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**PENSIONS COMMITTEE 16.03.2017**

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**Present:** Councillors: Stephen Churchman (Chairman), Simon Glyn, Margaret Lyon (Conwy County Borough Council Representative), Tudor Owen and John P. Roberts

Officers: Dafydd Edwards (Head of Finance Department), Caroline Roberts (Investment Manager), Nicholas Hopkins (Pensions Manager), Iwan Evans (Head of Legal Service) and Lowri Haf Evans (Member Support Officer)

Others invited: Councillor Aled Evans (Pensions Board Manager - observing)

**1. APOLOGIES**

Apologies were received from Councillors Trevor Edwards, Peredur Jenkins, H. Eifion Jones (Isle of Anglesey County Council) and Glyn Thomas

**2. DECLARATION OF PERSONAL INTEREST**

None to note

**3. URGENT ITEMS**

None to note

**4. MINUTES**

The Chair signed the minutes of the meeting of this committee, held on 19 January, as a true record.

**5. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2017/2018**

In accordance with Welsh Government's Statutory Guidance on Local Government Investments, 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 Gwynedd Council's Treasury Management Strategy Statement (TMSS) for 2017/18, as revised for the purpose of the Pensions Fund. Gwynedd Council's TMSS for 2017/18 was approved by the full Council on 2 March 2017.

In addition, the Pensions Committee was asked to request that the Council allow the surplus cash balances of the Pensions Fund to be pooled with the Authority's general cash flow from 1 April onwards. It was explained that pooling the cash flow achieved better rates of interest and reduced banking costs.

It was highlighted that these funds were being invested with counterparties in accordance with the TMSS in order to maximise returns. It was noted that interest rates were currently very low; thus, other creative methods of investment were being considered. It was also confirmed that the priority was to safeguard the Fund and protect the money, rather than take risks.

It was proposed and seconded to accept the recommendations.

**RESOLVED**

- **To approve the Treasury Management Strategy Statement and the Annual Investment Strategy for 2017/18, as adapted for the purpose of the Pensions Fund.**
- **To ask that the Pensions Committee request that the Council (although not a separate body) allow the surplus cash balances of the Pension Fund to continue to be pooled with the Council's general cash flow from 1 April 2017 onwards.**

It was noted, for information, that the largest members of the fund (Anglesey, Conwy and Gwynedd Councils, the National Park and North Wales Police) had been requested to pay the lump sum element of their contributions (to fund the historical deficit) fully at the beginning of the three year period. This would ensure better a return for those employers than would be achieved from deposit accounts in banks, and would also create a more positive cash flow for the Pensions Fund.

## **6. FUNDING STRATEGY STATEMENT 2017/18 – 2019/20**

On 19 January 2017, the Committee was told that it was a statutory requirement to review and publish a Funding Strategy Statement by 31.3.2017. As part of this review, the administrating authority had to consult with all employers partaking in the scheme, with the actuary and fund consultant, and any other persons deemed relevant.

On 20 January 2017, a letter was sent to all employers taking part in the scheme, the fund actuary and adviser, and to representatives of Unison, TGWU (Transport and General Workers Union) and the GMB, to consult on the agreed policies. The consultation period ended on 28.2.2017.

It was reported that one response had been received agreeing with the proposed rate of employer contributions for the next three years. It was noted that the Funding Strategy Statement remained unchanged from the version submitted to the Committee on 19.1.2017. Attention was drawn to the appendix which contained details of employer contributions and which stated that the actuarial predictions had been explained and discussed with employers in the Fund's Valuation meeting on 10/11/2016.

**RESOLVED to adopt the proposed Funding Strategy Statement (FSS).**

## **7. INVESTMENT STRATEGY STATEMENT 2017/18 – 2019/20**

Submitted - a report by the Investment Manager, asking the Committee to approve the Investment Strategy Statement (which would replace, in name only, the Statement of Investment Principles - in accordance with the requirements of the new legislation). Interested Parties were consulted but no responses were received within the consultation period.

It was highlighted that there were no restrictions to specific investments in the new legislation and, as such, there was no need to officially lift restrictions. Following a meeting with the Investment Panel, it was decided that asset moving costs would be avoided by running the risk of not de-risking for the year in light of setting up the Wales Pool. It was noted that the discussion with the Investment Panel had been detailed, technical and, if a situation of non-risk arose within the next three years, it would be possible to resubmit the matter to the Committee.

In response to a comment regarding the possibility of reduced staffing levels in future and the consequent reduction in contributions to the Fund, it was suggested that it would be useful to generate a simple forecast of the situation by including statistics in the Annual Report.

**RESOLVED to approve the proposed Investment Strategy Statement.**

The Chairman thanked the Members and officers for the information and their support over the period and wished Councillor Margaret Lyon well as she would be standing down from Conwy Borough Council.

The meeting commenced at 2pm and concluded at 2.30pm