowledge levels of the Pensions Committee and the Pension Board as well as benchmarking scores against other participating Funds. It was noted that the assessment included eight key areas for achieving a standard of good governance and that the assessment was in the form of an online questionnaire.

It was reiterated that the results will be useful for creating targeted training schemes for Members in the future, and he encouraged everyone to get involved.

**RESOLVED to note the content of the report.**

## **10. PENSION CONFERENCES**

A report listing pensions conference dates for 2025 was submitted. It was noted that the dates had already been shared with the Members of the Pensions Committee and that the conferences gave the Committee and Board Members an opportunity to enhance their knowledge and discuss current affairs. The Members were asked to consider the dates and express their interest to the Investment Manager in those events that were convenient for them. It was reiterated that they planned to formalise the attendance list, so as to have a system that was fair to everyone, with fair representation.

The members expressed their thanks for the report.

**RESOLVED to note the list of conferences for 2025.**

The meeting commenced at 1.00pm and concluded at 1.35pm.