
PENSION BOARD, 20/07/2020

Present: Cllr. Aled Evans (Employer's Representative), H. Eifion Jones (Scheme Members' Representative), Sioned Parry (Employer's Representative), Osian Richards (Members' Representative) - Chair, Huw Trainor (Employer's Representative) and Sharon Warnes (Members' Representative).

Officers: Dafydd Edwards (Head of Finance), Delyth Jones Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer).

Others invited: Cllr. John P Roberts (Pensions Committee Chair) - observing

1. APOLOGIES

None to note

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

Following issuing a consultation by the Treasury, it was reported that the MHCLG had issued a consultation on the proposed amendments to the Local Government Pension Scheme in response to the judgement in the McCloud case. It was reported that the Head of Finance, the Pensions Manager and the Investment Manager would draw up a draft response in consultation with the Chairs of the Committee and Pension Board (closing date 11th October 2020). It was added that the Pensions Manager would be working jointly with Hymans to ascertain the number of records that will need to be amended. Although no timetable had been released, it was noted that it was a substantial amount of additional administrative work and would be implemented following the completion of the consultation and receiving the order.

4. MINUTES

The Chair confirmed that the minutes of this meeting, held on the 3rd of February 2020 were a true record subject to noting that a comment had been made to add the impact of the coronavirus to the risk register.

5. PENSIONS COMMITTEE MINUTES

The minutes of the Pensions Committee held on 18 March 2020, were accepted for information.

Members had no further observations arising from the minutes.

6. DRAFT ACCOUNTS OF THE GWYNEDD PENSION FUND FOR THE YEAR ENDING 31 MARCH 2020

Submitted - a report by the Head of Finance providing details of the Pension Fund's financial activities for the year ending 31st March 2020. It was highlighted that the accounts (draft) were subject to audit and the audit would be undertaken by Deloitte. Following a decision by Wales Audit that accounts were open to public audit until the beginning of September, the final accounts will be presented to the Audit and Governance Committee on the 14th of September 2020.

It was reported that the value of the Fund on 31st March was down £143m, this was due to the implications of the covid 19 pandemic. It was noted that a substantial drop in the market value was reflected at the end of March, however, now the values had risen and remained stable.

Reference was made to Note 12, 13 and 14 where wider information was noted on investment costs due to the involvement with the Gwynedd Fund and the arrangements to pool the combined investments of the Wales Pension Partnership.

The information was ACCEPTED.

7. INVESTMENT STRATEGY STATEMENT

Submitted for information, the report of the Investment Manager. It was reported that the statement was reviewed every three years following valuation and had been discussed with the Investment Panel in May 2020. It would be accepted officially by the Pensions Committee on the 23rd July 2020.

Attention was drawn specifically to the allocation of the Fund that reflects the transfer of global equity to the Wales Pension Partnership (WPP) Multi Assets Credit fund - that now forms a significant part of the Gwynedd Fund investments.

The officer was thanked for the information.

During the ensuing discussion, the following observations were noted:

- The document did not highlight risks/lessons learnt from the impact of the covid 19 pandemic and recent events in China - it was suggested that a sentence should be added to the Managers' paragraph (page 57) to reflect that the response had been positive.
- There was a need to review the strategy more often bearing recent events in mind, and the direct impact they have on investments.
- The Committee had a responsibility to continuously monitor the strategy.
- Need to highlight the changes compared to 2019/20.

In response to the observations, the Head of Finance noted that Managers in general had responded to the change. Despite concerns regarding future investment in property and infrastructure ('closure' of the high street / no use of offices etc), it was highlighted that these asset classes were broader than the high street and office blocks. (Reference was made to hospitals that are part of the infrastructure and student accommodation asset class as part of the property asset class.)

It was added that the property allocation had not been adjusted for years and it was possible to add to this asset class by perhaps investing in property outside Britain considering the strength of the \$ v £.

It was reported that the Strategy's purpose was to set a framework and did not limit work in any way. It was added that investments were reviewed daily, that Managers offered regular guidance and the Committee reviewed the investments quarterly in the investment panel. Members were also reminded that the Constitution enabled the

Head of Finance to make decisions in discussion with the Chair of the Pensions Committee.

The information was ACCEPTED.

8. WALES PENSION PARTNERSHIP UPDATE

Submitted - the report of the Investment Manager stating that since establishing the partnership in 2017, the Partnership was going from strength to strength with officers meeting often. During the covid 19 pandemic, it was noted that officers had met every fortnight via Teams and a full meeting had been programmed for the 24th of July 2020.

Attention was drawn to the Fund's performance, and despite the pandemic it appeared that the market had recovered very well. Reference was made to the performance of Pzena that had contributed to the under performance of the Global Growth Fund up to 31st March 2020, but was now responsible for the increase in the fund due to their investment methods.

Reference was made to the transfer of fixed income that would be transferred at the end of April, however, by now this would be transferred at the end of July 2020. In the context of Private Markets, it was noted that a group had been established to look at possible options to combine assets for this category. It was added that Russel Investments led on the work of analysing what is available with the current portfolio and the future development and management of the Wales Pension Partnership funds.

It was reported that a number of publications and policies had been developed during the last few months and these could be found on the Partnership website.

During the ensuing discussion, the following observations were noted:

- It was pleasing to see that investments were returning and stabilising.
- There were opportunities even in disasters
- There was an opportunity to invest in the Global Market - potential for good returns by being part of a larger Fund

The information was accepted.

9. THE DRAFT REPORT OF THE PENSION BOARD'S CHAIRMAN FOR THE PENSION FUND'S ANNUAL REPORT

Submitted for observations, a draft report prepared for inclusion in the Gwynedd Pension Fund's annual general report.

During the ensuing discussion, the following observations were noted:

- No reference had been to the pandemic.
- Need to add the Mc Cloud case to the Work Programme.
- Much time had been spent on the training package - request to add a sentence to convey this.

In response to the comment about on-line training, it was reported that it was not mandatory. In response to a test completed by Members of their knowledge to Hymans, it was suggested that an analysis of the test was likely to highlight areas where training was required. It was noted that no feedback / analysis had been received from Hymans, however, it was hoped that it would be possible to submit this to the next meeting.

RESOLVED to accept the report

10. UPDATE ON ADMINISTRATIVE WORK - WORKING FROM HOME

Submitted - the report of the Pensions Manager on the response of the Service to working through the covid 19 pandemic. It was reported that the Service had been working successfully from home since 25/03/2020. It was highlighted that the service had not suffered due to the change in work patterns and despite the challenges to be flexible with some staff and others transferring to other departments, it appeared that this change has been beneficial to the administrative department. The work had been prioritised and use had been made of Teams to communicate and keep in touch locally and regionally.

It was noted that there had been an increase in the use of the Members' self-service system and the crisis had encouraged the team to work in a paperless way (this was more effective, quicker and cheaper). It was added that various tasks and projects required attention and these had been timetabled for the next few months.

The Head of Finance added his thanks to Gwynedd Council and Local Government staff for responding to the challenge under the circumstances. He noted that staff had worked effectively and conscientiously and although the situation was disastrous, the work to reduce the impact had been highly commendable.

Members expressed their thanks for the report.

During the ensuing discussion, the following observations were noted:

- Staff were thanked for being flexible and responding to the challenge
- Had problems arisen with the employers?
- Arrangements had been put in place - more demand / use of technology / less travel - will this continue?

In response to a comment regarding keeping in touch with employers, it was reported that much of the contact work was being done via iconnect and on the whole no problems had arisen. It was added that they would mainly communicate via e-mail with employers.

The information was accepted.

The meeting commenced at 2:00pm and concluded at 3.45pm.