
PENSION BOARD, 24.07.17

Present: Anthony Deakin (Cartrefi Conwy), Cllr Aled Evans (Gwynedd Council), Hywel Eifion Jones (Members' Representative), Osian Richards (Members' Representative) and Sharon Warnes (Members' Representative)

Others invited: Councillor Stephen Churchman (Chair of the Pensions Committee).

Officers:- Dafydd Edwards (Head of Finance Department), Caroline Roberts (Investment Manager), Nicholas Hopkins (Pensions Manager), Meirion Jones (Senior Communication Officer - Pensions) and Lowri Haf Evans (Member Support Officer).

1. ELECTION OF CHAIR

The Head of Finance Department took the opportunity to thank Sharon Warnes for her dedication and her work as Chair of the Pensions Board for the past two years.

RESOLVED to elect Anthony Deakin as chair of the Pension Board for 2017/18.

2. ELECTION OF VICE-CHAIR

RESOLVED to elect Osian Richards as vice-chair of the Pension Board for 2017/18.

3. APOLOGIES

Apologies were received from Huw Trainor (North Wales Police)

4. DECLARATION OF PERSONAL INTEREST

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

5. URGENT ITEMS

None to note

6. MINUTES OF THE PREVIOUS MEETING

The Chair signed the minutes of the meeting of this committee, held on 5 April 2017, as a true record.

Matters arising:

- The Head of Finance Department gave an oral update on the development of the Wales Investment Pool. It was noted that the Partnership's Joint-committee had now been officially established and had held its first meeting. The Joint Committee's next step would be to receive reports on the procurement process for appointing an Operator for the Joint Investment Vehicle, and to recommend that the best applicant that met the specification's

requirements should be appointed. It was noted that eight Operators had responded to the Selection Questionnaire, and six had been invited to tender. Tenders would be assessed and scored and the recommendations would be returned to the Joint-committee in September.

The Chair of the Pension Board added that he had been elected as Chair of the Joint-committee and that the pool's official name was now the Wales Pension Partnership. It was confirmed that Carmarthenshire County Council would be the host authority responsible for administrative arrangements. It was also noted that the Joint-committee had agreed that the public documents would be bilingual.

- It was confirmed that Councillor David Cowans would be Conwy Borough Council's representative on the Pensions Committee.

7. PENSIONS COMMITTEE MINUTES

The minutes of the Pensions Committee held on 12.6.17 were accepted for information.

8. STATEMENT OF ACCOUNTS

Submitted, for information:- statement of the Pension Fund's accounts for the period of 2016/17. It was reported that the accounts had been submitted to the Audit and Governance Committee on 13.7.2017, and subject to an audit, they would be finally submitted to the Audit and Governance Committee in September.

It was emphasised that the increase in the value of assets had been very good. Attention was drawn to the notes and investment analysis. It was noted that the investments were world-wide and were discussed in pounds (perhaps there would a different picture if discussion were in Euros or Dollars). It was emphasised that transferring money from equity to bonds had been a priority, as the relevant portion of the portfolio was higher than the benchmark. Although the increase was significant, it was noted that performance was measured by comparing with the benchmark, and that was not reflected in the statement of the accounts.

In response to the statement, it was questioned why there had been a significant increase in investment management costs. It was suggested that a maximum / fee target should be set for the future as cost savings were the main priority of bringing pension funds together. In response to the observation, it was noted that the fees were based on the investment total and by considering the elements based on performance, and the fact that more had been invested in alternative assets which tended to attract higher fees, the increase was not seen as unreasonable. However, the Head of Finance Department accepted that the fees total was significant, whilst emphasising that gaining better returns was the main objective, not minimising management costs.

It was suggested that the observations of the Pension Board should be emphasised to the Pensions Committee. It was noted that the Pensions Committee was able to directly challenge costs through regular meetings with the relevant Managers and Consultants.

In addition, the need to observe the fees and set a timetable for estimating the future fees level was emphasised. In terms of communication, and sharing the

Board's observations with the Pensions Committee, it was suggested that observations could be listed and submitted to the Investment Manager.

Gratitude was expressed for the information.

9. PENSION BOARD CHAIR'S 2016/17 (draft) REPORT FOR THE GWYNEDD PENSION FUND ANNUAL GENERAL REPORT.

Feedback was received by some of the Members who had recently attended conferences.

ESG (Environmental, Social and Governance) Conference

- feedback was received from Osian Richards

Trustees Conference, Bournemouth

- feedback was received from Tony Deakin and Aled Evans

The Chair's draft report was submitted and Members were invited to offer additional observations before it was finally included as part of the Pension Fund's annual general report.

The following observations were proposed:

'Administration of the fund' to be added as a third function.

It was suggested that this would be an annual process and the Board would monitor the administration arrangements with evidence to support the work. It was added that the Pensions Regulator's reports could be used to compare requirements.

Adjust the wording of 'moral investments' to 'ethical investments' under the work plan heading.

Whilst considering ethical investments, a request was made for information on how the Pension Board intended to discuss ethical investments, and it was suggested that it should receive a presentation by experts. Following discussion, it was resolved that the best solution would be to directly enquire with Hymans (the Fund's consultants) to give a presentation to the members of the Pensions Committee and Pension Board.

10. SCHEME ADVISORY BOARD'S SURVEY ON LOCAL PENSION BOARDS

A survey was submitted by the Scheme's Advisory Board ("SAB") encouraging Members of the Pension Board and Committee Chairs to take part. The purpose of the survey was to seek observations and opinions about the operational effectiveness and efficiency of the new governance arrangements, with a particular emphasis on the role and functions of local Pension Boards, and their ability to interact with their Administration Authority.

Resolved that the Chair of the Pensions Committee would complete the survey on behalf of the Pensions Committee, jointly with the Board.

The survey was completed and submitted on-line to the Consultation Board's website during the meeting.

The meeting commenced at 2pm and concluded at 4.20pm.