

PENSIONS COMMITTEE, 09.06.2016

Present:: Councillors: Stephen Churchman, Trevor Edwards, H. Eifion Jones (Anglesey County Council Representative), Margaret Lyon (Conwy County Borough Council Representative), W Tudor Owen (Chairman) and Peredur Jenkins

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

1. ELECTION OF CHAIR

Resolved to elect Councillor Stephen Churchman as chairman for the year 2016 - 2017

Councillor Stephen Churchman thanked Councillor Tudor Owen for his work and support as former chair of the Pensions Committee.

2. ELECTION OF VICE-CHAIR

Resolved to elect Councillor Peredur Jenkins as vice-chair for the year 2016 - 2017

3. APOLOGIES

Apologies were received from Councillors Seimon Glyn, John P. Roberts and Glyn Thomas

4. DECLARATION OF PERSONAL INTEREST

None to note

5. URGENT ITEMS

None to note

6. MINUTES

The Chairman signed the minutes of the previous meeting of this committee, held on 17 March 2016, as a true record.

7. PRIVATE EQUITY REPORT

- a) Submitted - the report of the Investment Manager, requesting the Pensions Committee to confirm a direct investment in the Partners Group Direct Equity 2016 Fund in accordance with the opinion of the Panel held on 19.5.16.

Following a presentation and discussion with Hymans Robertson at the Investment Panel regarding the possible options for a further commitment to private equity to attain the strategic benchmark of 5%, the panel's opinion was to invest £25 million in a direct equity fund with Partners Group.

It was reported that the matter had already been discussed by the Investment Panel, but that a formal decision was required by the Pensions Committee.

- b) In response to a question regarding the fees paid for the investment, it was reported that the fee was based on the investment amount. It was added that the fee would have been discussed as the contract was made, but the suggestion to share relevant information was accepted. It was suggested that a request be made for Hymans Robertson to provide the information about the fees and for the Investment manager to share that directly with the Councillors.

RESOLVED that the Pensions Committee confirms a direct investment with Partners Group Direct Equity 2016 Fund in accordance with the opinion of the Investment Panel

8. INVESTMENT POOLING FOR LGPS PENSION FUNDS IN ENGLAND AND WALES

- a) Submitted – the report of the Head of Finance Department providing an update on the investment pooling project for Local Government Pension Scheme funds (LGPS) in Wales.

Members were reminded that a proposal for a Wales Pool had been submitted to the Department for Communities and Local Government (DCLG) in February 2016. It was noted that the proposal addressed each of the stated criteria except for scale where DCLG had indicated that they anticipated pools with a minimum of £25bn of assets (total assets across the Welsh funds were in the region of £12-13bn at March 2015). He added that the proposal had also stressed the substantial work done to date and the unique situation of collaboration across Wales.

It was reported that the response to the proposal from DCLG strongly supported the intended use of a formal regulated vehicle and acknowledged the unique characteristics of a Wales Pool. The funds were encouraged to work up the proposal in more detail for submission in July.

It was noted that Councillor Stephen Churchman and the Head of Finance Department had attended a meeting of the Wales Pool Chairs in Cardiff on 13 May. A brief update was provided on some of the matters discussed.

- Confirm the intention to proceed to use a third party operator for joint-investment
- It was confirmed that individual funds would continue to have control over their own investment strategies (allocating to categories of assets)
- Investment transfer discussions needed to be held to consider arrangements and implementation
- That there was a need to engage regarding the role of Pension Boards, and whether a Pension Board for Wales would be needed
- A Joint-committee (including Chairs of Pension Committees and Chief Finance Officers) would be established to monitor and challenge the work of the operator
- The Government would not give guidance in terms of the % of the fund to be invested in infrastructure - the Pool would be expected to make a statement of ambition (5% - 10%).
- It was difficult to identify savings from the process - the Government would not insist that the Pool would adhere to its estimated saving

It was reported that the Head of Finance Department of Gwynedd Council, along with two other officers from the Wales Pool and support from Hymans, would make a presentation to the Government Panel at HM Treasury in London on 16 June.

It was also noted that the Chair of the Gwynedd Pensions Committee and the Head of Finance Department would attend the next meeting of the Wales Pool Chairs in Cardiff on 27 June to agree on the way forward, and would attend a meeting of the Gwynedd Pension Board on 29 June to report on relevant progress.

- b) In response to a question regarding what the costs of 'withdrawing' from the Fund's current investments would be, it was reported that this would be dependent on the operator, the investment managers and their investment portfolio.
- c) In response to a question regarding who would choose the Pool managers, (fund managers), it was reported that the operator would choose the managers, with the joint-committee influencing when monitoring and challenging the work of the operator.
- ch) In response to a question regarding what the likely percentage of money that should be invested in infrastructure should be, and to a comment that consideration should be given to local advantages and opportunities, it was noted that the Fund would be expected to note its proposed percentage to infrastructure in the presentation to DCLG in July. Logically, a medium-term percentage of 5% would be considered, with a long-term gradual increase towards 10%. In terms of considering local investment opportunities, we must seek the best for the fund in order to maximise expectations.

In the context of investing in local infrastructure, it was highlighted that there was a need to ensure that north Wales gets its share of investments, and it was suggested to give guidance that every opportunity arising in north Wales should be investigated - as a matter of principle.

- d) In response to a question regarding the potential savings of combining Welsh funds, the Head of Finance Department noted that there was a need to include an estimate of the potential savings of transfer costs in the presentation in July, but that this was illustrative.
- dd) It was reported that every fund in Wales would have to compromise to ensure one system and encouragement should be given to collaborating and adapting to become one.

It was added that the Gwynedd Pension Fund was one of the best in the county and that the performance of others need not affect this. It must be ensured that the value of the Fund remained a priority field.

Resolved to accept the information and delegate the power to the Head of Finance Department, in consultation with the Chair of the Committee, to agree on the content of the Wales Pool presentation to the DCLG in July 2016.

The meeting commenced at 2pm and concluded at 3:15pm