

PENSION FUND COMMITTEE DELEGATED RESPONSIBILITIES

Minutes from discussion held at County Hall, Mold on Wednesday, 23 September 2015 (commencing approximately 11.30am)

PRESENT:

Councillors: None.

Co-opted Members: None

Officers and advisers: Gary Ferguson (Corporate Finance Manager) and Philip Latham (Clwyd Pension Fund Manager)

BACKGROUND TO REASON FOR DISCUSSION:

The Pension Fund Committee was scheduled to meet at 10.30am on 23 September 2015. As a result of apologies made in advance, it was noted that the Committee would not be quorate and therefore could not meet as planned.

The Pension Fund Committee had previously agreed a number of delegated responsibilities including the following:

Function delegated to PFC	Further Delegation to Officer(s)	Delegated Officer(s)	Communication and Monitoring of Use of Delegation
The Committee may delegate a limited range of its functions to one or more officers of the Authority. The Pension Fund Committee will be responsible for outlining expectations in relation to reporting progress of delegated functions back to the Pension Fund Committee.	Other urgent matters as they arise	PFM and either CFM or COPR, subject to agreement with Chairman and Deputy Chairman (or either, if only one is available in timescale)	PFC advised of need for delegation via e-mail as soon as the delegation is necessary. Result of delegation to be reported for noting to following PFC.

Key: PFC – Pension Fund Committee / PFM – Pension Fund Manager / CFM – Corporate Finance Manager / COPR - Chief Officer, People & Resources

It was considered in consultation with the Chief Executive and Chair that there were a number of items that were due to be considered at the Pension Fund Committee that required urgent attention. The Pension Fund Committee were advised of the need for the delegation by e mail on 16th September 2015 to the Clwyd Pension Fund Manager and Corporate Finance Manager (Section 151 officer).

The draft papers prepared were circulated to enable agreement with the Chair and Deputy Chair but also enable comments from all Committee Members to be considered. The Local Board had also been invited to the cancelled meeting and the representatives had been were provided with the draft papers.

The draft papers were also circulated to members of the Advisory Panel.

MINUTES:

Clwyd Pension Fund Manager (PFM) explained the above background to the Corporate Finance Manager (CFM) and shared the two responses received from Steve Hibbert (Committee Trade Union Representative) and Gaynor Brooks (Local Board Member Representative). The response from the Committee Member included support for recommendations made regarding the urgent items. The Local Board representative also provided positive acknowledgement of the recommendations.

In terms of the cancelation of the Committee the PFM has asked the Independent Chair to include on the agenda of the next Local Board in October 2015.

Item 1 – Pooling Investments

Although this item did not require a decision in its own right it provided important background to the national picture relating to the following 2 urgent items.

The draft Committee report prepared by the PFM explained the recent budget announcement on pooling investments and provided the national picture in terms of assets by asset class and by region as these are both potential methods for pooling. Examples of current collaboration in the UK were also included.

The implication for the Clwyd Pension Fund was explained. In summary about 51% of the assets are relatively straightforward to pool. For the remaining 49% in alternative assets, liability matching and the managed account (which is already a collaborative vehicle) it would make less financial or practical sense.

There remains a case for the Welsh funds to continue with collaboration as outlined in the urgent items to follow. However, confirmation of support should be formally requested from the DCLG as it is possible that Wales alone may not meet any size and saving criteria stated by the Government for pooling.

The CPF also provided the CFM a paper for the Scheme Advisory Board of 21st September on pooling investments. It was noted that Wales was mentioned in a footnote and shown as separate from ‘English pools’ in illustrative examples in the Annex.

The discussion concluded that there was no option for any fund in Wales or England to do nothing as backstop legislation will force pooling.

Item 2 – Collaborative Working in Wales

The PFM explained that the report from Mercer was being presented to all 8 pension funds in Wales during September and should now be seen in context of item 1 above as a potential solution in Wales to the Government’s demand.

The principle recommendation is that the 8 funds in Wales should rent a collective investment vehicle from a third party provider. The asset classes in the vehicle would grow overtime, starting with active equity.

A governance structure will be developed to include both investment officers and members from across the 8 funds. Importantly there is no compulsion to participate but each fund would need to note item 1 above.

The PFM expressed the view that this should demonstrate to all stakeholders in Wales that, if properly implemented, this is the best way forward. To enable implementation an adviser should be appointed, the fee for whom is shared across the 8 funds.

Pension Fund Manager and Corporate Finance Manager agreed the appointment of an adviser to assist the 8 funds in Wales with the implementation of the recommendations in the Mercer report.

Item 3 – Wales Passive Investment Collaboration

The PFM explained that this item is linked to item 1 & 2 above and as with item 2 the recommendation is going to all 8 Committees in Wales.

There are two options considered in the draft report:

1. Joint Procurement in Wales to appoint one passive manager
2. For the Welsh funds to use a national framework to be developed for passive managers.

Investment practitioners across Wales have been asked by the SWT (Pension Sub Group) to write a briefing paper on the options for their next meeting on 23rd October. If option 1 is chosen the Clwyd framework agreement will be used to procure an adviser.

The Clwyd Fund has 19% exposure to passive regional developed market equities via a total return SWAPS within the Insight mandate as part of the risk management strategy. In addition there will be varying passive exposures on Mobius platform (9% of the Fund) which will change on a tactical basis as advised by JLT. Hence, significant immediate allocation to a new manager or framework may not be applicable to the Fund but future participation could be possible.

Therefore the view was expressed by the PFM that the Fund should collaborate in this project.

Pension Fund Manager and Corporate Finance Manager agreed to:

1. **Support investment officers looking at the appropriate procurement method, that is the joint direct procurement or National Framework**
2. **The participation of the Fund in the joint procurement exercise for a passive manager, if decided to continue with this approach.**

Conclusion to meeting

The Scheme of Delegation forms for item 2 and 3 above were signed and dated by the PFM and CFM and post the meeting, by the Deputy Chair. The PFM confirmed that he will inform the SWT (Pension Sub Group) of the Clwyd Fund's decision and that the results of the delegation will be reported for noting at the next Committee on 26th November 2015.