

CITY AND COUNTY OF SWANSEA

MINUTES OF THE LOCAL PENSION BOARD

**HELD AT COMMITTEE ROOM 5, GUILDHALL, SWANSEA ON
THURSDAY, 21 JULY 2016 AT 10.00 AM**

PRESENT: Councillor A Lockyer (Chair) Presided

Employer Representatives:

J Andrew - Director of Finance NPT Homes
Councillor J E C Harris – City & County of Swansea

Local Pension Board Member Representatives:

I Guy

Officer(s)

Jeffrey Dong	Chief Treasury & Technical Officer
Paul Beynon	Chief Auditor
Stephanie Williams	Principal Lawyer
Jeremy Parkhouse	Democratic Services Officer

Apologies for Absence:

A Thomas

6 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:

J Andrew – Personal – Agenda as a whole - Member of LGPS.

I Guy – Personal – Agenda as a whole - Member of LGPS.

7 MINUTES.

RESOLVED that the Minutes of the Local Pension Board held on 19 January 2016 be signed and approved as a correct record.

Disclosure of Personal Interests Form

The outgoing Chair stated that he had met with the Deputy Head of Legal & Democratic Services and the Head of Democratic Services regarding the suitability of the form for Local Pension Board members and had been informed that the form did not require amendments.

8 **PENSION FUND INTERNAL AUDIT REPORT 2015/16.**

The Chief Auditor presented the Internal Audit reports for Pension Fund activities in 2015/16 to the Board.

The Internal Audit Plan included the following audits of the Pension Fund Activities: -

- Pensions Administration;
- Pension Fund Investments.

The Pensions Administration audit largely covered the aspects of pensions operated by the Pensions Section under the Head of Human Resources and the Pension Fund Investments audit covered the investment of fund assets by the Treasury and Technical Section via the various fund managers.

A Pension Fund Other audit was planned for the first time in 2016/17. This audit would look at any aspects not picked up in the other audits e.g. any income or expenditure included in the Pension Fund accounts not audited elsewhere. Both the Pensions Administration and Pension Fund Investments audits were considered to be fundamental audits.

The Pensions Administration audit was completed annually and the Pension Fund Investments audit was completed every 2 years.

The level of assurance provided for the Pension Fund audits in 2015/16 were as follows: -

- Pensions Administration Substantial
- Pension Fund Investments High

A copy of the final report for the Pensions Administration audit 2015/16 was attached at Appendix 1 and the final report for the Pension fund Investments audit was provided at Appendix 2.

RESOLVED that the Internal Audit reports be noted.

9 **PENSION REGULATOR CODE OF PRACTICE - GOVERNANCE AND ADMINISTRATION OF PUBLIC PENSIONS- FORWARD WORKPLAN.**

The Chief Treasury and Technical Officer presented the report which sought approval of the core workplan agenda for the Local Pension Board.

It was reported that the Pensions Regulator had issued draft code of practice guidance note no.14 "Governance and Administration of Public Service Pension Schemes". This was attached at Appendix 1 and provided the background details and practical guidance of the code. The draft code of guidance contained the main topic areas and could inform the core agenda for the work of the Board. The main topic areas included: -

- Governing your scheme;
- Managing risks;
- Administration;
- Resolving issues.

These would form the basis of the forward core work plan for the Local Pension Board.

The Board highlighted that in order to scrutinise Pension Fund Committee decisions, the Board should have sight of their papers prior to publication. It was proposed that the Board examined how other Boards operated prior to raising the issue again.

RESOLVED that: -

- 1) The forward core workplan for the Local Pension Board be approved;
- 2) The Board examines how other Boards operated prior to raising the issue of having sight of Pension Fund Committee papers prior to publication.

10 **RISK REGISTER.**

The Chief Treasury and Technical Officer presented a 'for information' report which informed the Local Pension Board of the risks identified in the risk register and mitigating controls.

It was outlined that the risk register, provided at Appendix 1, was a tool used to effectively identify, prioritise, manage and monitor risks associated with the City & County of Swansea Pension Fund. It assisted the Fund by:

- identifying managed and unmanaged risks;
- providing a systematic approach for managing risks;
- implementing effective and efficient control;
- identifying responsibilities;
- identifying risks at the planning stage and monitoring the risks;
- helping the Fund to achieve its objectives.

The Board discussed the following: -

- Having suitably trained and experienced staff and what the Authority is undertaking with regards to training, development and succession planning;
- Management of the Risk Register by Pension managers to highlight risks, corporate risk management procedures, framework of risk management and reviewing Risk Register process;
- The importance of Service Level Agreements, particularly with regards to smaller employers;
- Focusing attention upon amber risks;
- Prolonged failure of investment managers to achieve their objective returns;
- Future monitoring of risk control.

11 **INTERNAL CONTROLS REPORT SUMMARY.**

The Chief Treasury and Technical Officer presented a 'for information' report which informed the Local Pension Board of reportable items contained within the internal controls reports of appointed fund managers and custodian

It was outlined that the internal control and governance framework in which a business operated comprised the systems, work processes and culture and values by which the business directs and controls its business to provide comfort to its customers, clients and shareholders. Asset managers and custodians were subject to heavy regulation from a global, EU and UK context. They were required to report on their systems of internal control which were subject to external audit and comment by suitably qualified and independent audit companies. The summary of exceptions for the last calendar year was attached at Appendix 1 for the City & County of Swansea's appointed fund managers and custodian.

It was noted that the exceptions had been addressed appropriately by management and were recognised as such with appropriate remedial action being undertaken. The exceptions highlighted were taken seriously but did not pose direct concern for the businesses concerned or the assets under management.

The Board commented regarding checks on portfolio managers being done in a timely manner.

12 **LOCAL PENSION BOARD MEMBER TRAINING.**

The Chief Treasury and Technical Officer presented a report to determine an annual training programme for Local Pension Board members. The training would ensure compliance with the CIPFA Public Sector Pensions Finance Knowledge & Skills Code of Practice.

The Chair provided feedback regarding the CIPFA Governance training he attended on 12 July 2016. The importance of the role of Local Pension Boards was highlighted and the need to scrutinise effectively.

The Board commented that there needed to be an active relationship between the Board and the Pension Fund Committee.

RESOLVED that the Training identified for Local Pension Board members be approved.

13 **REVIEW OF MINUTES OF THE PENSION FUND COMMITTEE MARCH / JULY 2016.**

The Chief Treasury and Technical Officer presented a 'for information' report which provided at Appendix 1 the minutes of previous Pension Fund Committee meetings held on 10 March and 14 July 2016.

14 **EXCLUSION OF THE PUBLIC.**

The Board 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 Board 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)

15 **SUBMISSION BY THE WALES POOL TO THE DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT (DCLG) IN RESPONSE TO THE PUBLICATION IN NOVEMBER 2015 OF LGPS: INVESTMENT REFORM CRITERIA AND GUIDANCE.**

The Chief Treasury and Technical Officer presented for a 'for information' report outlining the joint submission in respect of the 8 Welsh Pension Funds in response to the Government's Investment Reform Criteria and Guidance that had been approved by the Pension Fund Committee on 14 July 2016. The final submission was provided at Appendix 1 of the report.

The meeting ended at 11.55 am

CHAIR