
PENSIONS COMMITTEE, 11.02.2016

Present: Councillors: Stephen Churchman, Trevor Edwards, Seimon Glyn, Margaret Lyon (Conwy County Borough Council Representative), W Tudor Owen (Chair) and John P. Roberts

Officers: Dafydd Edwards (Head of Finance Department), Caroline Roberts (Investment Manager), Gareth Jones (Pensions Manager), Nicholas Hopkins (Deputy Pensions Manager) and Lowri Haf Evans (Member Support and Scrutiny Officer).

1. APOLOGIES

Apologies were received from Councillors H. Eifion Jones (Anglesey County Council Representative), Peredur Jenkins and Glyn Thomas (observer).

Sharon Warnes, Chair of the Pensions Board, was welcome to the meeting, as an observer.

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

None to note

4. MINUTES

The Chairman signed the minutes of the previous meeting of this committee, held on 10 December 2015, as a true record.

5. INVESTMENT REGULATIONS CONSULTATION

- a) The Investment Manager submitted a report outlining a proposal within the current consultation by the Westminster Government on dissolving and superseding the local government pension scheme regulations 2009. It was highlighted that the reason for this was to enable funds to take part in merging investments without breaching current restrictions.

The Committee was asked to consider proposals to be included in the response from Gwynedd Council.

The two proposals under consideration

1. Adopt a local approach to investing
 2. Present a defence - secretary of state had the power to intervene
- b) In response to the first proposal - to adopt a local approach to investing, it was highlighted that the principle was acceptable, but there was insufficient detail on how it will be implemented; it would need to be ensured that clear statements and appropriate definitions were in place before adopting it fully. In considering

establishing and investing in one fund across Wales, it was noted that the new regulations were practical and offered more freedom for funds to work together.

Proposal one was accepted and it was agreed to prepare a response.

- c) In response to the second proposal - presenting a defence, it was highlighted that there was not a full explanation and there would be a need to understand what the structure of the intervention in question was. It was highlighted that the intervention could change by government and there it would be essential to ensure financial management of the regulations and not political management.

The Head of Finance added that he was not overly concerned about any intervention as the fund was administered effectively, but a specific process and structure needed to be in place to make clear in which circumstances the intervention would be likely - needed clarity.

It was decided to reserve opinion on this proposal, but include questions in the response

RESOLVED to delegate the power to the Investment Manager, the Head of Finance and the Chair to respond to both of the proposals.

6. INVESTMENT REVIEW CONSULTATION - RESPONSE OF CRONFEYDD CYMRU

- a) The Investment Manager gave an update on the work undertaken by the Pensions Sub-group of the Society of Welsh Treasurers on establish ONE joint-investment vehicle to seek better fees. It was reiterated that the eight funds had received the support of their Committees, but it was predicted that there was a fund to the value of approximately £12bn and not one with at least £25bn as the Chancellor had announced. It was highlighted that despite this, the consultants would continue to put a proposal forward on behalf of the eight funds in Wales.

In response to the Chancellor's announcement, it was highlighted that good arrangements were already in place in Wales and if the fund were to become larger, then the most obvious concern was that the line of accountability would be extended along with the ability to communicate effectively.

- b) It was reported that Hymans Robertson has been appointed (through a procurement process) as the consultant that would act on behalf of the eight funds by assessing the business case and providing a response to the consultation on their behalf. It was reiterated, as part of brief, that Hymans would also offer observations on the governance arrangements.
- c) The initial response, which had also been circulated across the eight funds in Wales, was distributed to the Members. It was highlighted that the hope was to support it as ONE proposal. Although there was no certainty what Westminster's response to the proposal would be, the hope was to continue as eight and/or perhaps join another group.
- ch) It was proposed and seconded to submit the response as one fund for Wales and to receive Westminster's response (when it would be submitted). If the proposal were rejected, then further discussion and considering the possible options would be needed.

RESOLVED to support Hymans Robertson's proposals for the consultation

7. PRIVATE EQUITY AND INFRASTRUCTURE INVESTMENTS

- a) In the recent quarterly meeting of the Investment Panel in London, Hymans Robertson's report on the options for further commitments to private equity and infrastructure investments had been discussed. It was concluded that direct funds should be invested in.
- b) In response, it was noted that the discussion had already been held in London on 19.11.15 and therefore the Committee was ready to confirm these direct investments with
 - €20m with the Partners Group Direct Equity 2016 Fund
 - \$43.6m with the Partners Group Direct Infrastructure 2015 Fund

in line with the opinion of the Investment Panel.

RESOLVED to accept the recommendation.

8. PENSION ADMINISTRATION UNIT STAFFING

- a) Submitted – the report of the Pensions Manager requesting that the members approve the increase in expenditure on changing the structure of the Administration Unit along with agreeing on the revised staff structure that will be operational as of 1 March 2016.
- b) It was highlighted that the adaptation would widen the supervisory responsibility within the unit, which, in due course, would strengthen the regulatory tiers within the structure, ensuring a more effective service and improving communication.

RESOLVED to accept the recommendation.

The meeting commenced at 2pm and concluded at 2:50pm