

CITY AND COUNTY OF SWANSEA

MINUTES OF THE PENSION FUND COMMITTEE

HELD AT COMMITTEE ROOM 1 - CIVIC CENTRE ON THURSDAY, 18
SEPTEMBER 2014 AT 10.00 AM

PRESENT: Councillor P Downing (Vice-Chair) presided

Councillor(s)	Councillor(s)	Councillor(s)
C E Lloyd J Newbury	D G Sullivan	M Thomas

Neath Port Talbot County Borough Council Co-opted Member:

P A Rees

Officers:

M Hawes	-	Head of Finance and Delivery
J Dong	-	Chief Treasury and Technical Officer
N Havard	-	Directorate Lawyer
J Parkhouse	-	Democratic Services Officer

ALSO PRESENT:

N Mills	-	Independent Investment Advisor
V Furniss	-	Independent Investment Advisor
R Nelson	-	PricewaterhouseCoopers
I Lookey	-	PricewaterhouseCoopers

19 **APOLOGIES FOR ABSENCE.**

There were none.

20 **DISCLOSURES OF PERSONAL AND PREJUDICIAL INTERESTS.**

In accordance with the provisions of the Code of Conduct adopted by the City and County of Swansea, the following interests were declared:

Councillor P Downing - agenda as a whole - my brother works for the Council and contributes to the Pension Fund.

NOTED that Councillor P Downing had received dispensation from the Standards Committee in this respect.

Councillor C E Lloyd - agenda as a whole - father in receipt of Local Government pension - personal.

Councillor J Newbury - I am in receipt of a Council Pension as the widower of Eileen Newbury who was a retired employee of the City and County of Swansea Pension Fund - personal.

Councillor D G Sullivan - agenda as a whole - my daughter-in-law is a member of the scheme - personal.

Councillor M Thomas - agenda as a whole - I and my wife are members of the Local Government Pension Scheme.

NOTED that Councillor M Thomas had received dispensation from the Standards Committee in respect of his wife.

21 **MINUTES.**

RESOLVED that the Minutes of the Pension Fund Committee meetings held on 3 July and 12 August 2014 be agreed as a correct records subject to the following amendments:

3 July 2014 - Minute No. 3 - Disclosures of Personal and Prejudicial Interests

Add the following interest:

Councillor J Newbury - I am in receipt of a Council Pension as the widower of Eileen Newbury who was a retired employee of the City and County of Swansea Pension Fund – personal.

12 August 2014 - Minute No. 17 - Disclosures of Personal and Prejudicial Interests

Councillor J Newbury - I am in receipt of a Council Pension as the widower of Eileen Newbury who was a retired employee of the City and County of Swansea Pension Fund - personal.

22 **AUDIT OF FINANCIAL STATEMENTS REPORT - CITY & COUNTY OF SWANSEA PENSION FUND.**

R Nelson and I Lookey on behalf of the Wales Audit Office, presented the Audit of Financial Statements Report - City and County of Swansea Pension Fund Report for 2013-14, that required reporting under ISA 260.

It was outlined that the Wales Audit Office had received the draft financial statements for the City and County of Swansea, which included the draft financial statements of the City and County of Swansea Pension Fund on 8 July 2014 and had substantially completed the audit work. The report highlights the more significant issues arising from the audit to be considered prior to the approval of the financial statements.

It was outlined that there were no misstatements identified in the financial statements that remained uncorrected. Identified misstatements that had been corrected by management and a summary of corrections to the accounts were provided at Appendix 2. Other significant issues during the course of and arising from the audit were also outlined. This included the merger of Powys College with Neath Port Talbot College and the transfer to the City and County of Swansea Pension Fund of £8.9m. It was noted that this figure will be refined in the near future.

Reference was made to the significant risks identified and recommendations to enhance the control environment and these were provided at Appendix 3. The following were highlighted:

- Inaccurate pension contributions received from Celtic Community Leisure;
- Late payment of pension contributions;
- Membership numbers - information flow.

Appendix 1 contained the letter of representation on behalf of the Appointed Auditor.

The Committee asked questions in relation to the enhancing the control environment, particularly errors in respect of inaccurate pension contributions received from Celtic Community Leisure and late payment of pension contributions

RESOLVED that:

- (1) the contents of the report be noted;
- (2) Celtic Community Leisure review the contributions paid during 2013/14 to identify the actual amount of over / under payment made to the Pension Fund and determine the appropriate correcting action;
- (3) any scheduled and/or admitted body that makes a late payment be reminded of their obligations under the Local Government Pension Scheme Regulations 1997 to ensure a timely receipt of contributions from each of the bodies and appropriate penalties are introduced for those bodies that consistently breach the regulations.

23 **CITY & COUNTY OF SWANSEA PENSION FUND STATEMENT OF ACCOUNTS 2013/14.**

The Chief Treasury and Technical Officer presented the Statement of Accounts for the City and County of Swansea Pension Fund for approval.

It was outlined that the City and County of Swansea Pension Fund Accounts form a distinct and separate component of the Statement of Accounts of the City and County of Swansea as a whole. The Wales Audit Office, in partnership with PricewaterhouseCoopers have audited the Pension Fund Statement of Accounts 2013/14 in line with their audit plan presented to the Committee on 3 July 2014.

The Pension Fund Statement of Accounts were provided at Appendix 1.

The Committee asked questions in relation to net assets and liabilities which were responded to accordingly.

RESOLVED that the City and County of Swansea Pension Fund Statement of Accounts be approved.

24 **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 involve(s) 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.

25 **INVESTMENT SUMMARY.**

The Chief Treasury and Technical Officer provided a 'for information' report which presented the investment performance for the quarter year ended 30 June 2014. Attached at Appendix 1 of the report were the Quarterly Investment Summaries for the Pension Fund for the quarter ended 30 June 2014.

26 **GLOBAL PROPERTY ASSET ALLOCATION.**

The Chief Treasury and Technical Officer presented a report which sought approval to recommit to the appointed global property fund manager.

RESOLVED that a recommitment is made to Partners Global Property to maintain the approved 2.5% allocation as per investment strategy.

27 **INDEPENDENT CO-ADVISORS' REPORTS.**

The report presented the economic update and market commentary from the perspective of the appointed Independent Investment Advisors. Mr N Mills provided an economic and market update and Mr V Furniss provided an investment report for the quarter ending 30 June 2014.

The content of each report was noted by the Committee and the Independent Advisors were thanked for their reports.

28 **PRESENTATION(S) OF THE FUND MANAGERS.**

- (1) A joint presentation was provided by Adrian Brown and John Stainsby on behalf of J.P. Morgan.
- (2) A joint presentation was provided by Lyndon Bolton and Sue Noffke on behalf of Schroders.
- (3) A joint presentation was provided by Natalie WinterFrost and Gabriel Sack on behalf of Aberdeen.

Questions in relation to the content of the presentations were asked at the end of each presentation by the Committee and responses were provided by the respective Fund Managers.

The contents of the presentations were noted and the Chair thanked each of the Fund Managers for attending the meeting.

The meeting ended at 1.00 pm

CHAIR