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## PENSIONS COMMITTEE 19-03-24

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**Attendance:**

**Councillors:**

Stephen Churchman (Chair), John Brynmor Hughes, Iwan Huws, John Pughe Roberts, Ioan Thomas and Robin Williams (Isle of Anglesey County Council)

**Officers:**

Dewi Morgan (Head of Finance), Delyth Jones-Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer)

**1. APOLOGIES**

Apologies were received from Councillor Richard Medwyn Hughes and Councillor Elin Hywel. Councillor Goronwy Edwards experienced technical problems and was unable to take part in the meeting.

**2. DECLARATION OF PERSONAL INTEREST**

None to note

**3. URGENT ITEMS**

None to note

**4. MINUTES**

The Chair accepted the minutes of the meeting held on 22 January 2024 as a true record.

**5. TRAINING PLAN**

The Investment Manager submitted a report, providing a summary of the training given to Members during 2023/24, as well as a brief Training Plan for 2024/25.

It was considered that the 2023/24 Training Plan had been successful and the Members were thanked for attending the various conferences and training sessions of the Wales Pension Partnership (WPP) that were useful and timely sessions. It was reiterated that those Members who needed to complete Fundamentals training had now done so and the only training that had not been completed was that the Investment Manager had not attended a closing accounts course and that was because there had been no changes to the guidelines.

It was reiterated that the 2024/25 Training Plan followed the same process as the 2023/24 plan with WPP sessions, courses and conferences having already been identified and arrangements as to who would attend having been confirmed.

Members expressed their thanks for the report and noted that the plan was a comprehensive one.

In response to a question regarding keeping a record of Members' attendance at WPP conferences/training, it was noted that the Investment Manager kept a record of Gwynedd Members' attendance and shared the information with the Council's Members Development Officer.

**DECISION:**

- **To accept the report**
- **To approve the Training Plan for 2024/25**

**6. TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2024/25**

A report was submitted by the Investment Manager noting, in accordance with the Welsh Government's Statutory Guidance on Local Government Investments, that 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 Cyngor Gwynedd's Treasury Management Strategy Statement (TMSS) for 2024/25, as revised for the purpose of the Pension Fund. Cyngor Gwynedd's TMSS for 2024/25 was approved by the full Council on 7 March 2024.

It was explained that currently, all the Fund's surplus cash was pooled with the cash balances of Cyngor Gwynedd and invested with counterparties in accordance with Cyngor Gwynedd's Treasury Management Strategy. At the end of the financial year, Cyngor Gwynedd would pay interest to the Pension Fund based on the Fund's daily balances over the year.

Members were reminded that the CIPFA code of practice and Welsh Government guidance made it mandatory for the Council to invest its money prudently and consider security and liquidity before seeking the highest rates of return or the highest yield, and to strike a balance with these factors. Attention was drawn to those sectors that had been approved for investment, e.g. local government, local authorities, banks, money market funds and pooled funds, as well as the investment restrictions for them. Reference was also made to the economic forecasts and interest rates from the Council's financial advisers, Arlingclose, together with the position of the Council's investment portfolio at the end of 2023.

Gratitude was expressed for the report.

During the ensuing discussion, the following observations were made by Members:

- That the report was now a regular item on the Committee's work programme
- That the arrangement had already been approved by the Full Council
- That it would be unwise to keep money separate - it made sense to adopt a single strategy
- With six Local Authorities having declared themselves bankrupt since 2021, that risks arose from investing with Local Authorities. However, if the situation was managed effectively, there were advantages to this.

In response to a question about the amount being transferred, it was noted that the amount had been around £10 - £15 million in the past, but was now a more substantial amount of around £40 million because interest levels were high, which currently brought better returns than investing with investors.

**DECISION:**

- **To accept the report**

- **To adopt the Treasury Management Strategy Statement for 2024/25 as adapted for the purpose of the Pension Fund**
- **To request that the Council (although not a separate body) allows the surplus cash balances of the Pension Fund to continue to be pooled with the Council's general cash flow from 1 April 2024 onwards**

## **7. WALES PENSION PARTNERSHIP (WPP) BUSINESS PLAN**

The Investment Manager submitted a report, which included the Partnership's Business Plan. It was reported that the Partnership created a Business Plan every year for a period of three years, with the content detailing how the Partnership would achieve its aims. The purpose of the business plan was to:

- Explain the background and governance structure of the WPP
- Highlight the priorities and objectives over the next three years
- Outline the financial budget for the Business Plan period
- Summarise the WPP's Investments and Performance Objectives

It was confirmed that the Business Plan had been approved by the Partnership's Joint Governance Committee on 13 March 2024 and that the eight Authorities that made up the Partnership were required to approve the Plan.

Gratitude was expressed for the report.

The Chair confirmed that the business plan had been discussed at a recent meeting of the Wales Pension Partnership and that the Joint Governance Committee, on 13 March 2024, had stated that it was satisfied with the content.

### **DECISION**

- **To accept the report**
- **To approve the Wales Pension Partnership Business Plan**

## **8. LGC INVESTMENT SEMINAR (13-14 March 2024, Carden Park, Chester)**

An oral update was provided by Councillor Iwan Huws who had attended the conference with Councillor Elin Hywel and the Chair of the Pension Board, Mr Eifion Jones.

He noted that the main message of the conference was that the LGC was in a good place. He added that discussions had been held regarding the valuation that would come up in 2025 together with specialist information about global events that had an impact on the market. Local Government Minister, Simon Hoare underlined the importance of expected pensions training for Members and there was a presentation by Antony Parnell, the Treasury and Pension Investments Manager for Carmarthenshire County Council (the host authority of the Wales Pension Partnership) on the efficiency of pooling in Wales. The conference was a good opportunity for attendees to network and share best practices.

Gratitude was expressed for the information.

## **9. EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED** to exclude the press and public from the meeting during the discussion on the following items due to the likely disclosure of exempt information as defined in paragraph 14, Schedule 12A of the Local Government Act 1972 - Information about the financial or business transactions of any specific person (including the authority that retains that information). There was an

acknowledged public interest in openness in relation to the use of public resources and related financial issues. However, it was also acknowledged that there were occasions, in order to protect public financial interests, where commercial information must be discussed without being publicised. The reports related specifically to a proposed procurement process. Publicising such commercially sensitive information could be detrimental to the interests of the Council and its partners by undermining competition. This would be contrary to the wider public interest of securing the best overall outcome. For these reasons, the matter was closed in the public interest.

#### **10. RECOMMENDATION REPORT ON APPOINTING A WALES PENSION PARTNERSHIP (WPP) OPERATOR**

A preliminary report was presented by the Investment Manager stating that the current WPP Operator's contract expired in December 2024 and that an open tender process had been carried out and the appraisal process completed.

A procurement process was carried out in accordance with the Public Contracts Regulations 2015, with the Partnership issuing an 'Invitation to Tender', and three applications were received. A detailed appraisal process was carried out with representation from the eight constituent authorities and Hymans Robertson.

Following the completion of the procurement process, the recommendation to appoint bidder 3 as WPP Operator was approved by the Joint Governance Committee, 13 March 2024. As a result, and in accordance with the statutory procedure, the recommendation needed to be approved by the eight Constituent Authorities that form the Partnership. The recommendation was presented in the form of a report by WPP to members only.

#### **DECISION**

- **To accept the report**
- **To approve the appointment of Bidder 3 as Wales Pension Partnership Operator**

Note: For the future, although the report was a standard one from the Partnership, more background information about the process, an explanation about the scoring procedure and reasons for exclusion would have been advantageous.

The meeting started at 14:00 and concluded at 14:30.