

CITY AND COUNTY OF SWANSEA

MINUTES OF THE PENSION FUND COMMITTEE

HELD AT COMMITTEE ROOM 5, GUILDHALL, SWANSEA ON
THURSDAY, 17 DECEMBER 2015 AT 11.00 AM

PRESENT: Councillor P Downing (Vice-Chair) Presided

Councillor(s)

P Downing
M Thomas

Councillor(s)

J Newbury

Councillor(s)

D G Sullivan

Neath Port Talbot County Borough Council Councillor:

P A Rees

Officers:

P Arran - Monitoring Officer
M Hawes - Head of Finance and Delivery
J Dong - Chief Treasury and Technical Officer
L Miller - Pensions Manager
J Parkhouse - Democratic Services Officer

ALSO PRESENT:

N Mills - Independent Investment Advisor

Apologies for Absence

Councillor(s): C E Lloyd and R C Stewart
Independent Advisor: V Furniss

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

In accordance with the Code of Conduct adopted by the City and County of Swansea, the following interest was 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 - I am in receipt of a Council pension that was passed to me upon my wife's death - personal.

Councillor D G Sullivan - agenda as a whole - I am in receipt of a Local Government Pension - administered by Dyfed Pension Scheme - 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.

28 **MINUTES.**

RESOLVED that the Minutes of the Pension Fund Committee held on 24 September 2015 be approved as correct record.

29 **PRESENTATION - THE LOCAL AUTHORITY PENSION FUND FORUM - MEMBERSHIP.**

The Chief Treasury and Technical Officer presented a report which sought to approve the membership and annual subscription to the Local Authority Pension Fund Forum.

Keith Bray, Local Authority Pension Fund Forum also provided a presentation outlining the benefits of the Pension Fund obtaining membership of the Local Authority Pension Fund Forum.

RESOLVED that the City & County of Swansea Pension Fund takes out full annual membership to the Local Authority Pension Fund Forum.

30 **CONSULTATION ON INVESTMENT REGULATIONS.**

The Chief Treasury and Technical Officer presented a report which sought to formulate a response to consultation on Investment Regulations. It was outlined that the Government was seeking consultation on planned reforms to the Investment Regulation governing the LGPS in England and Wales. This consultation proposed to revoke and replace the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 with the draft regulations described in the report.

There are two main areas of reform:

- A package of reforms that propose to remove some of the existing prescribed means of securing a diversified investment strategy and instead place the onus on authorities to determine the balance of their investments and take account of risk.
- The introduction of safeguards to ensure that the more flexible legislation proposed is used appropriately and that the guidance on pooling assets is adhered to. This includes a suggested power to allow the Secretary of State to intervene in the investment function of an administering authority when necessary

Views were sought on:

- Whether the proposed revisions to the investment regulations will give authorities the flexibility to determine a suitable investment strategy that appropriately takes account of risk.
- Whether the proposals to introduce the power of intervention as a safeguard will enable the Secretary of State to intervene, when appropriate, to ensure that authorities take advantage of the benefits of scale offered by pooling and deliver investment strategies that adhere to regulation and guidance.

Attached at Appendix 1 was a copy of the Consultation. Consultation responses were required by 19 February 2016.

It was added that Welsh Treasurers had already met and a collective response was being drafted.

RESOLVED that the Section 151 Officer be delegated to formulate the response having consulted with LGPS colleagues in Wales via the Society of Welsh Treasurers and circulates to Pension Fund Committee Members for information prior to submission.

31 **ADMITTED BODY - RATHBONE TRAINING. APPLICATION FOR SECOND 'ADMITTED BODY' STATUS OF RATHBONE TRAINING LTD TO THE CITY & COUNTY OF SWANSEA PENSION FUND.**

The Pensions Manager presented a report which requested approval to admit Rathbone Training Ltd as an Admitted Body in the City & County of Swansea Pension Fund for a separate contract.

RESOLVED that: -

- 1) A second application of Rathbone Training Ltd to be accepted as an admitted body to the City and County of Swansea Pension Fund, from 1st April 2015 to 31st March 2019 be approved;
- 2) That the admission be subject to a robust admission agreement including either an indemnity provided from City and County of Swansea or an Insurance bond in an approved form with an authorised insurer or relevant institution, being put in place to protect the Pension Fund.

32 **ADMITTED BODY - WESTWARD HEATING.**

The Pensions Manager informed the Committee that Westward Heating had withdrawn their application for Admitted Body Status.

33 **INVESTMENT REFORM CRITERIA AND GUIDANCE. (FOR INFORMATION)**

The Chief Treasury and Technical Officer presented a 'for information' report regarding Government guidance on Investment Reform Criteria and Guidance.

34 **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)

35 **REVIEW OF THE CURRENT ABATEMENT POLICY.**

The Monitoring Officer presented a report which reviewed the current policy to abate pensions on re-employment to assess if there were any equity issues in light of the non-abatement rule for flexible retirement.

(Noted: - P Arran, M Hawes, J Dong and L Miller left the meeting prior to the Committee discussing the recommendations contained in the report)

The Committee considered the recommendations contained within the report and debated the options at length.

RESOLVED that the Scheme Employers continue to apply the existing abatement policy

36 **PRESENTATION - INVESTMENT STRATEGY REVIEW - HYMANS ROBERTSON REPORT. (FOR INFORMATION)**

William Marshall of Hymans Robertson provided an investment strategy review report and presentation regarding the City & County of Swansea Pension Fund.

RESOLVED that the contents of the report and presentation be noted.

37 **INDEPENDENT INVESTMENT 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 for the quarter ended 30 September 2015.

The content of each report was noted by the Committee and Mr N Mills was thanked for his report.

38 **INVESTMENT SUMMARY. (FOR INFORMATION)**

The Chief Treasury and Technical Officer provided a “for information” report which presented the investment performance for the quarter year ended 30 September 2015. Attached at Appendix A of the report were the Quarterly Investment Summaries for the Pension Fund for the quarter ended 30 September 2015.

39 **HARBOURVEST – GLOBAL PRIVATE EQUITY.**

1) A joint presentation was provided by Hannah Tobin and Craig MacDonald on behalf of Harbourvest Global Private Equity.

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

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

The meeting ended at 1.10 pm

CHAIR