



City and County of Swansea

Notice of Meeting

You are invited to attend a Meeting of the

Pension Fund Committee

At: Remotely via Microsoft Teams

On: Tuesday, 15 March 2022

Time: 11.00 am

Chair: Councillor Clive Lloyd

Membership:

Councillors: J P Curtice, P Downing, M B Lewis, D G Sullivan and W G Thomas

Neath Port Talbot Council Co-opted Member: P A Rees

Advisors: S Jasinski, N Jellema and D Morton

Watch Online: <https://bit.ly/3sClvf2>

Agenda

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- 10 Fund Manager's Presentation(s):**
- Russell Investments.

Next Meeting: To Be Confirmed.

Huw Evans

Huw Evans
Head of Democratic Services
Tuesday, 8 March 2022

Contact: Democratic Services: - 636923

Agenda Item 3



City and County of Swansea

Minutes of the Pension Fund Committee

Remotely via Microsoft Teams

Wednesday, 17 November 2021 at 10.00 am

Present: C E Lloyd (Chair) Presided

Councillor(s)

P Downing
M B Lewis

Councillor(s)

D G Sullivan

Councillor(s)

W G Thomas

Neath Port Talbot Council Co-opted Member

P A Rees

Advisors

D Morton
Andre Ranchin

Hymans Robertson
Hymans Robertson

Also Present:

Daniel King
Taran Paik
William Pearce
Aiden Quinn

Audit Wales
Russell Investments
Russell Investments
Russell Investments

Officer(s)

Karen Cobb
Jeffrey Dong

Senior Accountant
Deputy Chief Finance Officer / Deputy Section 151
Officer.
Democratic Services Officer
Lawyer

Allison Lowe
Carolyn Isaac

Apologies for Absence

Councillor(s): J P Curtice

18 Disclosures of Personal and Prejudicial Interests.

In accordance with the Code of Conduct adopted by the City & County of Swansea, the following interests were disclosed:

Councillor P Downing - agenda as a whole - my brother is a member of the Local Government Pension Scheme – personal.

Councillor M B Lewis - agenda as a whole – member of the Local Government Pension Scheme - personal.

Councillor C E Lloyd – agenda as a whole – member of the Local Government Pension Scheme - personal.

Councillor P Rees - agenda as a whole – Daughter-In-Law is a member of the Local Government Pension Scheme - personal.

Councillor D G Sullivan - agenda as a whole – Daughter-In-Law is a member of the Local Government Pension Scheme and I am in receipt of a pension administered by the former Dyfed Council - personal.

Councillor W G Thomas - agenda as a whole – member of the Local Government Pension Scheme - personal.

Officers:

K Cobb – Agenda as a whole – Member of Local Government Pension Scheme – personal.

J Dong – Agenda as a whole – Member of Local Government Pension Scheme – personal.

C Isaac - Agenda as a whole – Member of Local Government Pension Scheme – personal.

A Lowe - Agenda as a whole – Member of Local Government Pension Scheme – personal.

19 Minutes.

Resolved that the Minutes of the Pension Fund Committee held on 8 September 2021 be approved and signed as a correct record.

20 Audit of Accounts Report - City and County of Swansea Pension Fund.

The Deputy Chief Finance Officer / Deputy S151 Officer clarified that this was the stand-alone ISA260 report of the External Auditor.

Daniel King offered apologies from Jason Garcia and presented the unqualified audit report which summarised the main findings from the audit of the 2020-21 accounts.

The Deputy Chief Finance Officer / Deputy S151 Officer stated that there were fewer matters to note than in previous years and clarified the issues in relation to the significant matters outlined in Exhibit 2.

The Chair thanked Audit Wales for the report and praised the Deputy Chief Finance Officer / Deputy S151 Officer, Karen Cobb, Senior Accountant and Finance staff for all their work.

Resolved that the Audit of Accounts Report be approved.

21 Breaches Report. (For Information)

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report which presented any breaches which had occurred in the period in accordance with the Reporting Breaches Policy.

Appendix A provided the details of breaches that had occurred since the previous Pension Fund Committee in September 2021. The details of the breaches and the actions taken by Management were highlighted.

22 Policy Update - Overpayment of Pension.

The Deputy Chief Finance Officer / Deputy S151 Officer presented a report in accordance with statute, to approve an Overpayment of Pensions Policy.

Resolved that the Overpayment of Pensions Policy at Appendix 1 be approved.

23 Competition & Markets Authority (CMA).

The Deputy Chief Finance Officer / Deputy S151 Officer presented a report to set and monitor measurable objectives for appointed investment consultants as required by CMA requirements.

Resolved that the Investment Consultants' identified objectives and their progress against the same outlined in Appendix 1, subjective to periodic review by the Deputy Chief Finance Officer be approved.

24 Pension Admin Update.

The Deputy Chief Finance Officer / Deputy S151 Officer presented a report in accordance with statute, to update Applicable Administering Authority Discretions Policy and Pensions Administration Policy.

He stated that at this time he was only seeking approval on the Pensions Administration Strategy. The Administering Authority Discretions Policy would be presented to the next meeting of the Pension Fund Committee.

The Chair, on behalf of the Pension Fund Committee conveyed his thanks to the Pensions Manager and her team for all their hard work.

Resolved that the Pensions Administration Strategy be approved.

25 Net Zero Carbon Investment Strategy.

The Deputy Chief Finance Officer / Deputy Section 151 Officer presented a report to consider the implications and identify an appropriate target date and methodology to achieve a carbon net zero investment portfolio in the City & County of Swansea Pension Fund.

David Morton and Andre Ranchin, Hymans Robinson LLP outlined the details in Appendix 1 – Net Zero Ambition and Investment Beliefs.

Resolved that the following be approved:

- A) A commitment to achieve a net zero carbon position in its investment portfolio by 2037;
- B) The adoption of the Fund's Responsible Investment Beliefs as outlined in Appendix 1, will underpin the Fund's actions on climate risk;
- C) The climate actions of the Fund are developed across three key areas ('3-dimensions') to give greater balance between:
 - 1. Carbon and other ESG metrics (both backward and forward looking);
 - 2. Opportunities that will benefit from the transition to a lower carbon Economy;
 - 3. Engagement activities focussed on climate, and encouraging best practice amongst fund managers, investee companies and other investors.

26 Exclusion of the Public.

The Committee was requested to exclude the public from the meeting during consideration of the item(s) of business identified in the recommendation(s) to the report on the grounds that it / they involved the likely disclosure of exempt information as set out in the exclusion paragraph of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007 relevant to the item(s) of business set out in the report.

The Committee considered the Public Interest Test in deciding whether to exclude the public from the meeting for the items of business where the Public Interest Test was relevant as set out in the report.

Resolved that the public be excluded for the following items of business.

(Closed Session)

27 Wales Pension Partnership - Progress Update. (For Information)

The Deputy Chief Finance Officer / Deputy S151 Officer presented a report To update The Pension Fund Committee on the progress and work of the Wales Pension Partnership (WPP)

He stated that the Joint Governance Committee had approved the inter-Authority agreement which was also approved by Swansea Council on 4 November 2021.

28 Investment Consultant's Quarterly Report. (For Information)

Andre Ranchin Investment Consultant, Hymans presented Quarter 3 2021 Investment Monitoring Report

The content of the report was noted by the Committee and various questions were asked, which were responded to accordingly. The Investment Consultant was thanked for his report.

29 Investment Summary. (For Information)

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report which presented the asset valuation and investment performance for the quarter, year and 3 years ended 30 September 2021

30 Fund Manager's Presentation(s):

Russell Investments – Global Equities and Fixed Income Update

A presentation was made by and Aidan Quinn, Taran Paik and William Pearce of Russell Investments.

Questions in relation to the content of the presentation were asked by the Committee and responses were provided accordingly.

The content of the presentation was noted and the Chair thanked the Fund Managers for attending the meeting.

The meeting ended at 11.55 am

Chair



Report of the Section 151 Officer

Pension Fund Committee - 15 March 2022

City & County of Swansea Pension Fund Business Plan 2022/23

Purpose:	To provide a working framework for the Pension Fund's programme of work for 2022/23
Reason for Decision:	To approve the outlined work programme.
Consultation:	Legal, Finance and Access to Services.
Recommendation:	It is recommended that The pension Fund Committee approve and note: 1) The City & County of Swansea Pension Fund Annual Business Plan 2022/23; 2) Risk Register 2022/23; 3) Asset Allocation; 4) Budget 2022/23.
Report Author:	Jeff Dong
Finance Officer:	Jeff Dong
Legal Officer:	Stephanie Williams
Access to Services Officer:	Rhian Millar

Business Plan 2022/23

1 Background

- 1.1 In line with best practice, the Pension Fund produces a business plan, risk register, budget and asset allocation to inform its work programme for the forthcoming 12 month period. The business plan, budget, risk register, asset allocation for 2022/23 is attached at Appendix 1,2,3 and 4

2 Proposal

- 2.1 The Pension Fund Committee is asked to approve the attached business plan, budget, risk register and asset allocation for the year 2022/23 noting the timescale and responsibility for key action points throughout the year. The document is a dynamic document and shall be revised and amended

throughout the year as necessary.

3 Legal Implications

3.1 The relevant legal provisions and guidance are set out in the Appendix

4 Financial Implications

4.1 There are no financial implications arising from this report

5 Integrated Impact Assessment Implications

5.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to their own needs.

The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

An integrated impact assessment screening has been undertaken and it concludes that there are no equality impact implications arising from this report.

Background Papers: None.

Appendices: Appendix 1- Business Plan 2022/23
Appendix 2 – Risk Register
Appendix 3 – Asset Allocation
Appendix 4 – Budget

CITY AND COUNTY OF SWANSEA



Pension Fund

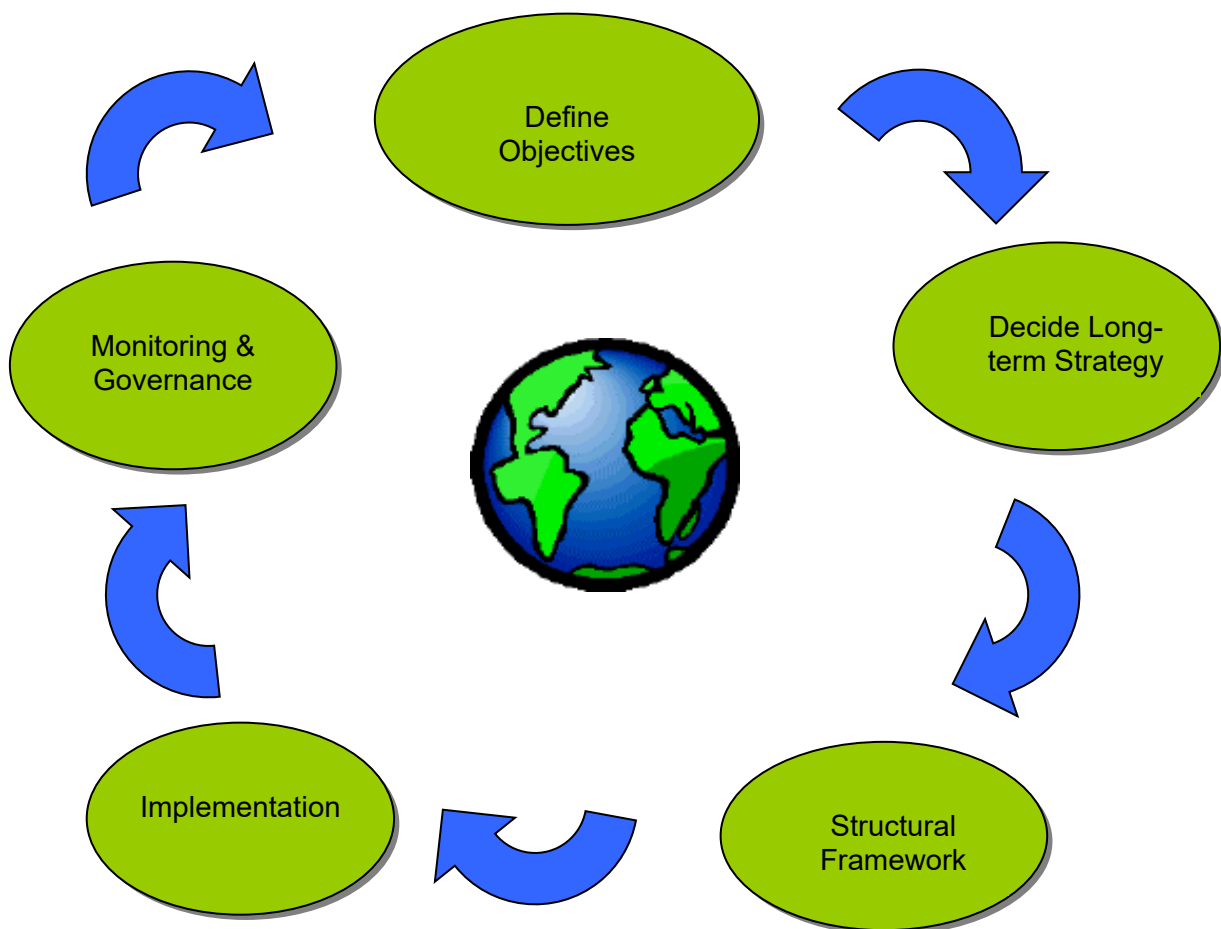
Annual Business Plan 2022/23

Local Government Pension Scheme City & County of Swansea

Business Plan

1. Decision-making Framework

The Pension Fund Committee have the delegated responsibility to manage the investment arrangements of the Fund to meet the overall investment objectives identified in the Statement of Investment Principles. Investment decisions are taken by the Committee as advised by the Deputy S151 Officer and professional external investment consultants. The Pension Fund Committee use the following framework to formulate their policy in all aspects relating to the management of the Fund's assets.



This Plan relates to the management of the Fund's assets over the medium-term/long term, with a detailed plan of issues to be addressed in the next twelve months.

2. Summary of Investment Arrangements

The primary investment objectives of the Pension Fund Committee as stated in the Investment Strategy Statement are:

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. This funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

The Committee aims to fund the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary and/or inflation increases.

The Committee has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

It is intended that the Fund's investment strategy will be reviewed approximately every three years and as appropriate in the interim.

The Fund's investment strategy was last reviewed during 2019. A full analysis including both a quantitative (using asset liability modelling) and qualitative analysis was undertaken following the last triennial valuation in 2017. This approach helps to ensure that the investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners, deferreds and active members), together with the level of surplus or deficit (relative to the funding basis used). Details of the assumptions used in the quantitative analysis was considered prior to the Committee agreeing any strategic changes.

The Committee monitors investment strategy on an ongoing basis, focusing on factors including, but not limited to:

- Suitability, given the Fund's level of funding and liability profile
- The level of expected risk
- Outlook for asset returns

The Committee also monitors the Fund's actual allocation on a regular basis to ensure it does not notably deviate from the target allocation and is considering a formal rebalancing framework alongside potential changes to the Fund's longer term strategic asset allocation.

Performance of the investment managers are collated by PIRC on a whole LGPS basis, this service shall be reviewed on an All Wales basis in due course. Performance of the managers are considered by the Pension Fund Committee on a quarterly basis, with reports and analysis being provided by Hymans.

Each of the external managers provides quarterly reports on performance and makes presentations to Committee as and when required.

3. Issues addressed in year to 31 March 2022

In the last twelve months the Pension Fund Committee has addressed the following investment issues:

a. Objectives

- The fund reviewed its objectives as outlined in the revised Investment Strategy Statement

b. Investment Strategy

The Pension Fund Committee monitored its investment strategy and asset allocation as outlined in The Investment Strategy paper previously, providing an update on progress re. the de-risking strategy and progress re. reducing carbon exposure in its listed equity portfolio to 50% by 2022. It has also committed significant capital to renewable energy (solar and wind) during the year. It has also committed to investing in residential housing with funds committing to identifying opportunities in the Swansea area (due diligence being undertaken on 2 sites)

c. Structural Framework

The Wales Pension Partnership (WPP) has successfully transitioned its active global equities assets (including Swansea) into the WPP ACS. The successful transition of Swansea's active £121m fixed income assets took place in Sep 2020. Work is ongoing in relation to the private market assets in the portfolio with a timetable for implementation to be agreed in 2021.

d. Implementation

- Produced annual report and statement of accounts 2020/21
- Held Annual General Consultative Meeting
- Transitioned active bonds into WPP active fixed income sub funds
- Implemented Swansea specific low carbon overlay re. WPP Global equity assets
- Implemented Equity Protection programme
- Implemented triennial valuation
- Held employee roadshows

e. Monitoring & Governance

During the year, the Pension Fund Committee has held quarterly monitoring meetings with reports from the investment consultant and officers, which under Covid 19 regulations have been held remotely via TEAMS.

Similarly, The Local Pension Board has held quarterly meetings (virtually via TEAMS) reviewing the work of the pension fund committee

The Joint Governance Committee (JGC) of the WPP has also met 4 times during the year virtually.

A virtual consultation meeting to consider the 2020/21 Annual Report and Statement of Accounts was held, to which all employing bodies and trade unions were invited.

The Pension Admin Manager held several virtual meetings for employers and members in order to explain the implementation of new regulations, share best practice and improve data submission portals and preparatory work ahead of the triennial valuation 2022 and other changes amongst other administration issues.

f. Environmental, Social, Governance (ESG)

The Pension Fund Committee has formally adopted and approved its Responsible Investment Policy and Environmental, Social Governance (ESG) Policy. The Fund has successfully transitioned £0.5bn of assets into the Blackrock low carbon fund and was recognised in its responsible investment approach by winning the LAPF Best Approach to Sustainable Investment Approach Award 2019. It has also lobbied and worked with peers in WPP to implement carbon reduction programmes in its portfolios. Consequently, the WPP has submitted its prospectus for the carbon reduction overlay for the WPP Global equities opportunities fund to the FCA for consideration. Swansea is currently also concluding due diligence on a number of impact investments including renewable power (solar and wind) and affordable/community housing. The fund also was shortlisted for the LAPF Awards in 2020 for best investment innovation (equity protection) and best approach for sustainable investment (carbon reduction overlay).

4. The Business Plan

a. Objectives

The Investment Objectives, Strategy and Risk Profile shall be considered when reviewing the Investment Strategy Statement and when considering the revision of the funding strategy statement that was adopted for the 2019 valuation.

b. Investment Strategy

The solvency level of the Fund continues to be carefully monitored. The ongoing uncertainty for the world economies and recovery from the effects of the global Covid 19 pandemic means that Pension Fund Committee members shall continuously review the funding level. The strategy will be regularly reviewed to seek to reduce the risk within the portfolio in light of recent gains.

Particular areas to be addressed are as follows:

- Review the effectiveness of the implemented structure of the fund
- Review de-risking strategy
- Review the profile of the Equity protection programme
- Review asset allocation and new asset classes
- Review risk parameters
- Re- balance more efficiently
- Review appropriate fund benchmarks

c. Structural Framework

The structural framework of the investment management arrangements of the fund has been materially impacted by the establishment of the WPP. The joint governance committee has met 4 times during the year and has engaged formally with the chairs of the 8 local Pension Boards and has held a number of joint training sessions during the year.

d. Implementation & Risk Management

The Committee shall implement decisions taken in respect of the strategy described above and has identified and shall monitor risks identified in Appendix 2 in the Pension Fund Risk Register. A programme to reduce risk in the equity portfolio as the fund reallocates to a variety of yielding real assets was the implementation of an equity protection programme, the progress of which has been reported regularly since inception. The programme shall be reviewed and re-profiled as the market conditions develop to ensure continued protection whilst the remainder of the real assets portfolio is deployed.

e. Monitoring & Governance

The Governance arrangements of the CCS pension fund have been formally reviewed in line with regulations and the Council's constitution has been amended to reflect the same, with the Pension Fund Committee having governance responsibilities for the pension fund and the Local Pension Board providing the oversight and assistance to the Pension Fund Committee to discharge its role.

The Pension Fund Committee will continue to consider issues arising from all the guidance for investment decision making and further improve compliance where required. The Pension Fund Committee awaits the outcome of the scheme governance review guidance due to be published by the scheme advisory board (SAB).

The Chairman (or his nominated Deputy) of the Pension Fund Committee shall be the Swansea representative on the Joint Governance Committee of the Wales Pension Partnership. Following the considerable support of the Chairman of the Pension Fund Committee, the JGC of the WPP has approved the appointment of a Scheme Member Representative of the JGC.

An Annual Consultative Meeting with stakeholders was held to consider the 2020/21 Annual Report.

Further open meetings for employers shall be arranged as required to consider revisions to the scheme and the impact of Mc Cloud remedy impact and will consult on further dialogue with DLHC in relation to structural reform of the LGPS.

f. Trustee/Officer Training

The Deputy S151 Officer and advisors will continue to identify suitable Trustee training opportunities as outlined in the Trustee Training plan and in tandem with the WPP training plan, striving to ensure Trustees are appropriately equipped to discharge their role.

Since the publication of the CIPFA skills and knowledge framework and TPR toolkit , there is a continuing requirement for Pension Fund Committee Trustees to demonstrate acceptable levels of competency to discharge their roles.

The Trustees, in turn are to ensure their own training requirements are being met and are asked to make themselves available for training when required.

Similarly officers are required to demonstrate competency and experience in discharging their roles and the Deputy S151 Officer shall continue to identify training opportunities for the officers of the fund.

The appointed investment consultant, Hymans launched the LGPS National Knowledge Assessment (NKA) self assessment toolkit to gauge the level of competency of both Committees and Boards. Both members of the Committee and Local Pension Board have undertaken the assessment and the results and feedback shall inform the items identified for training. The Training Plan Report 2021/22 is also being considered on this agenda.

5. Business Plan Timetable

The following table in Appendix 1 sets out the progress achieved against the 2021/22 business plan and sets out the broad Pension Fund Committee business plan over the next twelve months for 2022/23, the document is a dynamic document which is subject to review during the year. The business plan also includes a projected budget for the forthcoming year in respect of the main areas of income and expenditure and in Appendix 3. Appendix 2 outlines the high level risk register.

The action plan shall, where appropriate, form the basis of the agenda items at the Pension Fund Committee meetings.

Review of 2021/22 Business Plan Targets to year ended 31st March 2022

Action	Description	Time-scale	Primary Responsibility	Status
1	Formulate Annual Business Plan for 2021/22	Mar 2021	Deputy S 151 Officer	Achieved
2	Implement revised FSS for employer flexibilities	April 2021	Deputy S 151 Officer /actuary	Achieved
3	Take amended WPP Inter Authority Agreement to Council for amendment to recognise scheme member representative on the JGC.	Dec 2021	Deputy S 151 Officer /Democratic Services	Achieved
4	Undertake formal Review of Investment Strategy Statement	Mar 2021	Deputy S 151 Officer	Achieved
5	Implement revised pension SORP and CIPFA guidance in producing annual report and statement of a/cs	June 2021	Deputy S 151 Officer	Achieved
6	Finalise GMP reconciliation	Sep 2021	Deputy S 151 Officer	Not achieved /ongoing target completion date April 2022
7	Monitor LGPS Regulation Changes and provide response to consultation where necessary to MHCLG	MHCLG timetable	Deputy S 151 Officer	Achieved
8	Implement Mc Cloud Remedy	2021/22	Deputy S 151 Officer	Ongoing as operational impact of remedy is appraised and developed with software providers
9	Support the All Wales Investment Pool project (procurement, governance & oversight arrangements, prospectus design, sub fund design,	Continuous	Deputy S 151 Officer	Achieved & Ongoing

	tax, transition management)			
10	Consider and approve Pension Fund Accounts and Annual Report and progress through external audit process	November 2021	Deputy S 151 Officer	Achieved
11	Review performance of WPP fund managers and Swansea fund managers ,	July 2021 September 2021 Dec 2021 March 2022	Deputy S 151 Officer	Ongoing
12	Continue to implement the fund's ESG Policy in respect of reduced carbon exposure and responsible investments	2021/22	Deputy S 151 Officer	Achieved and ongoing
13	Annual consultative meeting with employers re. annual report	November 2021	Deputy S 151 Officer	Achieved Nov 2021
14	Receive presentations from Fund Managers/WPP ACS Operator/advisors	July 2021 September 2021 December 2021 March 2022	Deputy S 151 Officer	Achieved
15	Implement any amendments as a result of revised regulations	DLHC Timetable	Deputy S 151 Officer	Achieved
16	Review Pension Administration Strategy to ensure compliance with legislation	Nov 2021	Deputy S 151 Officer	Achieved
17	Review Communication Strategy to ensure fit for purpose and compliance with regulations	Nov 2021	Deputy S 151 Officer	Achieved

18	Implement training plan as a result of the knowledge and skills assessment of pension fund committee and local pension board members via National knowledge assessment (NKA)	July 2021	Deputy S 151 Officer	Partly Achieved – continues in 2022/23
19	Review Governance arrangements pending issuance of SAB guidance	Dec 2021	Deputy S 151 Officer	Ongoing
20	Continue to evolve the carbon reduction programme within the equity portfolio	Dec 2021	Deputy S 151 Officer	Net Zero Roadmap adopted in Nov 2021

Business Plan 2022/23 to Year Ending 31 March 2023

Action	Description	Time-scale	Primary Responsibility
1	Formulate Annual Business Plan for 2022/23	Mar 2022	Deputy S 151 Officer
2	Implement revised FSS following Valuation 2022	April 2023	Deputy S 151 Officer /actuary
3	Undertake 2022 Triennial Valuation	April 2022- Nov 2022	Deputy S 151 Officer /actuary
4	Undertake formal Review of Investment Strategy Statement	Mar 2023	Deputy S 151 Officer
5	Implement revised pension SORP and CIPFA guidance in producing annual report and statement of a/cs	June 2022	Deputy S 151 Officer
6	Finalise GMP reconciliation	Apr 2022	Deputy S 151 Officer
7	Monitor LGPS Regulation Changes and provide response to consultation where necessary to DLHC	MHCLG timetable	Deputy S 151 Officer
8	Implement Mc Cloud Remedy	2022/23	Deputy S 151 Officer
9	Support the WPP Investment project (procurement, governance & oversight arrangements, prospectus design, sub fund design, tax, transition management)	Continuous	Deputy S 151 Officer
10	Consider and approve Pension Fund Accounts and Annual Report and progress through external audit process	November 2022	Deputy S 151 Officer

11	Review performance of WPP fund managers and Swansea fund managers ,	July 2022 September 2022 Dec 2022 March 2023	Deputy S 151 Officer
12	Continue to implement the fund's ESG Policy in respect of reduced carbon exposure and responsible investments	2022/23	Deputy S 151 Officer
13	Annual consultative meeting with employers re. annual report	November 2022	Deputy S 151 Officer
14	Receive presentations from Fund Managers/WPP ACS Operator/advisors	July 2022 September 2022 December 2022 March 2023	Deputy S 151 Officer
15	Implement any amendments as a result of revised regulations	MHCLG Timetable	Deputy S 151 Officer
16	Review Pension Administration Strategy/Discretions to ensure compliance with legislation	Nov 2022	Deputy S 151 Officer
17	Review Communication Strategy to ensure fit for purpose and compliance with regulations	Nov 2022	Deputy S 151 Officer
18	Implement training plan as a result of the knowledge and skills assessment of pension fund committee and local pension board members via National knowledge assessment (NKA)	July 2022	Deputy S 151 Officer
19	Review Governance arrangements pending issuance of SAB guidance	Dec 2022	Deputy S 151 Officer
20	Develop Roadmap to Net Zero for the Investment Portfolio	Dec 2022	Deputy S 151 Officer/Investment Consultant

City & County of Swansea Pension Fund Risk Register 2021/22

Risk	Existing control measures /new control measures	Impact	Likelihood	Assigned	Date	Risk status
CCSPF1- Failure to comply with LGPS Regulation If there is failure to comply with regulation, there would be adverse audit opinion and loss of trust from employers within scheme	<ul style="list-style-type: none"> Well trained staff CPD Pensions Officer Group Society of Welsh Treasurers Internal/external audit regime 	High	Low	JD	2022/23	Green
CCSPF2 – Failure to process accurate pension benefits in a timely manner If a pension benefit is paid incorrectly there could be a cost to the fund or penalty imposed for lateness of payment	<ul style="list-style-type: none"> Well trained staff Established procedure with imbedded checks and segregation of duties in place Regular KPI monitoring Use of market leading software Altair NFI checks Atmos checks GDPR 	High	Low	JD	2022/23	Green
CCS PF3- Failure to collect and account for full receipt of contributions from employers and employees on time If there is a failure to collect appropriate contributions there may be a rise in employers contributions and an adverse impact on cashflow and the ability to pay benefits and adverse audit opinion	<ul style="list-style-type: none"> Contribution timetable/monitoring procedure Administering Authority agreement Escalation and fines for non compliance Internal audit 	High	Low	JD	2022/23	Green
CCS PF4 – Failure to keep pension records up to date If pension records are not up to	<ul style="list-style-type: none"> Administering Authority agreement with employers to ensure timely passing of 	High	Medium	JD	2022/23	Amber

<p>date, a wrong benefit may be calculated and paid</p>	<p>information</p> <ul style="list-style-type: none"> • Data accuracy checks undertaken • Data validation on Altair system • Periodic data validation by scheme actuary/NFI • 					
<p>CCSPF 5 Failure to hold personal data securely</p> <p>If there is breach of data there is a risk to the individual's details and loss of trust in the Authority</p>	<ul style="list-style-type: none"> • Compliance with GDPR • Business Continuity plan • IT Security Policy • Systems and pension payroll audit annually 	High	Low	JD	2022/23	Green
<p>CCSPF6 Loss of funds through fraud or misappropriation by Administrative staff</p> <p>If funds are lost through fraud or misappropriation by Administrative staff could lead to increase in employer contributions</p>	<ul style="list-style-type: none"> • Segregation of duties • Clear roles and responsibilities and schemes of delegation • Internal external audit 	High	Low	LM	2022/23	Green
<p>CCSPF7 – Loss funds through fraud or misappropriation in investment related functions</p> <p>If funds are lost through fraud or misappropriation in investment related functions could lead to increase in employer contributions</p>	<ul style="list-style-type: none"> • Segregation of duties • Clear roles and responsibilities and schemes of delegation • Internal/external audit • Regulatory control reports by external fund managers, custodians, fund administrators • FCA registration • Due diligence upon appointment 	High	Low	JD	2022/23	Green
<p>CCSPF8- Liquidity/cashflow risks – insufficient liquid assets with which to meet liabilities as they fall due</p> <p>If levels of liquidity are insufficient then pension payments may not be able to be met</p>	<ul style="list-style-type: none"> • Weekly pension fund cash investments monitoring • SIP allocation to liquid assets 	High	Low	JD	2022/23	Green

CCSPF 9- Volatility in employer contribution rates due to decrease/increase in valuation of assets/liabilities	<ul style="list-style-type: none"> Engage with expert actuary to make appropriate assumptions and employ suitable mechanisms to mitigate unaffordable rises Regular monitoring of investment manager performance Diversified investment asset allocation 	High	Medium	JD	2022/23	Amber
CCSPF10- Prolonged failure of investment managers to achieve their objective returns	<ul style="list-style-type: none"> Regular investment monitoring by officers Regular presentation to pension fund committee Ability to sack managers Diversified investment strategy with a number of different managers 	Medium	Medium	JD	2022/23	Green/Amber
CCSPF11- Price Risk- the volatility of the price of the quoted investments held exposes the fund to the risk of price movements in the market	<ul style="list-style-type: none"> A comprehensive diversified investment approach is adopted 	High	Low	JD	2022/23	Green
CCSPF 12- Interest rate risk- The risk of exposure to significant interest rate rises	<ul style="list-style-type: none"> A comprehensive diversified investment approach is adopted 	Medium	Low	JD	2022/23	Green
CCSPF 13 Discount Rate Risk- Volatility in the discount rate used inflates the level of liabilities to be paid	<ul style="list-style-type: none"> Engage professionally qualified actuary who can mitigate the effects of abnormal discount rates 	High	Medium	JD	2022/23	Amber
CCSPF 14 Foreign Exchange Risk- The risk of fluctuation the value of foreign currencies (the fund holds foreign investments whilst its liabilities are payable in sterling)	<ul style="list-style-type: none"> A comprehensive diversified investment approach is adopted Good cashflow management 	High	Low	JD	2022/23	Green

CCSPF 15 – having suitably trained/experienced staff	<ul style="list-style-type: none"> • Training, development and succession planning 	High	Medium	JD	2022/23	Amber
CCPF 16- Having suitably trained knowledgeable Pension Fund Committee Members/Local Pension Board Members	<ul style="list-style-type: none"> • CIPFA Knowledge and Skills framework • TPR Toolkit • Training Plan • Professional Advisors/Officers advising 	High	Low	JD	2022/23	Green
CCSPF 17- Having adequate cyber security to protect members’ data and ability to continue to pay benefits	<ul style="list-style-type: none"> • Comprehensive firewall and cyber security systems used by the Admin Authority and hosted system providers 	High	Low	JD	2022/23	Green
CCSPF 18 -					2022/23	

Asset Allocation as at 31st December 2021

APPENDIX 3

Asset Class	Target Asset Allocation	Fund Manager		Benchmark	Performance target	
		Passive	Active			
		Asset Allocation as at 31/12/21	Asset Allocation as at 31/12/21	Total		
Global Equities	61% +/- 5%	26% Blackrock - Low Carbon Fund & EM	46% Wales Pension Partnership	72%	MSCI All World Index Net	+2% p.a. over rolling 3 year
Global Fixed Interest	10% +/- 5%	4% Blackrock	5% Wales Pension Partnership	9%	Libor	LIBOR +3%
Property	5% +/- 5%	-	4% Schroders, Partners & Invesco	4%	IPD UK Pooled Property Fund Index	+ 1% p.a. over rolling 3 year, 8% absolute return
Hedge Funds	0%	-	2% Blackrock & EnTrustPermal	2%	Libor	+4%
Private Equity	5% +/- 5%	-	5% Harbourvest, Blackstone	5%	FTSE allshare	+3% p.a. over 3 year rolling
Infrastructure	5% +/- 5%	-	3% First Sentier, Blackrock	3%	10% Absolute	10% Absolute
Residential Housing	5% +/- 5%	-	1% BMO, Man Group	1%	6% Absolute	6% Absolute
Private Debt	5% +/-1%	-	2% Alcentra, CVC, GSAM Broad Street	2%	7% Absolute	7% Absolute
Timberland & Farmland	3% +/-1%	-	0% Manulife - HTFF	0%	8-11% Gross IRR	8-11% Gross IRR
Cash	1% +/- 5%	-	2% In house and cash flows of fund managers	2%	7day LIBID	=
TOTAL	100%	30%	70%	100%		

Fund Valuation as at 31/12/21

2,942,652,894

Libor to be replaced by Sterling Overnight Index Average (SONIA from 01/01/22)

	Actual 2020/21	Probable 2021/22	Estimate 2022/23
Membership Numbers			
Contributors	20,388	21,006	21,600
Pensioners	13,864	14,311	14,750
Deferred	11,829	12,234	12,670
	<u>46,081</u>	<u>47,551</u>	<u>49,020</u>
	Actual 2020/21 £'000	Probable 2021/22 £'000	Estimate 2022/23 £'000
Income			
Employer Contributions	81,813	84,049	87,500
Employee Contributions	20,199	21,167	22,784
Transfers In	3,092	4,800	4,500
Other Income	50	7	10
Investment Income	18,347	25,000	30,000
	<u>123,501</u>	<u>135,023</u>	<u>144,794</u>
Expenditure			
Pensions Payable	70,195	71,877	76,375
Lump Sum Benefits	11,417	15,000	15,000
Death Grants	3,127	2,500	2,500
Refunds	113	108	100
Transfers Out	3,934	2,500	3,000
	<u>88,786</u>	<u>91,985</u>	<u>96,975</u>
Administrative Expenses			
Support Services	790	790	790
Actuarial Fees	65	65	90
Consultancy Service	101	200	120
External Audit Fees	43	43	43
Performance Monitoring Fees	14	15	15
Printing & Publications	8	20	20
Software Licences	262	262	270
Membership Fees	30	30	30
Legal Fees	22	21	21
Other	94	110	110
Pension Fund Committee	3	1	6
Pension Board	3	1	6
Training	10	10	10
Wales Pension Partnership Fees	88	107	165
	<u>1,533</u>	<u>1,675</u>	<u>1,696</u>
Investment Expenses			
Management Fees	4,887	5,000	5,000
Performance Fees	5,197	5,000	5,000
Custody Fees	266	300	330
Transaction Costs	1,631	1,800	1,800
	<u>11,981</u>	<u>12,100</u>	<u>12,130</u>



Report of the Section 151 Officer

Pension Fund Committee – 15 March 2022

Trustee Training

CIPFA Code of Practice, Public Sector Finance Knowledge and Skills

The Pension Regulator Knowledge and Understanding Duty on Committee Members

Purpose:	To determine an annual training programme for Pension Fund Committee and Local Pension Board members and officers of the Pension Fund
Reason for Decision:	To ensure compliance with the CIPFA Public Sector Pensions Finance Knowledge & Skills Code of Practice and the Pension Regulator Knowledge and Understanding Requirements
Consultation:	Legal, Finance and Access to Services.
Recommendation:	It is recommended that: 1. The assessment and outline training plan in 3.7, 3.8 and 3.9 be approved and further opportunities which are identified during the year be delegated to the Deputy S 151 Officer for approval.
Report Author:	Jeff Dong
Finance Officer:	Jeff Dong
Legal Officer:	Stephanie Williams
Access to Services Officer:	Rhian Millar

1 Introduction

- 1.1 Section 248 of The Pension Act 2004, as amended by Pensions Act 2013 requires that trustees of occupational pension schemes should be trained

and have the knowledge and understanding of the law relating to pensions, the role of trustees and the principle of scheme funding, investment management, scheme administration of pension benefits. Whilst there is a legal requirement for a prescribed level of knowledge and understanding for members of a Local Pension Board, this legal requirement does not apply to members of a Pension Fund Committee. Accordingly, the Pensions Committee have agreed to have regard to the Myner principles, The Pension Regulators' Toolkit, Scheme Advisory Board (SAB) and adopt the CIPFA Knowledge and Skills Framework.

In March 2000, the Chancellor of the Exchequer commissioned Paul Myners to conduct a review of institutional investment in the UK. The review was asked to consider whether there were distortions in institutions' investment decision-making. The efficiency of investment decision-making is an important driver of productivity, helping ensure that capital is allocated effectively and that managers are monitored and held accountable for performance.

1.2 One of Myners' main conclusions was that many pension fund trustees lack the necessary investment expertise to act as strong and discerning customers of the investment consultants and fund managers who sell them services.

1.3 In order to address the distortions identified, Myners recommended that pension fund trustees voluntarily adopt, on a 'comply or explain' basis, a series of principles codifying best practice for decision-making in relation to investment. These principles would be a powerful force for behavioural change. The central tenets included:

- decisions should be taken only by those with the right skills and expertise, and trustee boards should ensure they have access to appropriate skills and resources;
- fund managers should be set clear objectives and timescales;
- the performance of all managers should be measured, and trustees should assess their own performance;
- trustees should engage with investee companies where it is in the interests of their fund members so to do; and
- the investment strategy and returns of the fund should be reported annually to members and the public.

1.4 The Government agreed that the principles represent a clear and coherent approach, which will help the pensions industry respond to the challenges it faces, and from which everyone – consumers, industry and Government, but especially pension funds themselves – stands to benefit. The Government committed to reviewing after two years the extent to which the principles had been effective in bringing about behavioural change.

2 Progress

- 2.1 The Government has concluded that the voluntary approach is beginning to work, but considerably more efforts are needed to ensure that problem areas identified by the review are satisfactorily addressed. It believes that pension funds would better serve their members' and sponsors' interests if the best practice embodied in the Myners principles were to be strengthened and amplified, particularly in relation to trustee expertise and the process of investment decision-making.
- 2.2 Strengthening trustee skills and expertise is fundamental to achieving Myners' goals. The Pensions Act requires all trustees and officers to have appropriate knowledge and understanding of funding, investment, and relevant legal and scheme-specific issues. The Pensions Regulator will be responsible for enforcing this legal requirement, and the Occupational Pensions Regulatory Authority (OPRA) has developed a detailed code of practice to provide trustees with guidance.
- 2.3 The Government proposed that the Myners principle in relation to effective decision-making (principle 1) should be strengthened to align it with the objective standard of expertise set in the Pensions Act; but also to incorporate the review's conclusion that: the role played by the chair of the trustee board; having a critical mass of trustees with investment expertise; and the availability of additional resources to support the trustee board, are all key factors in promoting effective investment decision-making by pension funds. It therefore proposed to add three new elements to the principle. In all pension funds, the chair has a critical role in ensuring that the board as a whole has appropriate skills to address its responsibilities, and sets aside the appropriate time and resources to address investment decision-making.

3 CIPFA Code of Practice & The Pension Regulator's Knowledge & Understanding Requirements

- 3.1 CIPFA Code
The CIPFA Code of Practice represents a key element in complying with Myners' requirements for knowledge & skills in decision makers in public pension funds.
- 3.2 The Code of practice is underpinned by 4 key principles:
1. Organisations responsible for the financial administration of public sector pension schemes recognise that effective financial management, decision-making and other aspects of the financial administration of public sector pension schemes can only be achieved where those involved have the requisite knowledge & skills.
 2. Organisations have in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of pension scheme finance knowledge and skills for those in the organisation responsible for financial administration and decision-making.
 3. The associated policies and practices are guided by reference to the requirements outlined in the CIPFA Pensions Finance Knowledge &

Skills framework.

4. The organisation has designated a named individual to be responsible for ensuring that policies are implemented.

3.3 CIPFA recommends that all LGPS organisations adopt the following statements:

1. This organisation adopts the key recommendations of the Code of Practice.
2. This organisation recognises that effective financial administration and decision making can only be achieved where those involved have the requisite knowledge and skills.
3. accordingly that organisation will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant knowledge and skills.
4. The policies and practices will be guided by reference to CIPFA knowledge and skills framework.
5. The organisation will report on an annual basis how these policies have been put into place.
6. this organisation has delegated the responsibility for the implementation of the requirements of the CIPFA Code of practice to the Section 151 Officer.

3.4 The Pension Regulator

Key points

- You must have the required knowledge and understanding of scheme rules, documents recording scheme administration policies and pensions law.
- You should have adequate training to meet the knowledge and understanding requirements.

3.5 Knowledge and understanding requirements

You must:

- be conversant with (ie have a working knowledge of) your scheme rules and any document recording policy about the administration of your scheme
- have knowledge and understanding of the law relating to pensions

Scheme rules and administration policies

You must have a working knowledge of your scheme rules and documented administration policies. You should understand them in enough detail to:

- know where they are relevant to an issue
- understand and if necessary challenge any advice that you're given

3.6 The City & County of Swansea Pension Fund Policy Statement

The City & County of Swansea Pension Panel recognises the importance of ensuring that all staff and members charged with the financial management and decision making with regard to the LGPS are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. The City & County of Swansea Pension Fund formally adopted the CIPFA Pensions Finance Knowledge & Skills Code of Practice in June 2012. It will provide/arrange training for staff and members of the pensions decision making body to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. CIPFA have recognised the necessity to revisit and update this code of practice.

The Pension Committee has designated the Deputy Section 151 officer to be responsible for ensuring that the policies are implemented.

The majority of the Pension Committee and Local Pension Board have been in post for some time now and have formally undertaken initial introductory training in the LGPS and are consolidating that knowledge with continuous development, however an ongoing induction programme shall be required for any new members of the Pension Fund Committee or Local Pension Board if recently appointed.

With the revision of LGPS Governance Regulations and SAB guidance, the importance of minimum Trustee competence, knowledge and skills shall greatly increase

3.7 Hymans, the fund's appointed investment consultant launched the LGPS National Knowledge Assessment (NKA) in 2020 which seeks to assess the knowledge levels of Pension Fund Committees and Local Pension Boards nationwide.

In participating in the assessment, the fund received a full report outlining:

- Own fund results
- Analysis and suggested next steps
- Benchmarked position against other funds
- A tailored recommended training plan

The assessment launched in March 2020 with members of the pension fund committee and local pension board completing the 15-20 minute survey during April and May 2020. The results and subsequent questionnaire were used to inform the plan below.

3.8 In 2021/22, the following Trustee training was undertaken by members of the Committee:

Topic	Product Knowledge	Date
Private Markets	Asset Classes & Implementation, Fund Wrappers & Governance	21/04/2021
Responsible Investment	Responsible Investment Indices and Solutions, Responsible Investment Reporting	20/07/2021
Investment Performance & Risk Management	Performance Reporting & Manager Benchmarking. Roles & Responsibilities with the ACS.	18/09/2021
Guidance, Regulatory & Best Practice	Good Governance & Cost Transparency	19/01/2022

Informed by the National Knowledge Assessment undertaken and outstanding training identified previously, the following training has been identified as appropriate training to be undertaken by members of the Committee and Local Pension Board along with any appropriate training opportunities which present themselves during the year to be agreed by the Deputy Section 151 Officer and to participate in and amend the training below which is separately identified by the WPP training plan which is due to be approved at the next JGC meeting in later in 2022:

1. LGE (Local Government Employers) Trustee Fundamentals day 1, 2 & 3
2. ESG training
3. PLSA Local Authority Seminar PLSA Local Authority Seminar
4. Pension Governance- the role of the Committee and the Board
5. Pension Accounting & audit standards
6. Actuarial valuation methodologies

3.9 The determination of any additional training for elected members and identifying the requirements for officers shall be delegated to the Deputy Section 151 Officer.

4 Financial Implications

4.1 The financial implications of the report are that costs will be maintained within the training budget of the Pension Fund previously approved and outlined in the business plan

5 Legal Implications

5.1 The underlying legal framework is set out in the Report

6 Integrated Impact Assessment Implications

6.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to their own needs.

6.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

6.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

9.4 An integrated impact assessment screening has been undertaken and it concludes that there are no equality impact implications arising from this report.

Background papers: None

Appendices: None.

Agenda Item 5c



Report of the Section 151 Officer

Pension Fund Committee – 15 March 2022

Breaches Report

Purpose: The report presents any breaches which have occurred in the period in accordance with the Reporting Breaches Policy.

Report Author: Claire Elliott, Pension Manager

Finance Officer: Jeff Dong – Deputy S 151 Officer

Legal Officer: Stephanie Williams – Principal Lawyer

Access to Services Officer: N/A

For Information

1. Introduction

1.1 The Reporting Breaches policy was adopted with effect from 9 March 2017.

1.2 The policy requires a report to be presented to the Pension Board and Pension Fund Committee on a quarterly basis, highlighting any new breaches which have arisen since the previous meeting and setting out:

- all breaches, including those reported to The Pensions Regulator and those unreported, with the associated dates
- in relation to each breach, details of what action was taken and the result of any action (where not confidential)
- any future actions for the prevention of the breach in question being repeated

1.3 Following the introduction of GDPR requirements and the requirements to report any breaches to the Information Officer and ICO, if required, it has been determined good practice and transparent to also include GDPR breaches also within this report

2. Breaches

2.1 Under the policy, breaches of the law are required to be reported to the Pensions Regulator where there is reasonable cause to believe that:

- A legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with
 - The failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions
- 2.2 The Breaches Report is attached at Appendix A and the following further information is provided.
- 2.3 Under the LGPS regulations, interest is paid on retirement lump sum payments if the payment is made more than one month after retirement and calculated at one per cent above the base rate on a day to day basis from the due date of payment and compounded with three-monthly rests.
- 2.4 Since the last report in November 2021, 20.6% of retirement lumps sums have not been paid within the benchmark (it should be noted that 100% of payments were made within 1 month when all documentation was received). The % of non-payment of retirement lump sums within the specified benchmark was due to the members not returning completed pension election forms within a timely manner. Communication sent to members at time of retirement has been reviewed to ensure that the importance of timely return of required documents is highlighted and reminder triggers put in place.
- 2.5 The basic objective of the General Data Protection Regulation (GDPR) is to enforce stronger data security and privacy rules among organisations when it comes to protecting an individual's personal data. The UK legislation is the Data Protection Act 2018 and mirrors many key principles of the Data Protection Act 1998. Where a breach of a member's personal data happens (a breach of personal data means that a security breach has taken place leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to personal data, transmitted, stored or otherwise processed. [GDPR Article 4(12)]), the Pension Fund (who complies with Swansea Council GDPR Principles) has an obligation to undertake a full investigation within the initial 72-hours of acknowledging a data breach. When the Fund becomes aware of a breach, the appropriate investigation takes place within the stipulated timeframe and the findings presented to the Data Breach Panel for review. The requirements presented for improved working practices by the Data Breach Panel the Fund has incorporated within the day-to-day working practices. There has been no GDPR breach since last reporting date
- 2.6 The Fund requires that employers pay employee and employer contributions to the Fund on a monthly basis and no later than the 19th of the month after which the contributions have been deducted. There have been a single instance during the reporting period where breaches have occurred. In this case, Treasury Management staff have written to the employers to request payment and provide a reminder of the responsibilities to submit on time.
- 2.7 With regards to performance data in respect of processing refunds, in most cases, the sums are quite small and the problem is locating the member/former member to process the refund, quite often they may have moved address or even passed away.

3. Equality and Engagement Implications

N/A

4 Legal Implications

4.1 Where breaches have occurred, the legal implications are outlined in Code of Practice no.14 and GDPR legislation

5. Financial Implications

5.1 Minimal loss of investment income and a possible penalty charge from TPR.

Background papers: None.

Appendices: Appendix A: Breaches Register.

City and County of Swansea Breach Register

Date	Category (e.g. administration, contributions, funding)	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported / Not reported (with justification if not reported and dates)	Outcome of report and/or investigations	New Breach (since last report)
Dec 2019 – Feb 2020	Administration	1.71% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 100% was paid within 1 month of receipt of member option return	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS regulations	% due to delay in member returning the election form within a timely manner.		Member informed that the payment of the lump sum had been delayed due to late return of election forms.	
Dec 2019 – Feb 2020	Administration	Frozen refunds unclaimed for this period equates to 64% This equates to a monetary value of £3,505.73	Regulations, no further interest will accrue on or after 5-year anniversary. Should the member enter re-employment membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there	% has reduced in comparison with the previous quarter however it is still high. This is because the member has not made a positive election to claim refund	Information has been recorded in the breach register	Current procedure is that written communications are issued to the member when they leave providing the appropriate option of a refund or transfer. The member is contacted for a second time 3 months prior to the 5 year anniversary date	

			will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this. Going forward there will be no further requirement to report non-payment of refunds as the 5 year anniversary ruling will be removed.			of leaving.	
Dec 2019 – Feb 2020	GDPR Breaches	1 breach reported during this quarter. Member coms inadvertently sent to the wrong person as the letter had become caught up with the individuals	Possible reporting of Section to the Independent Commissions Office (ICO).	Staff reminded of the importance of removing all documentation from the printer and to check correspondence to ensure this is going to the correct individual. Encouraging e-	Reported breach to Swansea Council Data Protection Officer and an investigation undertaken.	Further to the investigation, it was deemed not necessary to report the breach to the ICO as adequate prevention measures have been identified and put in place.	

		Pension Options.		coms as a means of communication.			
Dec 2019– Feb 2020	Contributions	3 Employers have not paid contributions within required timescale	Loss of investment returns	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has passed	
Mar – May 2020	Administration	11.67% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 99.97% was paid within 1 month of receipt of member option return	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS regulations	% due to members failing to return pension election forms in a timely manner/completed in full and late issue of pensionable pay information from the member's employers payroll section, which has led to the late provision of pension options to the member.		Communication to members regarding retirement options are constantly reviewed to ensure the importance of returning completed documents in a timely manner is highlighted. On a monthly basis employers payroll sections are issued with a spreadsheet listing all outstanding termination forms and are reminded of the importance of providing accurate information on a	

<p>Mar - May 2020</p>	<p>Administration</p>	<p>Frozen refunds unclaimed for this period equates to 69% This equates to a monetary value of £4,428.25</p>	<p>Regulations, no further interest will accrue on or after 5-year anniversary. Should the member enter re-employment membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this. Awaiting confirmation of Regulatory change; going forward there</p>	<p>High % due to member not making a positive election to claim refund</p>	<p>Information has been recorded within the breach register</p>	<p>timely basis. Member was written to 3 months prior to the date of the 5-year anniversary of date of leaving</p>	
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			will be no further requirement to report non-payment of refunds as the 5 year anniversary ruling will be removed.				
Mar - May 2020	GDPR Breaches	1 breach reported during this quarter. Member coms inadvertently sent to the wrong email address	Possible reporting of the Pension Section to the Independent Commissions Office (ICO).	Staff have been reminded of the importance of checking the email autofill.	Reported breach to Swansea Council Data Protection Officer and an investigation undertaken.	Further to the investigation, it was deemed not necessary to report the breach to the ICO as adequate prevention measures have been identified and put in place.	
Mar – May 2020	Contributions	3 Employers have not paid contributions within required timescale	Loss of investment returns	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has passed	
Jun – Aug 2020	Administration	17% of retirement lump sums not paid within 1 month of normal retirement or 2	The administering authority has accrued interest payments on retirement lump	% due to members failing to return pension election forms in a timely manner/completed		Communication to members regarding retirement options are constantly	

		months of early retirement; 100% of member option forms returned were paid within 1 month of date of return	sums, paid more than one month after their due date, under the 2013 LGPS regulations	in full. Late provision of information provided by the members employer payroll sections.		reviewed to ensure the importance of returning completed documents in a timely manner is highlighted. On a monthly basis employers payroll sections are issued with a spreadsheet listing all outstanding termination forms and are reminded of the importance of providing accurate information on a timely basis.	
Jun – Aug 2020	Administration	Frozen refunds unclaimed for this period equates to 70.22% (of this 8.51% the Fund is in the process of transferring under the autoagg rules as the member has entered further LGPS	Regulations, no further interest will accrue on or after 5-year anniversary. Should the member enter re-employment membership cannot be aggregated, the member will not be able to transfer the	High % due to member not making a positive election to claim refund	Information has been recorded within the breach register	Member was written to 3 months prior to the date of the 5-year anniversary of date of leaving	

		membership) This equates to a monetary value of £8,030.64 (of which £888.39 is subject to transfer)	benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this. Awaiting confirmation of Regulatory change; going forward there will be no further requirement to report non-payment of refunds as the 5 year anniversary ruling will be removed.				
Jun – Aug 2020	GDPR Breaches	No breaches to report during this quarter.					
Jun – Aug	Contributions	2 Employers	Loss of	Employers are		Employers are	

2020		have not paid contributions within required timescale	investment returns	contacted once breach has occurred		contacted as soon as the deadline for submission of contributions has passed	
Sept – Oct 20	Administration	15% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 100% of member option forms returned were paid within 1 month of date of return	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS regulations	% due to late receipt of confirmation from the members Payroll Section of retirement. Delay in the return of member pension options/completed in full.		Communication to members regarding retirement options are constantly reviewed to ensure the importance of returning completed documents in a timely manner is highlighted. On a monthly basis employers payroll sections are issued with a spreadsheet listing all outstanding termination forms and are reminded of the importance of providing accurate information on a timely basis.	
Sept – Oct	Administration	Frozen refunds	Regulations, no	High % due to	Information has	Member was	

20		<p>unclaimed for this period equates to 64.29% This equates to a monetary value of £872.</p>	<p>further interest will accrue on or after 5-year anniversary. Should the member enter re-employment membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this. Awaiting confirmation of Regulatory change; going forward there will be no further</p>	<p>member not making a positive election to claim refund</p>	<p>been recorded within the breach register</p>	<p>written to 3 months prior to the date of the 5-year anniversary of date of leaving</p>	
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			requirement to report non-payment of refunds as the 5 year anniversary ruling will be removed.				
Sept – Oct 20	GDPR Breaches	No breaches to report during this quarter.					
Sept – Oct 20	Contributions	1 Employer has not paid contributions within required timescale	Loss of investment returns	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has passed	
Nov 20 – Feb 2021	Administration	19.23% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 96.84% of member option forms returned were paid within 1 month of date of return	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS regulations .	% due to members retiring from age 55 but before normal pension age and late return of options confirming early access of retirement benefits. % due to a delay in the return of member pension options/completed		Communication to members regarding retirement options are constantly reviewed to ensure the importance of returning completed documents in a timely manner is highlighted.	

				in full for the month of December.			
Nov 20 – Feb 21	Administration	Frozen refunds unclaimed for this period equates to 86% This equates to a monetary value of £7,488.70.	Regulations, no further interest will accrue on or after 5-year anniversary. Should the member enter re-employment membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this. Awaiting confirmation of Regulatory	High % due to member not making a positive election to claim refund	Information has been recorded within the breach register	Members are written to 3 months prior to the date of the 5-year anniversary of date of leaving	

			change; going forward there will be no further requirement to report non-payment of refunds as the 5 year anniversary ruling will be removed				
Nov 20 – Feb 21	GDPR Breaches	No breaches to report during this quarter					
Nov 20 – Feb 21	Contributions	1 Employer has not paid contributions within required timescale	Loss of investment returns	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has passed	
Mar 2021	Administration	30.55% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 91.89% was paid within 1 month of receipt of member option return	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS regulations	A % of late payments was in main due to the Pru failing to disinvest AVC monies and forward payments in a timely manner. The Pru have migrated to a new system and are experiencing ongoing problems.		The Fund has maintained regular contact with the Pru chasing payments of monies / requesting updates to communicate to members. Communication to members	

				Members failed to return pension election forms in a timely manner/completed in full and late issue of pensionable pay information from the member's employers payroll section, which has led to the late provision of pension options to the member.		regarding retirement options are subject to review on a regular basis. Members are made aware of the importance of returning completed documents in a timely manner. The Pension Section provide member employer payroll sections with a listing of outstanding termination forms and are reminded of the importance of providing accurate information on a timely basis.	
Mar 2021	Administration	Frozen refunds unclaimed for this period equates to 94.3% This equates to a monetary value of £3,189	Regulations state, no further interest will accrue on or after 5-year anniversary. Should the member enter re-employment membership cannot be	High % due to member not making a positive election to claim refund	Information has been recorded within the breach register	Members are written to 3 months prior to the date of their 5-year anniversary from date of leaving	

aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this.

Awaiting confirmation of Regulatory change; going forward there will be no further requirement to report non-payment of refunds as the 5 year anniversary ruling will be removed.

Mar 2021	GDPR Breaches	No breaches to report					
Apr - Jun 2021	Administration	15.91% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 97.78% was paid within 1 month of receipt of member option return	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS regulations	A % of late payments was in main due to the Pru failing to disinvest AVC monies and forward payments in a timely manner. The Pru have migrated to a new system and are experiencing ongoing problems. Members failed to return pension election forms in a timely manner/completed in full and late issue of pensionable pay information from the member's employers payroll section, which has led to the late provision of pension options to the member		The Fund has maintained regular contact with the Pru chasing payments of monies / requesting updates to communicate to members. Communication to members regarding retirement options are subject to review on a regular basis. Members are made aware of the importance of returning completed documents in a timely manner. The Pension Section provide member employer payroll sections with a listing of outstanding termination forms and are reminded of the importance	

						of providing accurate information on a timely basis.	
Apr - Jun 2021	Administration	Frozen refunds unclaimed for this period equates to 84.6% This equates to a monetary value of £4,770.17	Regulations state, no further interest will accrue on or after 5-year anniversary. Should the member enter re-employment membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this. Awaiting	High % due to member not making a positive election to claim refund	Information has been recorded within the breach register	Members are written to 3 months prior to the date of their 5-year anniversary from date of leaving	

			confirmation of Regulatory change; going forward there will be no further requirement to report non-payment of refunds as the 5 year anniversary ruling will be removed.				
Apr - Jun 2021	GDPR Breaches	No breaches to report					
Apr 21 – May 21 Page 51	Contributions	2 Employers have not paid contributions within required timescale	Loss of investment returns	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has passed	
July – August 2021	Administration	7% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 100% was paid within 1 month of receipt of	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS	A % of late payments was in main due to the Pru failing to disinvest AVC monies and forward payments in a timely manner. The Pru have continued to experience		The Fund has maintained regular contact with the Pru chasing payments of monies / requesting updates to communicate to members.	

		member option return	regulations	problems with the new system however going forward it is anticipated that these issues should now be resolved. Members failed to return pension election forms in a timely manner		Communication to members regarding retirement options are subject to review on a regular basis. Members are made aware of the importance of returning completed documents in a timely manner. The Pension Section provide member employer payroll sections with a listing of outstanding termination forms and are reminded of the importance of providing accurate information on a timely basis.	
July – August 2021	Administration	Frozen refunds unclaimed for this period equates to 94% This equates to a monetary value of £16,808.32	Regulations state, no further interest will accrue on or after 5-year anniversary. Should the member enter re-employment	High % due to member not making a positive election to claim refund	Information has been recorded within the breach register	Members are written to 3 months prior to the date of their 5-year anniversary from date of leaving	

			<p>membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this.</p> <p>Awaiting confirmation of Regulatory change; going forward there will be no further requirement to report non-payment of refunds as the 5 year anniversary ruling will be</p>				
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			removed.				
July – August 2021	GDPR Breaches	No breaches to report					
June – July 21	Contributions	1 Employer has not paid contributions within required timescale	Loss of investment returns	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has passed	
Sept – Oct 2021	Administration	14% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 100% was paid within 1 month of receipt of member option return	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS regulations	% (3 in total) due to late receipt of confirmation of retirement from the members employer / members failing to return pension options in a timely manner		Member coms highlight the importance of returning the completed forms / certificates in a timely manner. Payroll sections are issued with a monthly spreadsheet listing all outstanding termination forms and are reminded of the importance of providing accurate information on a timely basis.	
Sept – Oct 2021	Administration	Frozen refunds unclaimed for	Regulations state, no further	% due to member not making a	Information has been recorded	Members are written to 3	

		<p>this period is 80% This equates to a monetary value of £4,826.52</p>	<p>interest will accrue on or after 5-year anniversary. Should the member enter re-employment membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this. Awaiting confirmation of Regulatory change; going forward there will be no further</p>	<p>positive election to claim refund</p>	<p>within the breach register</p>	<p>months prior to the date of their 5-year anniversary from date of leaving</p>	
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			requirement to report non-payment of refunds as the 5 year anniversary ruling will be removed.				
Sept – Oct 2021	GDPR breaches	No breaches to report					
August – Sept 21	Contributions	3 Employer have not paid contributions within required timescale	Loss of investment returns	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has passed	
Nov 21 – Feb 2022	Administration	20.6% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 97.06% of member option forms returned were paid within 1 month of date of return	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS regulations	% due to the late provision of final pensionable pay figures from members employer payroll section / late return of completed option forms by member.		Communications to employers HR / Payroll Section and members regarding the provision of termination forms, final pensionable pay figures is subject to ongoing review and the importance of returning completed forms in a timely manner and the	✓

						consequences of failure to comply is highlighted	
Nov 21 – Feb 2022	Administration	Frozen refunds unclaimed for this period equates to 75% This equates to a monetary value of £7,579.74	Regulations, no further interest will accrue on or after 5-year anniversary. Should the member enter re-employment membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this. Awaiting confirmation of Regulatory	High % due to member not making a positive election to claim refund or transfer a cash transfer sum (CTS) to an alternative pension arrangement	Information has been recorded within the breach register	Members are written to 3 months prior to the date of the 5-year anniversary of date of leaving	✓

			change; going forward there will be no further requirement to report non-payment of refunds as the 5 year anniversary ruling will be removed				
Nov 21 – Feb 2022	GDPR Breaches	No breaches to report during this quarter					✓
Nov 21 – Feb 2022	Contributions	5 Employer have not paid contributions within required timescale – see below for detail	Loss of investment returns	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has passed	✓

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✓ New breaches since the previous meeting

The details of the five late Contributors :

No. of Contributors	Due Date	Date Paid	No of Months	Amount £	Organisation Type	Reason
4	19 th Feb	23 rd Feb	1	2,049	Small Town Council	One off late payment
2	19 th Dec	4 th Jan	1	456	Small Town Council	Persistently late in paying
282	19 th Dec	5 th Jan	1	211,136	Housing Association	One off late payment, new staff in place
1	19 th Oct/Nov/Dec	7 th Feb	3	2,460	Housing Association	New staff in place
10	19 th Sep – 19 th Dec	21 st Dec	4	22,630	Town Council	New staff in place



Report of the Section 151 Officer

Pension Fund Committee 15 March 2022

Role of Pension Fund Committee Chair

Purpose:	To recognise the increased breadth and scope of the role of chair of the Pension Fund Committee and make commensurate recommendations for appropriate remuneration in line with that responsibility and to be consistent with its partner funds in The Wales Pension Partnership (WPP) and other Committee Chair roles within The Council .
Consultation:	Legal, and Finance
Recommendation:	It is recommended that Pension Fund Committee approves the following recommendations and forwards the report and recommendation to Council for approval : 1) recognises the increased scope and breadth of responsibility of the role of The Pension Fund Committee Chair; 2) approves the recommendation to pay, at its discretion, the equivalent of an Independent Remuneration Panel for Wales (IRPW) senior salary for a Committee Chair to the Pension Fund Committee Chair with the additional sums (over and above basic salary) to be met by the Pension Fund as outlined in 6.1 of this report.
Report Author:	Jeff Dong
Finance Officer:	Ben Smith
Legal Officer:	Carolyn Isaac
Access to Services Officer:	Rhian Millar

- 1 **The Local Government Pension Scheme (LGPS)**
 - 1.1 The Local Government Pension Scheme (LGPS) is a defined benefit pension scheme for local government (and affiliated employers who provide appropriate services as defined by statute) workers in England and Wales. Benefits are guaranteed by Statute and determined by the member's career average salary for service since April 2014 or their final salary (for service before April 2014).

- 1.2 Employees make contributions on a sliding scale in accordance with their salary, and employers make pension contributions dictated by triennial actuarial valuation. It has over 5.9m members through 15,700 employers and collective assets of approximately £300bn nationally. It is administered via 89 separate schemes managed by the 87 Administering Authorities which are recognised within the Statutory Instrument.
- 1.3 There is a lot of misconception about the LGPS and its place amongst other public sector schemes. It is the only major public sector scheme which is a **funded** scheme, as opposed to the other public sector schemes like the Civil Service, NHS, Police etc. which are all **unfunded**, and pay as you go schemes. This makes it the most cost effective public sector pension provision. The LGPS provides pensions for workers like school break time assistants, social care workers, refuse collectors, social workers, non-teaching staff in schools, road maintenance workers as well as managers, chief officers and elected members (only in Wales) in local government .
- 1.4 Over two thirds of the LGPS membership are women members, many of whom only work(ed) part-time. In Swansea, the average pension in payment is approx. £5k a year which is subject to taxation in the normal way.

2 **The City & County of Swansea Pension Fund**

- 2.1 Swansea Council is the appointed Administering Authority (by statute) for the City & County of Swansea Pension Scheme. The primary objective of the Administering Authority is to pay members' pensions as they fall due and collect contributions from members and employers.

The City & County of Swansea Pension Fund (@31/3/21) has approx :

- 47,000 members
 - 21, 000 active members (still working and contributing to their pension)
 - 15,000 pensioners (members (or their dependants) drawing their pension)
 - 11,000 deferred (members who have left employment of a Swansea LGPS employer but yet to draw pension)
- 25 employers including some of the following larger employers:
 - Swansea Council
 - Neath Port Talbot Council
 - Gower College
 - University of Wales Trinity St. David
 - Neath Port Talbot College Group
 - Tai Tarian Housing
 - Pobl Group
 - Community Councils
- £2.9bn of assets (Feb 2022)

3 Governance

3.1 The Pension Fund Committee

The Council has delegated governance of the Pension Fund to the Pension Fund Committee, which is constituted under section 101 of the Local Government Act 1972 with associated decision making powers.

3.2 The Pension Fund Committee currently is comprised of :

- Cllr Clive Lloyd, Chairman
- Cllr Phil Downing, Deputy Chairman
- Cllr Jan Curtice
- Cllr Mike Lewis
- Cllr Will Thomas
- Cllr Gareth Sullivan
- Cllr Peter Rees large employer co-opted member (Neath Port Talbot County Borough Council)
- Cllr Alan Lockyer (Neath Port Talbot Borough Council) , observer member acting in his role as the Chairman of The Local Pension Board representing members

3.3 Membership of the Pension Fund Committee is subject to a comprehensive programme of trustee training to achieve the statutory minimum level of skills and knowledge with which members can discharge their responsibilities. Continuous and ongoing training, skills and knowledge attainment are a statutory requirement of the role.

4 The Increasing Demands and Complexity of The Role Of Chair of The Pension Fund Committee

4.1 During the last 20 years, the role of Chair of The Pension Fund Committee has increased in its demand and complexity as illustrated below:

- Asset values have grown from £500m to £2.9bn
- Achieved >100% funding for the first time in 2019.
- Asset classes invested in have grown from **3** (equities, bonds, cash) to **11** (equities, bonds, cash, property, private equity, infrastructure, private debt, hedge funds, affordable housing, renewables, timberland)
- **3** Investment Managers are now **23** Investment Managers
- The Wales Pension Partnership (WPP)- a collaborative arrangement with the other 7 LGPS in Wales to pool and collectively invest its assets as directed by HM Government.
- the chair is also required to be a member of the Joint Governance Committee (JGC) of the WPP and required to attend quarterly meetings, training, and ad hoc meetings as required.
- Introduction by HM Government of 2 new additional variations of the LGPS scheme in 2008 and 2014 to administer and monitor and ensure compliance with
- Approving Administering Authority Discretions
- 6 new employers admitted
- New Pensions Regulator reporting/compliance
- Competition and Markets Authority Reporting/compliance
- The National LGPS Scheme Advisory Board (Cllr Lloyd is currently

the Welsh LGA Representative) – this is the interface between the scheme stakeholders and HM Government Ministers responsible for Pensions and Government Civil Servants, helping to shape current and future pensions policy whilst looking after the interests of the LGPS

- Approving/considering Responsible Investment Policies
- Approving/considering Environmental, Social Governance Policies
- Approving/considering Net Zero Carbon Targets
- Approving/considering response to Judicial Reviews/Legal Recourse in respect of scheme administration: Mc Cloud, GMP Reconciliation.
- Increased scrutiny of how the assets are invested and meeting lobbyists/campaign groups
- Membership of professional bodies:
 - Pensions, Lifetime Savings Association (PLSA)
 - Local Authority Pension Fund Forum (LAPFF)

5 Independent Remuneration Panel For Wales (IRPW)

5.1 The Independent Remuneration Panel for Wales outlines that a Group A Principal Authority like Swansea Council can ONLY pay 19 senior salaries from its general fund. These paid senior roles can include:

- Leader
- Deputy Leader
- Executive Board Member
- Committee Chair
- Presiding Member
- Leader of the Largest Opposition Group
- Leader of other Opposition Group

5.2 Swansea Council is one of a small number of Councils in Wales that still retains both Housing (11 Councils) and Pension Fund (8 Councils) responsibilities

5.3 Currently the Pension Fund Committee Chair of The City & County of Swansea Pension Fund does **NOT** receive a senior salary

5.4 An analysis of the other 7 Pension Fund Administering Authorities in Wales, namely the other 7 constituent authorities of The Wales Pension Partnership shows the following remuneration for their Pension Fund Chair role:

- 1) 3 authorities (Cardiff ,Carmarthenshire, RCT) pay the Pension Fund Committee Chair a senior salary from the general fund as per Independent Remuneration Panel for Wales guidelines in respect of their roles on the Executive Board of their respective Councils.
- 2) 4 authorities (Powys, Flintshire, Gwynedd, Torfaen) at the discretion of each Council/Pension Fund Committee pay the equivalent of a senior salary with the additional element being directly funded by the Pension Fund in each case and outside of the IRPW limits

6 Conclusion

- 6.1 In recognition of the marked increased breadth and scope of the responsibilities of the role of Chairman of the Pension Fund Committee as outlined in 4.1 and to be consistent with the other 7 Administering Authorities in Wales, it is recommended that Committee/Council approves at its discretion, the payment of the equivalent of an IRPW senior salary for a Committee Chair to the Pension Fund Committee Chair with the additional sums (over and above basic salary) to be met by the Pension Fund as outlined in 8.1 commencing financial year 2021/22. This discretionary payment shall NOT be payable should the postholder already be in receipt of a senior salary as defined by IRPW.
- 6.2 As confirmed in an e-mail from the IRPW on 2/3/22, the payment identified in 6.1 does not form part of the IRPW allocation of 19 senior salary posts for Swansea Council as it shall be paid by the Pension Fund, however for quantum and periodic increases, the payment shall mirror that scheme.
- 6.3 The Pension Fund Committee considered the recommendation in 6.1 at its meeting of the 15th March 2022.

7 Legal Implications

- 7.1 The current legislative framework for the pension fund investments carried out by Administering Authorities is set by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The law governing pensions is a complex and specialist area. National Government guidance indicates that the pooling of LGPS assets is permissible under current law.
- 7.2 The Inter-Authority Agreement has been approved and signed by all 8 Local Authorities.
- 7.3 The Pension Fund Committee Terms of Reference and Scheme of Delegation sets out the Committee's responsibility for the strategic governance of the Pension Fund.
- 7.4 The Council may approve at its discretion the award as outlined in 6.1. The IRPW has confirmed in an e-mail of the 2/3/22 that this payment (by the Pension Fund) at the discretion of Council does NOT fall within the remit of IRPW, and is a matter for the Council/Pension Fund to determine.

8 Financial Implications

- 8.1 The costs of awarding the equivalent of a committee chair senior salary to the Pension Fund Committee Chair is £8,793 plus 30% on-costs (approximately £11,500) p.a. charged to the Pension Fund, to be increased periodically in line with IRPW guidelines

9 Integrated Impact Assessment Implications

- 9.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to their own needs.

9.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

9.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

9.4 An integrated impact assessment screening has been undertaken and it concludes that there are no equality impact implications arising from this report.

Background Papers: None.

Appendix A:
Integrated Impact Assessment Screening Form

Integrated Impact Assessment Screening Form

Please ensure that you refer to the Screening Form Guidance while completing this form.

Which service area and directorate are you from?

Service Area: Finance & Delivery

Directorate: Resources

Q1 (a) What are you screening for relevance?

- New and revised policies, practices or procedures
- X Service review, re-organisation or service changes/reductions, which affect the wider community, service users and/or staff
- Efficiency or saving proposals
- Setting budget allocations for new financial year and strategic financial planning
- New project proposals affecting staff, communities or accessibility to the built environment, e.g., new construction work or adaptations to existing buildings, moving to on-line services, changing location
- Large Scale Public Events
- Local implementation of National Strategy/Plans/Legislation
- Strategic directive and intent, including those developed at Regional Partnership Boards and Public Services Board, which impact on a public bodies functions
- Medium to long term plans (for example, corporate plans, development plans, service delivery and improvement plans)
- Setting objectives (for example, well-being objectives, equality objectives, Welsh language strategy)
- Major procurement and commissioning decisions
- Decisions that affect the ability (including external partners) to offer Welsh language opportunities and services

(b) Please name and fully describe initiative here:

Pension Fund Committee Chair Role

The report recommends paying the Pension Fund Committee Chair, the equivalent of a IRPW senior salary for a committee chair in line with other LGPS in Wales.

Q2 What is the potential impact on the following: the impacts below could be positive (+) or negative (-)

	High Impact		Medium Impact		Low Impact		Needs further investigation
	+	-	+	-	+	-	
Children/young people (0-18)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Older people (50+)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Any other age group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Future Generations (yet to be born)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Race (including refugees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asylum seekers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Gypsies & travellers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Religion or (non-)belief	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Welsh Language	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Poverty/social exclusion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carers (inc. young carers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Community cohesion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q3 What involvement has taken place/will you undertake e.g. engagement/consultation/co-productive approaches? Please provide details below – either of your activities or your reasons for not undertaking involvement

Does not affect the wider community, only affects the current/future chair post holder (1 FTE)

Q4 Have you considered the Well-being of Future Generations Act (Wales) 2015 in the development of this initiative:

- a) Overall does the initiative support our Corporate Plan’s Well-being Objectives when considered together?
Yes No
- b) Does the initiative consider maximising contribution to each of the seven national well-being goals?
Yes No
- c) Does the initiative apply each of the five ways of working?
Yes No
- d) Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?
Yes No

Q5 What is the potential risk of the initiative? (Consider the following impacts – equality, socio-economic, environmental, cultural, legal, financial, political, media, public perception etc...)

High risk

Medium risk

Low risk

Q6 Will this initiative have an impact (however minor) on any other Council service?

Yes No x If yes, please provide details below

This initiative will have no impact on any other service

Q7 What is the cumulative impact of this proposal on people and/or communities when considering all the impacts identified within the screening and any other key decisions affecting similar groups/ service users made by the organisation?

(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact/poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)

There is no cumulative of this proposal on people or communities

Q8 Please describe the outcome of your screening below:

- **Summary of impacts identified and mitigation needed (Q2)**
- **Summary of involvement (Q3)**
- **WFG considerations (Q4)**
- **Any risks identified (Q5)**
- **Cumulative impact (Q7)**

The report outlines a proposal affecting only 1 individual at a time with a very prescribed remit with minimal impact on others as assessed by this process

(NB: This summary paragraph should be used in the relevant section of corporate report)

Full IIA to be completed

Do not complete IIA – please ensure you have provided the relevant information above to support this outcome

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email.

Screening completed by:
Name: Jeff Dong
Job title: Deputy Chief Finance Officer
Date: 3/3/22
Approval by Head of Service:
Name: Ben Smith
Position: Chief Finance Officer (S151 Officer)
Date: 3/3/22

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Agenda Item 6



Report of the Chief Legal Officer

Pension Fund Committee – 15 March 2022

Exclusion of the Public

Purpose:	To consider whether the Public should be excluded from the following items of business.	
Policy Framework:	None.	
Consultation:	Legal.	
Recommendation(s):	It is recommended that:	
1)	The public be excluded from the meeting during consideration of the following item(s) of business on the grounds that it / they involve(s) the likely disclosure of exempt information as set out in the Paragraphs listed below of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007 subject to the Public Interest Test (where appropriate) being applied.	
	Item No's.	Relevant Paragraphs in Schedule 12A
	7-10	14
Report Author:	Democratic Services	
Finance Officer:	Not Applicable	
Legal Officer:	Tracey Meredith – Chief Legal Officer (Monitoring Officer)	

1. Introduction

- 1.1 Section 100A (4) of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, allows a Principal Council to pass a resolution excluding the public from a meeting during an item of business.
- 1.2 Such a resolution is dependant on whether it is likely, in view of the nature of the business to be transacted or the nature of the proceedings that if members of the public were present during that item there would be disclosure to them of exempt information, as defined in section 100I of the Local Government Act 1972.

2. Exclusion of the Public / Public Interest Test

- 2.1 In order to comply with the above mentioned legislation, Cabinet will be requested to exclude the public from the meeting during consideration of the item(s) of business identified in the recommendation(s) to the report on the grounds that it / they involve(s) the likely disclosure of exempt information as set out in the Exclusion Paragraphs of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.
- 2.2 Information which falls within paragraphs 12 to 15, 17 and 18 of Schedule 12A of the Local Government Act 1972 as amended is exempt information if and so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
- 2.3 The specific Exclusion Paragraphs and the Public Interest Tests to be applied are listed in **Appendix A**.
- 2.4 Where paragraph 16 of the Schedule 12A applies there is no public interest test. Councillors are able to consider whether they wish to waive their legal privilege in the information, however, given that this may place the Council in a position of risk, it is not something that should be done as a matter of routine.

3. Financial Implications

- 3.1 There are no financial implications associated with this report.

4. Legal Implications

- 4.1 The legislative provisions are set out in the report.
- 4.2 Councillors must consider with regard to each item of business set out in paragraph 2 of this report the following matters:
- 4.2.1 Whether in relation to that item of business the information is capable of being exempt information, because it falls into one of the paragraphs set out in Schedule 12A of the Local Government Act 1972 as amended and reproduced in Appendix A to this report.
- 4.2.2 If the information does fall within one or more of paragraphs 12 to 15, 17 and 18 of Schedule 12A of the Local Government Act 1972 as amended, the public interest test as set out in paragraph 2.2 of this report.
- 4.2.3 If the information falls within paragraph 16 of Schedule 12A of the Local Government Act 1972 in considering whether to exclude the public members are not required to apply the public interest test but must consider whether they wish to waive their privilege in relation to that item for any reason.

Background Papers: None.

Appendices: Appendix A – Public Interest Test.

Public Interest Test

No.	Relevant Paragraphs in Schedule 12A
12	Information relating to a particular individual.
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 12 should apply. Their view on the public interest test was that to make this information public would disclose personal data relating to an individual in contravention of the principles of the Data Protection Act. Because of this and since there did not appear to be an overwhelming public interest in requiring the disclosure of personal data they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
13	Information which is likely to reveal the identity of an individual.
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 13 should apply. Their view on the public interest test was that the individual involved was entitled to privacy and that there was no overriding public interest which required the disclosure of the individual's identity. On that basis they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
14	Information relating to the financial or business affairs of any particular person (including the authority holding that information).
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 14 should apply. Their view on the public interest test was that:</p> <p>a) Whilst they were mindful of the need to ensure the transparency and accountability of public authority for decisions taken by them in relation to the spending of public money, the right of a third party to the privacy of their financial / business affairs outweighed the need for that information to be made public; or</p> <p>b) Disclosure of the information would give an unfair advantage to tenderers for commercial contracts.</p> <p>This information is not affected by any other statutory provision which requires the information to be publicly registered.</p> <p>On that basis they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>

No.	Relevant Paragraphs in Schedule 12A
15	<p>Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.</p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 15 should apply. Their view on the public interest test was that whilst they are mindful of the need to ensure that transparency and accountability of public authority for decisions taken by them they were satisfied that in this case disclosure of the information would prejudice the discussion in relation to labour relations to the disadvantage of the authority and inhabitants of its area. On that basis they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
16	<p>Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.</p>
	<p>No public interest test.</p>
17	<p>Information which reveals that the authority proposes: (a) To give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) To make an order or direction under any enactment.</p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 17 should apply. Their view on the public interest test was that the authority's statutory powers could be rendered ineffective or less effective were there to be advanced knowledge of its intention/the proper exercise of the Council's statutory power could be prejudiced by the public discussion or speculation on the matter to the detriment of the authority and the inhabitants of its area. On that basis they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
18	<p>Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime</p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 18 should apply. Their view on the public interest test was that the authority's statutory powers could be rendered ineffective or less effective were there to be advanced knowledge of its intention/the proper exercise of the Council's statutory power could be prejudiced by public discussion or speculation on the matter to the detriment of the authority and the inhabitants of its area. On that basis they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>

Agenda Item 7

By virtue of paragraph(s) 14 of Schedule 12A
of the Local Government Act 1972
as amended by the Local Government (Access to
Information) (Variation) (Wales) Order 2007.

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By virtue of paragraph(s) 14 of Schedule 12A
of the Local Government Act 1972
as amended by the Local Government (Access to
Information) (Variation) (Wales) Order 2007.

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Agenda Item 8a

By virtue of paragraph(s) 14 of Schedule 12A
of the Local Government Act 1972
as amended by the Local Government (Access to
Information) (Variation) (Wales) Order 2007.

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Agenda Item 8b

By virtue of paragraph(s) 14 of Schedule 12A
of the Local Government Act 1972
as amended by the Local Government (Access to
Information) (Variation) (Wales) Order 2007.

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By virtue of paragraph(s) 14 of Schedule 12A
of the Local Government Act 1972
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Information) (Variation) (Wales) Order 2007.

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Agenda Item 9

By virtue of paragraph(s) 14 of Schedule 12A
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as amended by the Local Government (Access to
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