

## DINAS A SIR ABERTAWE

### HYSBYSIAD O GYFARFOD

Fe'ch gwahoddir i gyfarfod

### PWYLLGOR CRONFA BENSIWN

**Lleoliad:** Ystafell Bwyllgor 5, Neuadd y Ddinas, Abertawe

**Dyddiad:** Dydd Iau, 2 Gorffennaf 2015

**Amser:** 10.00 am

### AGENDA

Rhif y Dudalen.

- |           |   |                |
|-----------|---|----------------|
| <b>1</b>  | <b>Ethol Is-gadeirydd ar gyfer blwyddyn ddinesig 2015/16.</b>   |                |
| <b>2</b>  | <b>Ymddiheuriadau am absenoldeb.</b>  |                |
| <b>3</b>  | <b>Datgeliadau o fuddiannau personol a rhagfarnol.</b>  | <b>1 - 2</b>   |
| <b>4</b>  | <b>Cofnodion.</b><br>Cymeradwyo cofnodion cyfarfod Pwyllgor y Gronfa Bensiwn a gynhaliwyd ar 12 Mawrth 2015 fel cofnod cywir. | <b>3 - 6</b>   |
| <b>5</b>  | <b>Adroddiad Swyddfa Archwilio Cymru.</b>   |                |
| 5a        | Cynllun Archwilio 2015 - Dinas a Sir Abertawe.  | <b>7 - 18</b>  |
| <b>6</b>  | <b>Adroddiadau Swyddog Adran 151.</b>   |                |
| 6a        | Hyfforddiant Pwyllgor Ymddiriedolwyr a Chronfa Bensiwn - Côt Ymarfer CIPFA Gwybodaeth a Sgiliau Cyllid y Sector Cyhoeddus.    | <b>19 - 23</b> |
| 6b        | Cyflwyno i-Connect - Cais am arian.   | <b>24 - 26</b> |
| <b>7</b>  | <b>Gwahardd y cyhoedd.</b>  | <b>27 - 30</b> |
| <b>8</b>  | <b>Adroddiad Swyddog Adran 151.</b>   |                |
| 8a        | Comisynu adolygiad strategaeth fuddsoddi.   | <b>31 - 35</b> |
| <b>9</b>  | <b>Adroddiad y Cyd-ymgynghorwyr Annibynnol.</b>   | <b>36 - 59</b> |
| <b>10</b> | <b>Adroddiad Rheolwyr y Gronfa.</b>   |                |
| 10a       | Rheoli Asedau Aberdeen - Ecwitïau Byd-eang (gan gynnwys Torri Tir Newydd).  |                |
| 10b       | Schroders - Ecwitïau'r DU.  |                |
| <b>11</b> | <b>Crynodeb Buddsoddi.</b>  | <b>60 - 62</b> |



**Patrick Arran**

**Pennaeth Gwasanaethau Cyfreithiol, Democrataidd a Chaffael**

**1 Gorffennaf 2015**

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**Cyswllt: Gwasanaethau Democrataidd: - 01269 636923**

## PENSION FUND COMMITTEE (6)

### Councillors:

#### Labour Councillors: 4

Phil Downing	Rob C Stewart ( <b>Chair</b> )
Clive E Lloyd	Mark Thomas

#### Liberal Democrat Councillor: 1

John Newbury	
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#### Independent Councillor: 1

D Gareth Sullivan	
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#### Co-opted Neath Port Talbot Councillor: 1

Peter A Rees	
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### Officers:

Dean Taylor – Director of Corporate Services
Mike Hawes – Head of Financial Services
Jeff Dong - Finance
Deb Smith – Directorate Lawyer
Democratic Services
Archives

### Independent Investment Advisors:

Noel Mills
Valentine Furniss

20 Copies

## Disclosures of Interest

To receive Disclosures of Interest from Councillors and Officers

### Councillors

**Councillors Interests are made** in accordance with the provisions of the Code of Conduct adopted by the City and County of Swansea. You must disclose orally to the meeting the existence and nature of that interest.

**NOTE:** You are requested to identify the Agenda Item / Minute No. / Planning Application No. and Subject Matter to which that interest relates and to enter all declared interests on the sheet provided for that purpose at the meeting.

1. If you have a **Personal Interest** as set out in **Paragraph 10** of the Code, you **MAY STAY, SPEAK AND VOTE** unless it is also a Prejudicial Interest.
2. If you have a Personal Interest which is also a **Prejudicial Interest** as set out in **Paragraph 12** of the Code, then subject to point 3 below, you **MUST WITHDRAW** from the meeting (unless you have obtained a dispensation from the Authority's Standards Committee)
3. Where you have a Prejudicial Interest you may attend the meeting but only for the purpose of making representations, answering questions or giving evidence relating to the business, **provided** that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise. In such a case, you **must withdraw from the meeting immediately after the period for making representations, answering questions, or giving evidence relating to the business has ended**, and in any event before further consideration of the business begins, whether or not the public are allowed to remain in attendance for such consideration (**Paragraph 14** of the Code).
4. Where you have agreement from the Monitoring Officer that the information relating to your Personal Interest is **sensitive information**, as set out in **Paragraph 16** of the Code of Conduct, your obligation to disclose such information is replaced with an obligation to disclose the existence of a personal interest and to confirm that the Monitoring Officer has agreed that the nature of such personal interest is sensitive information.
5. If you are relying on a **grant of a dispensation** by the Standards Committee, you must, before the matter is under consideration:
  - i) Disclose orally both the interest concerned and the existence of the dispensation; and
  - ii) Before or immediately after the close of the meeting give written notification to the Authority containing:

- a) Details of the prejudicial interest;
- b) Details of the business to which the prejudicial interest relates;
- c) Details of, and the date on which, the dispensation was granted; and
- d) Your signature

## **Officers**

### **Financial Interests**

1. If an Officer has a financial interest in any matter which arises for decision at any meeting to which the Officer is reporting or at which the Officer is in attendance involving any member of the Council and /or any third party the Officer shall declare an interest in that matter and take no part in the consideration or determination of the matter and shall withdraw from the meeting while that matter is considered. Any such declaration made in a meeting of a constitutional body shall be recorded in the minutes of that meeting. No Officer shall make a report to a meeting for a decision to be made on any matter in which s/he has a financial interest.
2. A “financial interest” is defined as any interest affecting the financial position of the Officer, either to his/her benefit or to his/her detriment. It also includes an interest on the same basis for any member of the Officers family or a close friend and any company firm or business from which an Officer or a member of his/her family receives any remuneration. There is no financial interest for an Officer where a decision on a report affects all of the Officers of the Council or all of the officers in a Department or Service.

## CITY AND COUNTY OF SWANSEA

### MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE

HELD AT COMMITTEE ROOM 3A, GUILDHALL, SWANSEA ON  
THURSDAY 12 MARCH 2015 AT 10.00 A.M.

**PRESENT:** Councillor P Downing (Vice-Chair) presided

**Councillor(s):**                      **Councillor(s):**

J Newbury                              M Thomas

**Officers:**

J Dong                              - Chief Treasury and Technical Officer  
D Smith                              - Directorate Lawyer  
J Parkhouse                        - Democratic Services Officer

**ALSO PRESENT:**

N Mills                              - Independent Investment Advisor  
V Furniss                            - Independent Investment Advisor

43. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors C E Lloyd, R B Stewart, D G Sullivan and P A Rees.

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

In accordance with 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 J Newbury - Minute No. 45 - Minutes and agenda as a whole - I am in receipt of a widower's pension - personal.

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

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

45. **MINUTES**

**RESOLVED** that the Minutes of the Special Pension Fund Committee held on 3 December 2014 and Pension Fund Committee held on 4 December 2014 be approved as correct records.

46. **TO ESTABLISH A LOCAL PENSION BOARD ADMINISTERING AUTHORITY**

The Chief Treasury and Technical Officer presented a (for information) report which informed the Committee of the Administering Authority's proposals to establish a Local Pension Board in line with LGPS (amendment) (Governance) Regulations 2015. It was noted that Council had agreed to establish a Local Pension Board, in line with the regulations, on 3 March 2015.

47. **HOSTING THE CLASS AGM 23-24 JUNE 2015**

The Chief Treasury and Technical Officer presented a report which sought approval for the City and County of Swansea Pension Fund to host the CLASS AGM on 23-24 June 2015. Details of the proposed arrangements for the AGM were provided and it was outlined that the cost to host the business side of the event would be covered by Heywood, the leading supplier of pension administration software for the Local Government Pension Scheme, who were sponsoring the event.

**RESOLVED** that the hosting of the CLASS AGM on 23-24 June 2015 be approved.

48. **CESSATION OF CONTRACTING OUT/RECONCILIATION OF GUARANTEED MINIMUM PENSIONS**

The Chief Treasury and Technical Officer presented a report which sought approval of the purchase of software to assist with the reconciliation of guaranteed minimum pensions (GMPs) against those held by HMRC, the parameters of GMP reconciliation and appointment of a Temporary Grade 4 Assistant Pensions Officer.

The Committee considered the information contained in the report.

**RESOLVED** that:

- (1) the purchase of GMP reconciliation software be approved;
- (2) a tolerance level of £2 per week difference in the GMP be used where there is a discrepancy;

- (3) where overpayments to pensioners are identified, the pensions are corrected but not recovered;
- (4) an existing Grade 4 Officer be re-graded to Grade 6 and an additional Grade 4 appointed for the duration of the exercise.

49. **CITY AND COUNTY OF SWANSEA PENSION FUND BUSINESS PLAN 2015/16**

The Chief Treasury and Technical Officer presented the City and County of Swansea Pension Fund Business Plan 2015/16 which provided a working framework for the Pension Fund's programme of work for 2015/16.

It was added that in line with best practice, the Pension Fund produced a business plan to inform its work programme for the forthcoming 12 month period. The Business Plan for 2015/16 was attached at Appendix 1.

The Pension Fund was asked to note and approve the attached Business Plan for the Year 2015/16, noting the timescale and responsibility for key action points throughout the year. The document was a dynamic document and will be revised and amended throughout the year as necessary.

The Committee considered the information contained within the report.

**RESOLVED** that the City and County of Swansea Pension Fund Annual Business Plan 2015/16 be noted and approved.

50. **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.



**(CLOSED SESSION)**

51. **GLOBAL PRIVATE EQUITY ASSET ALLOCATION**

The Chief Treasury and Technical Officer presented a report which sought approval to recommit to the appointed Global Private Equity Fund Manager.

**RESOLVED** that the recommendation made in the report be approved.

52. **INVESTMENT SUMMARY**

The Chief Treasury and Technical Officer provided a (for information) report which presented the investment performance for the quarter Year ended 31 December 2014. Attached at Appendix 1 of the report were the Quarterly Investment Summaries for the Pension Fund for the quarter ended 31 December 2014.

53. **PRESENTATIONS - FUND MANAGERS**

(1) A joint presentation was provided by Sergio Jovele and Rob Lamb on behalf of Partners Group - Global Property.

(2) A joint presentation was provided by Graeme Rutter and Lyndon Bolton on behalf of Schroders-UK Property.

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.

54. **INDEPENDENT CORE ADVISOR'S 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 ended 31 December 2014.

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

The meeting ended at 11.50 a.m.

**CHAIR**



## 2015 Audit Plan

# City and County of Swansea Pension Fund

**Audit year: 2014-15**

**Issued: March 2015**

**Document reference:**

**This document is a draft version pending further discussions with the audited and inspected body. Information may not yet have been fully verified and should not be widely distributed.**

# Status of document

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This document has been prepared for the internal use of City and County of Swansea Pension Fund as part of work performed/to be performed in accordance with statutory functions.

No responsibility is taken by the Auditor General or the staff of the Wales Audit Office in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@wao.gov.uk](mailto:infoofficer@wao.gov.uk).

This document was produced by PricewaterhouseCoopers LLP on behalf of Anthony Barrett, the Appointed Auditor.

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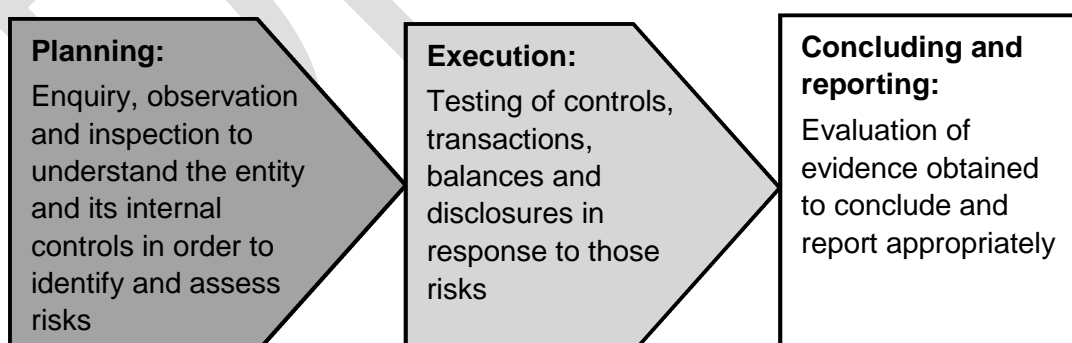
## Summary

1. As your external auditor, my objective is to carry out an audit which discharges my statutory duties as appointed auditor and fulfils my obligations under the Code of Audit Practice to examine and certify whether the City and County of Swansea Pension Fund (the Pension Fund) accounting statements are 'true and fair'.
2. The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
3. There have been no limitations imposed on me in planning the scope of this audit.
4. My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

## Audit of Pension Fund accounts

5. It is my responsibility to issue a report on the accounting statements for the year ending 31 March 2015, which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
  - are free from material misstatement, whether caused by fraud or error;
  - comply with statutory and other applicable requirements; and
  - comply with all relevant requirements for accounting presentation and disclosure.
6. [Appendix 1](#) sets out my responsibilities in full.
7. The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

### Exhibit 1: My audit approach



8. The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in **Exhibit 2** along with the work I intend to undertake to address them.

**Exhibit 2: Financial audit risks**

Significant audit risk	Proposed audit response
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases;</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business; and</li> <li>• incorporate an element of “unpredictable” audit work, which varies each year.</li> </ul>
<p>There is a risk of material misstatement due to fraud in revenue recognition and as such is treated as a significant risk [ISA 240.26-27].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• perform testing of journals affecting revenue; and</li> <li>• consider recognition criteria for one-off contributions/bulk transfers.</li> </ul>

9. I do not seek to obtain absolute assurance that the Pension Fund accounting statements are true and fair, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Pension Fund Committee and to those charged with governance for the City and County of Swansea (the Council), as the administering authority of the Pension Fund as a whole, prior to completion of the audit.
10. For reporting purposes, I will treat any misstatements below a ‘trivial’ level (the lower of five per cent of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
11. My fees are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
  - appropriate accommodation and facilities are provided to enable my audit team to deliver my audit in an efficient manner;
  - all appropriate officials will be available during the audit;

- you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
- Where relevant to the pension fund, Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

## Risk of fraud

12. International Standards on Auditing (UK&I) state that I am responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The respective responsibilities of auditors, management and those charged with governance are summarised below:

Auditors' responsibility	Management's responsibility	Responsibility of those charged with governance
<p>My objectives are:</p> <ul style="list-style-type: none"> <li>• To identify and assess the risks of material misstatement of the financial statements due to fraud;</li> <li>• To obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and</li> <li>• To respond appropriately to fraud or suspected fraud identified during the audit</li> </ul>	<p>Management's responsibilities in relation to fraud are:</p> <ul style="list-style-type: none"> <li>• To design and implement programmes and controls to prevent, deter and detect fraud;</li> <li>• To ensure that the entity's culture and environment promote ethical behaviour; and</li> <li>• To perform a risk assessment that specifically includes the risk of fraud addressing incentives and pressures, opportunities, and attitudes and rationalisation.</li> </ul>	<p>Your responsibility as part of your governance role is:</p> <ul style="list-style-type: none"> <li>• To evaluate management's identification of fraud risk, implementation of antifraud measures and creation of appropriate 'tone at the top'; and</li> <li>• To ensure any alleged or suspected instances of fraud brought to your attention are investigated appropriately.</li> </ul>

13. We enquire of those charged with governance:

- Whether you have knowledge of fraud, either actual, suspected or alleged, including those involving management?
- What fraud detection or prevention measures (e.g. whistleblower lines) are in place?
- What role you have in relation to fraud?
- What protocols / procedures have been established between those charged with governance and management to keep you informed of instances of fraud, either actual, suspected or alleged?

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## Pension Fund annual report

14. In addition to including the pension fund accounts in their main accounting statements, administering authorities are required to publish a pension fund annual report which must include the pension fund accounts.
15. I am required to read the Pension Fund annual report and consider whether the information it contains is consistent with the audited Pension Fund accounts included in the Council's main accounting statements.
16. I also issue an audit statement confirming the consistency of the accounts included in the annual report with the audited Pension Fund accounts.

## Independence

### Threats and safeguards

17. At the beginning of the audit process my audit team is required to assess their independence as your external auditor. I made enquiries of all audit teams providing services to you and in order to identify any relationships that, in my professional judgement, may be perceived to impact upon my independence and the objectivity of my audit team.

### Relationships and Investments

18. Senior officers and members should not seek or receive personal financial or tax advice from my audit team. Senior officers and members who receive such advice from us should notify me, so that I can put appropriate conflict management arrangements in place.
19. Therefore at the date of this plan I confirm that in my professional judgement, my audit team are independent accountants with respect to the Council and the Pension Fund, within the meaning of UK regulatory and professional requirements and that the objectivity of my audit team is not impaired.



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## Fee, audit team and timetable

### Fee

20. Your estimated fee for 2015 is set out in [Exhibit 3](#).

#### Exhibit 3: Audit fee

Audit area	Proposed fee for 2015 (£)	Actual fee for 2014 (£)
Audit of pension fund accounts	50,000	50,000

21. Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Section 151 Officer.
22. Further information on my fee scales and fee setting can be found on the Wales Audit Office website at: [www.wao.gov.uk/about-us/fee-scales-and-fee-setting](http://www.wao.gov.uk/about-us/fee-scales-and-fee-setting).

### Audit team

23. The main members of my team, together with their contact details, are summarised in [Exhibit 4](#).

#### Exhibit 4: My team

Name	Role	Contact number	E-mail address
Anthony Barrett	Appointed Auditor	029 2032 0500	<a href="mailto:anthony.barrett@wao.gov.uk">anthony.barrett@wao.gov.uk</a>
Kevin Williams	Financial Audit Engagement Lead	029 2080 2161	<a href="mailto:kevin.a.williams@uk.pwc.com">kevin.a.williams@uk.pwc.com</a>
Rebecca Nelson	Audit Senior Manager	029 2080 2692	<a href="mailto:rebecca.l.nelson@uk.pwc.com">rebecca.l.nelson@uk.pwc.com</a>
Ian Looker	Financial Audit Team Leader (Pensions Specialist)	029 2080 2653	<a href="mailto:ian.z.looker@uk.pwc.com">ian.z.looker@uk.pwc.com</a>

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## Timetable

24. I will provide reports, or other outputs as agreed, to the Pension Fund Committee, Audit Committee and where necessary to the Cabinet, covering the areas of work identified in this document. My key milestones are set out in [Exhibit 5](#).

### Exhibit 5: Timetable

Planned output	Work undertaken	Report finalised
<b>2015 Audit Plan</b>	March 2015	April 2015
<b>Financial accounts work:</b> <ul style="list-style-type: none"><li>• Audit of Financial Statements Report</li><li>• Opinion on Financial Statements</li></ul>	July – August 2015	September 2015 September 2015

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# Appendix 1

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## Respective responsibilities

The Council is the administering authority of the Pension Fund. This Audit Plan has been prepared to meet the requirements of auditing standards and proper audit practices. It provides the Council with an outline of the financial audit work required for the 2014-15 Pension Fund accounts.

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the Pension Fund accounting statements which includes an opinion on their 'truth and fairness', providing assurance that they:

- are free from material misstatement, whether caused by fraud or error;
- comply with the statutory and other applicable requirements; and
- comply with all relevant requirements for accounting presentation and disclosure.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the authority from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

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## Electronic communication

During the engagement my audit team may from time to time communicate electronically with you. However, the electronic transmission of information cannot be guaranteed to be secure, virus or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use.

My audit team may also need to access external electronic information and resources during the engagement. You agree that there are benefits to each of us in their being able to access external networks via your internet connection and that they may do this by connecting their laptop computers to your network. We each understand that there are risks to each of us associated with such access, including in relation to security and the transmission of viruses.

We each recognise that systems and procedures cannot be a guarantee that transmissions, our respective networks and the devices connected to these networks will be unaffected by risks such as those identified in the previous two paragraphs. We each agree to accept the risks of and authorise (a) electronic communications between us and (b) the use of your network and internet connection as set out above. We each agree to use commercially reasonable procedures (i) to check for the then most commonly known viruses before either of us sends information electronically or we connect to your network and (ii) to prevent unauthorised access to each other's systems.

We shall each be responsible for protecting our own systems and interests and you and my audit team shall have no liability to each other on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between you and my audit team and my audit teams reliance on such information or our use of your network and internet connection.

The exclusion of liability in the previous paragraph shall not apply to the extent that such liability cannot by law be excluded.

## Quality arrangements

I want to provide you at all times with a high quality service to meet your needs. If at any time you would like to discuss with me how my service could be improved or if you are dissatisfied with any aspect of our services, please raise the matter immediately. In this way I can ensure that your concerns are dealt with carefully and promptly. I undertake to look into any complaint carefully and promptly and to do all I can to explain the position to you. This will not affect your right to complain to the Institute of Chartered Accountants in England and Wales.

If you are not satisfied with the way your complaint has been dealt with, you can contact the Complaints Investigation Manager at the Wales Audit Office by phone on 029 2032 0500, or by email at [complaints@wao.gov.uk](mailto:complaints@wao.gov.uk). Further details about the complaints process are available at [www.wao.gov.uk/complaints](http://www.wao.gov.uk/complaints)

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Gwefan: [www.wao.gov.uk](http://www.wao.gov.uk)

## Report of the Section 151 Officer

Pension Fund Committee July 2nd 2015

### TRUSTEE & PENSION FUND COMMITTEE TRAINING – CIPFA CODE OF PRACTICE PUBLIC SECTOR FINANCE KNOWLEDGE & SKILLS

<b>Purpose:</b>	To determine an annual training programme for Trustees and Officers of the Pension Fund
<b>Policy Framework:</b>	CIPFA Public Sector Pensions Finance Knowledge & Skills Code of Practice
<b>Reason for Decision:</b>	To ensure compliance with the CIPFA Public Sector Pensions Finance Knowledge & Skills Code of Practice
<b>Consultation:</b>	Legal, Finance and Access to Services.
<b>Recommendation(s):</b>	It is recommended that:  1) the Training identified for members and officers in sections 3.5 and 3.6 be approved
<b>Report Author:</b>	Jeffrey Dong
<b>Finance Officer:</b>	Jeffrey Dong
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Sherill Hopkins

## 1 Introduction

- 1.1 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 Public Sector Pensions Finance Knowledge & Skills Code of Practice**

- 3.1 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 the 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 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.

The pension panel has designated the Section 151 officer to be responsible for ensuring that the policies are implemented.

The Pension Committee has formally undertaken initial introductory training in the LGPS and now needs to consolidate that knowledge with continuous development.

With the pending revision of LGPS Governance Regulations, the importance of minimum Trustee competence, knowledge and skills will greatly increase

#### 3.5 In 2014/15, the following Trustee training was undertaken by members:

1. LGE ( Local Government Employers) Trustee Fundamentals day 1, 2 & 3 ( for those members who have not undertaken the course)
2. LGC Investment Summit
3. Infrastructure Investment as an asset class

In 2015/16, it is recommended that the following fundamental training is undertaken by members and officers involved with the Committee along with any appropriate training opportunities which present themselves during the year to be agreed by the Section 151 Officer:

1. LGE ( Local Government Employers) Trustee Fundamentals day 1, 2 & 3 ( for those who have not undertaken the course)
2. LGC Investment Summit

#### 3.6 The determination of the training requirements for officers shall be delegated to the Section 151 Officer and shall be implemented through the personal appraisal process

- 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.
- 5 Legal Implications**
  - 5.1 The underlying legal framework is set out in the Report
- 6 Equality Impact Assessment Implications**
  - 6.1 An EIA Screening has been undertaken and no E&EIs have been identified

# Agenda Item 6b

## Report of the Section 151 Officer

Pension Fund Committee – 2 July 2015

### i-CONNECT ROLL OUT - FUNDING REQUEST

<b>Purpose:</b>	The report requests approval funding from the Pension Fund to include more employers in the automatic transfer of data to the Pension Fund using the i-Connect software
<b>Reason for Decision:</b>	To ensure compliance with the Local Government Pension Scheme Regulations 2013 (as amended) and the Pensions Regulator's Code of Practice 14
<b>Consultation:</b>	Legal, Finance and Access to Services.
<b>Recommendation(s):</b>	It is recommended that: 1) The Pension Panel approve the funding to include more employers in the automatic transfer of data to the Pension Fund using i-Connect
<b>Report Author:</b>	Lynne Miller – Pensions Manager
<b>Finance Officer:</b>	Jeff Dong – Treasury & Technical Officer
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	N/A

#### 1.0 Introduction

- 1.1 The Committee approved the purchase of additional software (i-Connect) in 2012 to provide a method of automating the transfer of data from participating employers to the Pension Administration System, to ensure compliance and improve data quality.
- 1.2 An employer is also required to have additional software installed in order for i-Connect to be effective; therefore, approval was also given to meet the costs of funding of the software for the Fund's two largest employers, the City and County of Swansea and Neath Port Talbot CBC, due to the benefits it would provide to the Fund.
- 1.3 Neath Port Talbot CBC are now 'live' on i-Connect and the City and County of Swansea due to go live in June and the benefits of automatic transfer of data are already evident. It would therefore now be beneficial to extend the use of i-Connect to other employers who participate in the Fund.

## **2.0 Main Body of Report**

- 2.1 i-Connect improves the flow of data, ensuring that the employer meets its statutory obligations to provide information to the Pension Fund, by transferring data directly and securely, on a pay period basis. This ensures that the Fund is aware of every new Scheme member, leaver and changes to existing members' circumstances, as well as providing real-time information in respect of the Career Average Revaluation Earnings (CARE) element of the Scheme and improving the timescale of the end-of-year reconciliation process.
- 2.2 Although there have been a variety of software and resourcing issues since its installation in 2013, which impacted on testing, Neath Port Talbot CBC is now live on i-Connect, with the City and County of Swansea due to go to live in June.
- 2.3 The benefits of using i-Connect are already apparent. End-of-year reconciliation for Neath Port Talbot CBC was completed in a few days compared to the weeks that it had taken previously.
- 2.4 In addition there has been an impact on the administration processes. The benefits of i-Connect had already been anticipated by allowing two members of staff to be released on ER/VR thereby deleting two Grade 4 posts. The automation of creating records and amending existing records on the pension administration database has therefore alleviated work pressure on the remaining staff to allow them more time to deal with the more complex aspects of pension administration.
- 2.5 The City and County of Swansea and Neath Port Talbot CBC are the Fund's two largest employers. This means that 86% of the Fund's active membership data will be verified each pay period, using i-Connect, to ensure data quality and comply with legislation and the Pensions Regulator guidance.
- 2.6 It is not cost effective to use i-Connect for employers with a small number of active members; however, there are a further six employers where active membership exceeds 200. If approval was given to fund the cost of providing the software for these, it would mean that 99% of the membership data would be automated, leading to an increase in efficiency and compliance.
- 2.7 Although the implementation of i-Connect has not been without issues, lessons have been learned from the experience. In future, before considering entering into a contract for i-Connect, the Pension Section will provide a test file to ensure that an employer's payroll system can extract the correct data in the correct format.
- 2.8 This has been tested with one of our admitted bodies, NPT Homes, who are now ready to commence using the software if approval is given.

2.9 If approval is given, the remaining five employers would also be brought on to i-Connect on a rolling programme, providing there is confidence that each payroll system is capable of extracting the required the data in the required format.

### **3.0 General Issues**

3.1 There are no other variations proposed.

### **4.0 Equality and Engagement Implications**

None

### **5.0 Financial Implications**

5.1 The current Fund cost for i-Connect is £17,716 per annum. In addition the Fund also meets the annual costs of £7,540 for the City and County of Swansea and Neath Port Talbot CBC.

5.2 The cost of the i-Connect software is calculated on an annual basis for each employer and is banded according to their active membership.

The additional costs for the six employers would be as follows:

Gower College Swansea (453 active members) £555.00

NPTC Group (553 active members) £625.00

UW Trinity St David Swansea (234 active members) £381.00

Celtic Community Leisure (298 active members) £424.00

NPT Homes (435 active members) £514.00

Gwrp Gwalia (230 active members) £381.00

Total additional cost if all above employers are funded: £2,880.00;

### **6.0 Legal Implications**

6.1 Penalties could be incurred for non-compliance with legislation and breach of the Pensions Regulator guidance regarding data quality

**Background Papers:** None

**Appendices:** None

## Report of the Head of Legal, Democratic Services & Procurement

### Pension Fund Committee – 2 July 2015

#### EXCLUSION OF THE PUBLIC

<b>Purpose:</b>	To consider whether the Public should be excluded from the following items of business.	
<b>Policy Framework:</b>	None.	
<b>Reason for Decision:</b>	To comply with legislation.	
<b>Consultation:</b>	Legal.	
<b>Recommendation(s):</b>	It is recommended that:	
<b>1)</b>	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.	
	<b>Item No's.</b>	<b>Relevant Paragraphs in Schedule 12A</b>
	8-11	14
<b>Report Author:</b>	Democratic Services	
<b>Finance Officer:</b>	Not Applicable	
<b>Legal Officer:</b>	Patrick Arran – Head of Legal, Democratic Services and Procurement (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
<b>12</b>	<b>Information relating to a particular individual.</b>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 12 should apply. His 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 he 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>
<b>13</b>	<b>Information which is likely to reveal the identity of an individual.</b>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 13 should apply. His 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 he 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>
<b>14</b>	<b>Information relating to the financial or business affairs of any particular person (including the authority holding that information).</b>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 14 should apply. His view on the public interest test was that:</p> <p><b>a)</b> Whilst he was 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>b)</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 he 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><b>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.</b></p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 15 should apply. His view on the public interest test was that whilst he is mindful of the need to ensure that transparency and accountability of public authority for decisions taken by them he was 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 he 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><b>Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.</b></p>
	<p>No public interest test.</p>
17	<p><b>Information which reveals that the authority proposes:</b>  <b>(a) To give under any enactment a notice under or by virtue of which requirements are imposed on a person; or</b>  <b>(b) To make an order or direction under any enactment.</b></p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 17 should apply. His 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 he 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><b>Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime</b></p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 18 should apply. His 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 he 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>

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.

Document is Restricted

# Agenda Item 9

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.

Document is Restricted

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.

Document is Restricted

# Agenda Item 11

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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