
PENSIONS COMMITTEE, 08.09.15

Present: Councillors: Stephen Churchman, Trevor Edwards, Hywel E. Jones (Isle of Anglesey County Council Representative), Margaret Lyon (Conwy Borough County Council Representative), W. Tudor Owen a John P. Roberts

Officers:- Dafydd Edwards (Head of Finance Department), Caroline Roberts (Investment Manager) and Lowri Haf Evans (Member Support and Scrutiny Officer).

1. APOLOGIES

Apologies were received from Councillors Peredur Jenkins, Glyn Thomas and Gethin Glyn Williams.

2. DECLARATION OF PERSONAL INTEREST

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

3. URGENT ITEMS

- (a) A note was received from Councillor Peter Read expressing his thanks to the members of the Pensions Committee, and the relevant officers, for their kindness and humour over the years he had been a member of the Pensions Committee. In response, Councillor Peter Read, former Chair of the Pensions Committee was wished a speedy recovery as he had stood down due to suffering from an injury. It was resolved to send him a card thanking him for his service.

(b) **CONFERENCE ATTENDANCE AT THE LOCAL AUTHORITY PENSION FUND FORUM (LAPFF) ON 2 - 4 DECEMBER 2015**

A request was made by the Investment Manager asking the Committee to nominate a representative to attend the conference in Bournemouth. It was proposed that the Chairman of the Committee, Councillor W. Tudor Owen would attend. He accepted the request.

RESOLVED THAT THE CHAIRMAN OF THE PENSIONS COMMITTEE WOULD ATTEND THE LAPFF CONFERENCE 2 - 4 December 2015.

4. MINUTES

The Chairman signed the minutes of the previous meeting of this committee, held on 16 June 2015, as a true record.

5. WELSH LOCAL GOVERNMENT PENSION FUNDS – WORKING TOGETHER

- (a) Submitted - the report of the Investment Manager updating Members on the Welsh Pensions Collaboration Project together with a report formed by Mercer business consultants who had been investigating the possibility of advantages / the value of merging the assets of the eight Welsh funds.

In response to a request from the Government, it was necessary to ensure that funds co-invest in order to significantly reduce costs, while maintaining general

investment performance. The Government would invite local authorities to submit their own proposals to meet the general criteria of achieving savings. A further consultation would be published later on this year which would set the criteria in detail as well as legislation to ensure that the administrative authorities who had not submitted ambitious enough plans must accumulate. The work that had been undertaken by Welsh funds had showed that joint investment was the way forward and that a further development of the collaboration on business cases displayed the commitment expected by the Government.

The next step would be to establish a joint-contribution framework for Welsh Funds with the aim of reducing fees and initially concentrating on equity investments.

- (b) The recommendations were proposed and seconded
- (c) During the discussion, the following observations were noted
- If investment decisions were made jointly, the Pensions Committee would lose some control as a result.
 - Agree on the element that fees needed to be saved, but it must be considered what the implications of this would be for Gwynedd's Fund (which was currently amongst the best in the country).
 - The best for Gwynedd needed to be considered, but also the best for the members of the fund and that we were not pushed by the Government to make decisions that could place the fund at risk.
 - The value of a reduction in fees would be less significant than the change in the level of investment value returns if we accepted smaller returns?
 - One element of collaboration should be focused upon first e.g., passive investments
 - In terms of the leftover investment control elements, it was necessary to assess the situation further.
- (ch) In response to the above observations, the Head of Finance noted that there would be an option to join a wider framework in November on the passive investments element. In terms of the remaining investment control, we had a duty to continue to look in more detail on the business case.
- (d) It was agreed to support further work and accept the recommendations, adding that it was necessary for the business case to identify governance matters in suggested frameworks including the investment company selection procedure.

RESOLVED to support further work, specifically to:

- 1. Research opportunities to reduce fees for passive investments**
- 2. Jointly assess the detailed business case for suggested pooling frameworks.**
- 3. Ensure that the business case identifies governance matters in suggested frameworks.**

6. TREASURY MANAGEMENT 2014/2015

- (a) A report was submitted by the Investment Manager detailing how the Pension Fund's cash was invested along with the Council's money in 2014/15. The report responded to the requirements of the Welsh Government's Statutory Guidance.

- (b) The report outlined how money was managed to maximise the benefits. Additionally, an update was provided on the situation of recovering the investments made by the Heritable Bank. It was reported that 98% of the investments had now been recovered, and that there was more to follow.
- (c) The recommendation to accept the report was proposed and seconded.

THE REPORT OF THE INVESTMENT MANAGER WAS RECEIVED FOR INFORMATION

7. 'KNOW YOUR ONIONS' - LOCAL GOVERNMENT PENSION SCHEME TRUSTEES' CONFERENCE

- (a) Submitted - the report of the Head of Finance notifying Members of the content and value of the Local Government Pension Scheme Trustees' conference, which had been held in June 2015. Specific attention was drawn to the complexities of reconciling the pension scheme's commitments (GMP) with HMRC records, which would be an enormous task for the Pension Fund's administrative staff. This needed to be completed by April 2018. It was added that internal discussions were being held to seek a solution for the situation.

ACCEPTED, FOR INFORMATION, THE REPORT OF THE HEAD OF THE FINANCE DEPARTMENT

The meeting commenced at 3pm and concluded at 3.30pm