



City and County of Swansea

Notice of Meeting

You are invited to attend a Meeting of the

Pension Fund Committee

At: Committee Room 6 - Guildhall, Swansea

On: Thursday, 29 November 2018

Time: 10.00 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 Rees

Advisors: W Marshall and N Mills

Agenda

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10 Fund Manager's Presentation(s):

Fixed Income – Goldman Sachs Asset Management.

Next Meeting: Thursday, 14 March 2019 at 10.00 am

Huw Evans

Huw Evans

Head of Democratic Services

Thursday, 22 November 2018

Contact: Democratic Services: - 636923

Agenda Item 3



City and County of Swansea

Minutes of the Pension Fund Committee

Committee Room 6 - Guildhall, Swansea

Thursday, 13 September 2018 at 10.00 am

Present: Councillor P Downing Presided

Councillor(s)
M B Lewis

Councillor(s)
D G Sullivan

Councillor(s)
W G Thomas

Neath Port Talbot Council Co-opted Member
P Rees

Also Present:

I Guy

W Marshall

N Mills

David Williams

Neath Port Talbot County Borough Council

Advisor - Hymans Robertson

Independent Investment Advisor

Wales Audit Office - Financial Audit Team Leader

Officer(s)

Karen Cobb

Jeffrey Dong

Jeremy Parkhouse

Stephanie Williams

Senior Accountant

Chief Treasury & Technical Officer / Deputy Section 151
Officer

Democratic Services Officer

Principal Lawyer

Apologies for Absence

Councillor(s): J P Curtice, C Lloyd

16 Disclosures of Personal and Prejudicial Interests.

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

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 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 works for the Authority and I am in receipt of a pension administered by Dyfed County Council Pension Scheme - 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.

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

S Williams – Agenda as a whole – Member of Local Government Pension Scheme – personal.

17 Minutes.

Resolved that the Minutes of the Pension Fund Committee meeting held on 5 July 2018 be signed and approved as a correct record.

18 ISA 260 Report.

David Williams, Wales Audit Office presented a report that set out for consideration the matters arising from the audit of the financial statements of the Pension Fund for 2017/18, which required reporting under ISA 260.

The gross assets controlled by the Pension Fund amounted to £1.9 billion. The quantitative levels at which misstatements were judged to be material for the Pension Fund is £19.1 million. The report provided the matters arising from the audit of the financial statements of the Pension Fund for 2017-18.

The draft financial statements for the year ended 31 March 2018 were received on 25 May 2018, prior to the 30 June 2018 deadline. The Wales Audit Office were reporting the more significant issues arising from the audit, which they believed must be considered prior to approval of the financial statements. These issues had already been discussed with the Section 151 Officer.

It was the Auditor General's intention to issue an unqualified audit report on the financial statements once the Authority had provided a Letter of Representation based on that set out in Appendix 1. The proposed audit report was set out in Appendix 2.

It was outlined that there were no non-trivial misstatements identified in the financial statements which remained uncorrected. There were misstatements which had

been corrected by management but which the auditors felt should be highlighted due to their relevance to the responsibilities of the Authority over the financial reporting process.

These were set out with explanations in Appendix 3. These amendments increased the value of investments in the Net Assets Statement by £2.5 million (it was recognised this arose as a timing difference due to the necessity to use estimated figures in order to meet accounts closure deadlines. There were also a number of other presentational amendments made to the draft financial statements arising from the audit.

The key recommendations arising from the financial audit work were set out in Appendix 4. Management had responded to them and progress would be checked during next year's audit. Where any actions were outstanding, the auditors would continue to monitor progress and include it in the report next year.

The Chair expressed his appreciation to the Finance staff for providing the accounts to the Wales Audit Office well before the required deadline.

Resolved that the contents of the report be noted.

19 Annual Report 2017/18.

The Chief Treasury & Technical Officer provided a report that sought to approve the Annual Report for the City & County of Swansea Pension Fund.

It was outlined that the Wales Audit Office had completed their audit of the Pension Fund Draft Statement of Accounts 2017/18 in line with their audit plan. As required by regulation, the fund was also required to produce an annual report, providing some additional information and explanatory notes in relation to the activity of the fund during the year. The financial statements in the Annual Report were adjusted as per audit findings and recommendations by the appointed auditor.

The City & County of Swansea Annual Report 2017/18 was provided at Appendix 1.

Resolved that the City & County of Swansea Pension Fund Annual Report be approved.

20 Breaches Report.

The Chief Treasury & Technical Officer presented a 'for information' report, which provided details of breaches that had occurred in the Pension Fund in accordance with the Reporting Breaches Policy.

Appendix A provided the details of breaches that had occurred since the previous Pension Fund Committee in July 2018. The details of the breaches and actions undertaken by the Management were highlighted.

21 Admission Body Application - Freedom Leisure.

The Chief Treasury & Technical Officer provided a report that sought to approve the admission body application for Freedom Leisure.

It was outlined that following a procurement exercise undertaken by scheduled employer, City & County of Swansea, Freedom Leisure were awarded the contract to provide leisure management services to Swansea Council. The company would be responsible for the operation of the leisure facilities and this included the day to day operation, staffing, customer service, health and safety, and marketing of the facilities. They would also be responsible for investment in the refurbishment of the facilities and implementation of effective planned preventive and lifecycle maintenance regimes. The contract included the operation of The LC2; Penlan, Penyrheol, Morrision, and Cefn Hengoed Leisure Centres, Bishopston Sports Centre and Elba Sports Complex. It had been determined that these services satisfied the criteria required for admitted body status under LGPS Regulations.

It was added that Wealden Leisure Limited (trading as Freedom Leisure) were a genuine, not for profit organisation with HMRC approved exempt charity status. They had an objective of providing high quality and affordable health, fitness and leisure activities to the local communities which they served. As a genuine charity there were no shareholders to satisfy, no profit margins sought by venture capital holding companies and no share dividends to be paid to anonymous people. The contract for services was due to commence on the 1st October 2018.

Furthermore, under the contract conditions, it was proposed that the current workforce were transferred under TUPE arrangements from the current employer, the City & County of Swansea, to Freedom Leisure. In order to preserve the pension rights of the transferred staff, it was proposed that Freedom Leisure be granted Admitted Body status to the City & County of Swansea Pension Fund. It was also proposed that the admission agreement be granted on a closed scheme basis, to include only the named staff in schedule 1 of the admission agreement.

The admission agreement required would outline the sponsoring employer guarantee which was secured from the sponsoring employer, the City & County of Swansea. The Administering Authority would also undertake the appropriate risk assessment of the admitted body, Freedom Leisure.

Councillors asked questions regarding the report, which were responded to by the Chief Treasury and Technical Officer.

Resolved that: -

- 1) The Admission Body Application of Freedom Leisure, subject to completion of the satisfactory Admission Agreement, be approved.
- 2) Officers in the Council's legal department be given authority to finalise the Admission Agreement as outlined in the report.

22 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)

23 Wales Pension Partnership Update (Verbal)

The Chief Treasury & Technical Officer provided a verbal update which outlined the progress of the Wales Pension Partnership.

Resolved that the contents of the report be noted.

24 Environmental, Social, Governance (ESG) Policy.

The Chief Treasury & Technical Officer presented the Environmental, Social, Governance (ESG) Policy for adoption.

Resolved that the ESG Policy be adopted.

25 Report of the Investment Consultant.

A 'for information' report presented the quarterly report to summarise the Fund's asset valuations and performance over periods to 30 June 2018.

The quarterly report from Hymans Robertson was attached at Appendix 1. Appendix 2 provided the Investment Vehicles and Appendix 3 the Performance Calculation.

Also provided was a presentation on the City and County of Swansea Pension Fund – Equity Protection Strategies.

Resolved to undertake market testing of equity protection providers with a view to implementing a protection programme as soon as practicably possible.

26 Report of the Independent Advisor.

The 'for information' report presented the economic update and market commentary from the perspective of the appointed independent investment advisor.

The quarterly report ended 30 June 2018 from the independent investment advisor, Mr Noel Mills was attached at Appendix 1.

The content of the report was noted by the Committee and the independent investment advisor was thanked for his report.

27 Investment Summary.

The Chief Treasury & Technical Officer provided a 'for information' report which presented the investment performance for the quarter, year and 3 years ended 30 June 2018.

The quarterly investment summaries for the Pension Fund for the quarter, year and 3 years ended 30 June 2018 were attached at Appendix 1.

The meeting ended at 12.12 pm

Chair

Agenda Item 4a



Report of the Section 151 Officer

Pension Fund Committee - 29 November 2018

LGPS Administering Authority Discretions

Purpose:	To approve the discretions available to the City & County of Swansea Administering Authority under the relevant Local Government Pension Scheme Regulations
Reason for Decision:	To ensure compliance with the Local Government Pension Scheme Regulations
Consultation:	Legal, Finance and Access to Services.
Recommendation(s):	It is recommended that: 1) The updated LGPS Administering Authority Discretions for the City & County of Swansea Pension Fund attached at Appendix A be approved
Report Author:	Jeffrey Dong
Finance Officer:	Jeffrey Dong
Legal Officer:	S Williams
Access to Services Officer:	R Millar

1.0 Introduction

- 1.1 The LGPS regulations require the City & County of Swansea, as Administering Authority of the The City and County of Swansea Local Government Pension Scheme (LGPS) to formulate, publish and keep under review areas of the Scheme where it may exercise its discretion.

Discretions were previously approved at the Pension Fund Committee of July 2014; however, require review as a result of the implementation of subsequent amendments .

2.0 Administering Authority Discretions

- 2.1 The Council, as Administering Authority, can exercise discretions contained in the Local Government Pension Scheme Regulations 1995; Local Government Pension Scheme Regulations 1997; the Local Government Pension Scheme (Transitional Provisions) Regulations 1997; the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007; the Local Government Pensions Scheme (Administration) Regulations 2008; the Local Government Pension Scheme (Transitional Provisions) Regulations 2008; the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.
- 2.2 A list of all the discretions that the Administering Authority exercises, or chooses not to exercise is shown at Appendix A, those that are new or have been reviewed as a result of the implementation of revisions and are emboldened for ease of reference
- 2.3 These broadly cover how the risk to the fund is managed in certain situations.

3.0 Publication

- 3.1 Not all discretions need to be published; however, it is the intention, for reasons of transparency, to publish the decisions taken in relation to all the available discretions.

If approved, the discretions will be published on the Pension Fund's website and will be circulated to Employer's participating in the Fund.

- 3.2 Whilst the list of discretions sets out the general position, the Council must consider every application on its merit. Where there are extraordinary or justifiable circumstances, a departure from that listed may be appropriate.
- 3.3 The Regulations also require the Employers, who participate in the Local Government Pension Scheme (LGPS) to formulate, publish and keep under review areas of the Scheme where they may exercise their discretion and the Pension Section is actively working with Employers to ensure compliance.

4.0 Equality and Engagement Implications

- 4.1 The Council is subject to the Public Sector Equality Duty (Wales) 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 Act.

- 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.

Our Equality Impact Assessment process ensures that we have paid due regard to the above. An equality impact assessment screening has been undertaken and it concludes that there are no equality impact implications arising from this report. The discretions must ensure that they do not discriminate against those affected.

5.0 Financial Implications

- 5.1 The financial implications of exercising each discretion are considered at time of exercising .

6.0 Legal Implications

- 6.1 Under the LGPS Regulations, the Council, as Administering Authority is required to formulate and keep under review the policies that apply in respect of exercising the discretions referred to in this report.

The Council must publish written statements of the policies and if the Council decides to make any amendments, a statement of the amended policy must be published within one month of the determination.

Background Papers: None.

Appendices:

Appendix A – LGPS Administering Authority Discretions.

CITY & COUNTY OF SWANSEA PENSION FUND

LGPS – ADMINISTERING AUTHORITY DISCRETIONS

DISCRETIONS FROM 1.4.14. IN RELATION TO POST 31.3.14. ACTIVE MEMBERS (EXCLUDING COUNCILLOR MEMBERS) AND POST 31.3.14. LEAVERS (EXCLUDING COUNCILLOR MEMBERS), BEING DISCRETIONS UNDER:

- the Local Government Pension Scheme Regulations 2013 [prefix R]
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [prefix TP]
- the Local Government Pension Scheme (Administration) Regulations 2008 [prefix A]
- the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) [prefix B]
- the Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [prefix T]
- the Local Government Pension Scheme Regulations 1997 (as amended) [prefix L]

REGULATION	DISCRETION	WRITTEN POLICY REQUIRED	RECOMMENDATION
R4(2)(b)	Whether to agree to an admission agreement with a Care Trust or NHS Scheme employing authority or care Quality Commission		Each application will be considered on its individual merits.
R3(1A), R3(5) & RSch 2, Part 3, para 1	Whether to agree to an admission agreement with a body applying to be an admission body		Each application will be considered on its individual merits.
RSc2, Part 3, para 14	Whether to agree that an admission agreement may take effect on a date before the date on which it is executed		Each application will be considered on its individual merits
RSch 2, Part 3, para 9(d)	Whether to terminate an admission agreement in the event of: <ul style="list-style-type: none"> - insolvency, winding up or liquidation of the body, - breach by that body of its obligations under the admission agreement' - failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so 		The Administering Authority will exercise its discretion and terminate the admission agreement where such circumstances arise.

RSch 2, Part 3, para 12(a)	Define what is meant by “employed in connection with”		The definition will be included in an admission agreement.
R16(1)	Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment)		The Administering Authority will consider each case on its own merits; however will generally exercise this discretion when the cost to administer such payments exceeds the overall sum to be paid.
R16(10)	Whether to require a satisfactory medical before agreeing to an application to pay an APC / SCAPC		The Administering Authority requires all scheme members, who enter into additional pension contracts to pay additional pension contributions over a period of time, to undergo a medical examination.
R16(10)	Whether to turn down an application to pay an APC / SCAPC if not satisfied that the member is in reasonably good health		The Administering Authority resolves to turn down an application to pay an APC/SCAPC if it is not satisfied that the member is in reasonably good health
R15(1) & A28(2)	Whether to charge member for provision of estimate of additional pension that would be provided by the Scheme in return for transfer of in house AVC/SCAVC funds (where AVC/SCAVC arrangement was entered into before 1/4/14)		The Administering Authority resolves to exercise the discretion to levy a charge against a member’s AVC Fund where a member has previously requested the calculation of a conversion from the AVC Fund and failed to proceed with the conversion within three months of being informed of the calculation. The Section 151 Officer to set the rate of the charge to be applied in these cases.
R17(12)	Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member		The Administering Authority resolves to pay the AVC monies under the instructions received via the ‘ <i>Death Grant – Expression of Wish form</i> ’. Where there is any doubt as to the validity of the deceased member’s wishes; where an expression of wish is challenged; or where the expression of wish is unreasonable, will consider each case on its merits. Payment will be made to any person appearing to the authority to have been a relative or dependent of the deceased at any time.

R22(3)(c)	Pension account may be kept in such form as is considered appropriate		The Administering Authority resolves to keep electronic pension accounts via the pension administration system
TP10(9)	Where there are multiple ongoing employments, in the absence of an election from the member within 12 months of ceasing a concurrent employment, decide to which record the benefits from the ceased concurrent employment should be aggregated.		The Administering Authority resolves that it will aggregate the ceased concurrent employment with the ongoing employment which will be in the best interests of the member
R30(8)	Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement Admin Authority discretion if employer has become defunct	YES	The Administering Authority may use its discretion to determine not to apply all or part of this reduction. However, this discretion will only be used where there is a robust business case justifying the cost.
R30(8)	Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member only has post 31st March 2014 membership) Admin Authority discretion if employer has become defunct	YES	The Administering Authority will consider the merits of the application submitted and may only agree where there is a robust business case justifying the cost
R68(2)	Whether to require any strain on Fund costs to be paid “up front” by employing authority following payment of benefits under R30(6) (flexible retirement), R30(7) (redundancy / business efficiency), or the waiver (in whole or in part) under R30(8) of any actuarial reduction that would otherwise have been applied to benefits which a member voluntarily draws before normal pension age or		The Administering Authority resolves that it will require employers to pay in full the cost of pension strain arising from early retirements, within a period not normally exceeding three years.

	to benefits drawn on flexible retirement		
TPSch 2, paras 1(2) and 1(1)(C)	Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on the grounds of flexible retirement) Admin Authority discretion if employer has become defunct		The Administering Authority will consider each case on its own merits and may only agree where there is a robust business case justifying the cost
TP3(1), TPSch 2, paras 2(1) and B30(5) and B30A(5)	Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where the member has both pre 01 April 2014 and post 31 March 2014 membership): a) on compassionate grounds (pre 01 April membership) and in whole or in part on any grounds (post 31 March 2014 membership) if the member was not in the Scheme before 01 October 2006, b) on compassionate grounds (pre 01 April 2014 membership) and in whole or in part on any grounds (post 31 March 2014 membership) if the member was in the Scheme before 01 October 2006, will not be 60 by 31 March 2016 and will not attain 60 between 01 April 2016 and 31 March 2020 inclusive, c) on compassionate grounds (pre 01 April 2016 membership) and in whole or in part on any grounds (post 31 March 2016 membership) if the member was in the Scheme before 01 October 2006 and will be 60 by 31 March 2016, d) on compassionate grounds (pre 01 April 2020 membership) and in whole		The Administering Authority will consider the merits of the application submitted and may only agree where there is a robust business case justifying the cost

	<p>or in part on any grounds (post 31 March 2020 membership) if the member was in the Scheme before 01 October 2006, will not be 60 by 31 March 2016 and will attain 60 between 01 April 2016 and 31 March 2020 inclusive</p> <p>Admin Authority discretion if employer has become defunct</p>		
TPSch 2, para 2(3)	<p>Whether to require any strain on Fund costs to be paid “up front” by employing authority if the employing authority “switches on” the 85 year rule for a member voluntarily retiring (other than flexible retirement) prior to age 60, or waives an actuarial reduction on compassionate grounds under TPSch 2, para 2(1)</p>		The Administering Authority resolves that it will require employers to pay in full the cost of pension strain arising from early retirements, within a period not normally exceeding three years.
R32(7)	<p>Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement</p>		The Administering Authority resolves to exercise this discretion
R34(1)(a)	<p>Decide whether to trivially commute a member’s pension under Section 166 of the Finance Act 2004 (includes pension credit members where the effective date of the Pension Sharing Order is after 31 March 2014 and the debited member had some post 31 March 2014 membership of the 2014 Scheme)</p>		The Administering Authority resolves to exercise the discretion to commute all small pensions up to the maximum prescribed.
R34(1)(b)	<p>Decide whether to trivially commute a lump sum death benefit under Section 168 of the Finance Act 2004</p>		The Administering Authority shall commute such sums
R34(1)(C)	<p>Decide whether to pay a commutation payment under Regulation 6 (payment after relevant accretion), 11 (de minimis rule for pension schemes) or 12 (payments by larger pension schemes) of the Registered Pension Schemes (Authorised</p>		To be determined on a case by case basis

	Payments) Regulations 2009 (excludes survivor pensions and includes pension credit members where the effective date of the Pension Sharing Order is after 31 March 2014 and the debited member had some post 31 March 2014 membership of the 2014 Scheme)		
R36(3)	Approve medical advisors used by employers (for ill health benefits)		The Administering Authority has approved Independent Registered Medical Practitioners (IRMP) who are qualified in occupational health medicine for each employer on the Fund.
TP12(6)	Whether to use a certificate produced by an IRMP under the 2008 Scheme for the purposes of making an ill health determination under the 2014 Scheme Admin Authority discretion if employer has become defunct		The Administering Authority will exercise this discretion
R38(3)	Decide whether deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner Admin Authority discretion if employer has become defunct		The Administering Authority will determine eligibility in accordance with the LGPS regulations and medical advice
R38(6)	Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health Admin Authority discretion if employer has become defunct		The Administering Authority will determine eligibility in accordance with the LGPS regulations and medical advice

<p>TP17(5) to (8) & R40(2), R43(2) & R46(2)</p>	<p>Decide to whom death grant is paid</p>		<p>The Administering Authority resolves to pay the death grant under the instructions received via the '<i>Death Grant – Expression of Wish form</i>'. Where there is any doubt as to the validity of the deceased member's wishes; where an expression of wish is challenged; or where the expression of wish is unreasonable, will consider each case on its merits.</p> <p>Payment will be made to any person appearing to the authority to have been a relative or dependent of the deceased at any time.</p>
<p>R49(1)(c)</p>	<p>Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership</p>		<p>The Administering Authority resolves that it shall pay the member or their beneficiaries the highest value of benefit</p>
<p>R54(1)</p>	<p>Whether to set up a separate admission agreement fund</p>		<p>The Administering Authority resolves not to exercise this discretion.</p>
<p>R55</p>	<p>Governance policy must state whether the admin authority delegates their function or part of their function in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the admin authority and, if they do so delegate, state</p> <ul style="list-style-type: none"> - the frequency of any committee or sub-committee meetings - the terms, structure and operational procedures appertaining to the delegation and - whether representatives of employing authorities or members are included and, if so, whether they have voting rights <p>The policy must also state</p> <ul style="list-style-type: none"> - the extent to which a delegation, or the absence of a delegation, complies with Sec of 	<p>YES</p>	<p>See Governance Compliance Statement</p>

	State guidance and, to the extent it does not so comply, state the reasons for not complying, and - the terms, structure and operational procedures appertaining to the local Pensions Board		
R58	Decide on Funding Strategy for inclusion in funding strategy statement	YES	See Funding Strategy Statement
R59(1) & (2)	Whether to have a written pensions administration strategy and, if so, the matters it should include		See Pension Administration Strategy Statement
R61	Communication policy must set out the policy on provision of information and publicity to, and communicating with, members, representatives of members, prospective members and Scheme employers; the format, frequency and method of communications; and the promotion of the Scheme to prospective members and their employers	YES	See Pension Fund Communication Strategy
R64(2ZA)	Whether to extend the period beyond 3 months from the date an Employer ceases to be a Scheme Employer, by which to pay an exit credit		To be determined on a case by case basis

R64(2A)	Whether to suspend (by way of issuing a suspension notice), for up to 3 years, an employer's obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension		
R64(4)	Whether to obtain revision of employer's contribution rate if there are circumstances which make it likely a Scheme employer will become an exiting employer		The Administering Authority resolves to exercise this discretion in all such cases
R69(1)	Decide frequency of payments to be made over to Fund by employers and whether to make an admin charge.		The Administering Authority resolves to exercise the discretion available under Regulation 69 (1)& (5).
R69(4)	Decide form and frequency of information to accompany payments to the Fund		The Administering Authority resolves to exercise the discretion available under Regulation 69 (1) & (5).
R70 & TP22(2)	Whether to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance		The Administering Authority resolves to consider each case on its merits, with any decision on costs being delegated to the Section 151 Officer
R71(1)	Whether to charge interest on payments by employers which are overdue		The Administering Authority resolves to charge interest at the rate of 1% above base, compounded quarterly, in respect of the late receipt of pension contributions and combined benefit payments
R76(4)	Decide procedure to be followed by admin authority when exercising its stage two IDRPs functions and decide the manner in which those functions are to be exercised		The Administering Authority has resolved that Stage 2 IDRPs functions be carried out by the Monitoring Officer.
R79(2)	Whether Administering Authority should appeal against employer decision (or lack of a decision)		The Administering Authority resolves to consider each case on its individual merits

R80(1)(b) & TP22(1)	Specify information to be supplied by employers to enable administering authority to discharge its functions		The Administering Authority resolves to exercise this discretion through negotiation and agreement with each individual employer
R82(2)	Whether to pay the whole or part of the amount that is due to the personal representatives (including anything due to the deceased member at the date of death) to: <ul style="list-style-type: none"> - the personal representatives, or - anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in S6 of the Administration of Estates (Small Payments) Act 1965 		The Administering Authority resolves to pay the death grant under the instructions received via the ' <i>Death Grant – Expression of Wish form</i> '. Where there is any doubt as to the validity of the deceased member's wishes; where an expression of wish is challenged; or where the expression of wish is unreasonable, will consider each case on its merits. Payment will be made to any person appearing to the authority to have been a relative or dependent of the deceased at any time.
R83	Whether, where a person is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit		The Administering Authority resolves to consider each case on its individual merits
R89(5)	Date to which benefits shown on annual benefit statement are calculated		The Administering Authority resolves to use the 31 st March to illustrate the current value of benefits on Annual Benefit Statements
R98(1)(b)	Agree to bulk transfer payment Decision can be made by either employer. Admin Authority or trustees of new scheme		The Administering Authority resolves to exercise its discretion and will consider each case on its merits
R100(6)	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS Joint decision with Admin Authority		Extensions only to be allowed in exceptional circumstances and where the delay was outside of the member's control
R100(7)	Allow transfer of pension rights into the Fund		The Administering Authority resolves to consider each case on its individual merits

TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & B10(2)	Where a member to whom B10 applies (use of average of 3 years pay for final pay purposes) dies before making an election, whether to make that election on behalf of the deceased member		Administering Authority will exercise its discretion on behalf of the deceased member
TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & TSch 1 & L23(9)	Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 1.4.08.)		Administering Authority will exercise its discretion on behalf of the deceased member
RSch 1 & TP17(9)(a)	Decide to treat child (who has not reached the age of 23 as being in continuous full-time education or vocational training despite a break)		The Administering Authority resolves to exercise its discretion and will consider each case on its merits.
RSch 1 & TP17(9)(b)	Decide evidence required to determine financial dependence of co-habiting partner on scheme member or financial interdependence of co-habiting partner and scheme member		The Administering Authority, upon the death of the member, will request evidence, as defined in the regulations
TP3(13) & A70(1) & A71(4)(c)	Decide policy on abatement of pre 1 April 2014 element of pensions in payment following re-employment	YES (for A70(1))	The Administering Authority resolves to abate the pre 1 April 2014 element of pensions in payment following re-employment in accordance with the regulations
TP15(1)(c) & TSch1 & L83(5)	Extend time period for capitalisation of added years contract		The Administering Authority resolves to exercise the discretion available under Regulation 83(5). Each case to be considered on its merits.
R105(2)	Decide whether to delegate any administering authority functions under the Regulations		The Administering Authority has determined not to delegate any functions under the Regulations but reserves the right to consider doing so on a case by case basis.
R106(3)	Decide whether to establish a joint local pension board (if approval has been granted by the Secretary of State)		The administering authority has decided not to establish a joint local pension board but reserves the right to consider at a later date in respect of WPP developments
R106(6)	Decide procedures applicable to the local pension board		The administering authority has adopted this discretion

R107(1)	Decide appointment procedures, terms of appointment and membership of local pension board.		The administering authority has adopted this discretion
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DISCRETIONS IN RELATION TO SCHEME MEMBERS (EXCLUDING COUNCILLOR MEMBERS) WHO CEASED ACTIVE MEMBERSHIP ON OR AFTER 1.4.08. AND BEFORE 1.4.14., BEING DISCRETIONS UNDER:

- the Local Government Pension Scheme (Administration) Regulations 2008 [prefix A]
- the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) [prefix B]
- the Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [prefix T]
- the Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 [prefix TP]
- the Local Government Pension Scheme Regulations 2013 [prefix R]
- the Local Government Pension Scheme Regulations 1997 (as amended) [prefix L]

REGULATION	DISCRETION	WRITTEN POLICY REQUIRED	RECOMMENDATION
TR15(1)(c) TSch1 & L83(5)	Extend time period for capitalisation of added years contract where the member leaves his employment		To be determined on a case by case basis
A28(2)	Whether to charge member for provision of estimate of additional pension that would be provided by the Scheme in return for transfer of in house AVC/SCAVC funds		The Administering Authority resolves to exercise the discretion to levy a charge against a member's AVC Fund where a member has previously requested the calculation of a conversion from the AVC Fund and failed to proceed with the conversion within three months of being informed of the calculation. The Section 151 Officer to set the rate of the charge to be applied in these cases.
A45(3)	Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits		The Administering Authority resolves to treat such amounts as simple debts recovered via Invoice for active members. However, for members entitled to the immediate payment of benefits, arrears will be recovered from benefits

A52(2)	<p>Whether to pay the whole or part of the amount that is due to the personnel representatives (including anything due to the deceased member at the date of death) to:</p> <ul style="list-style-type: none"> • Personal representatives or • Anyone appearing to be beneficially entitled to the estate <p>Without need for grate of probate / letters of administration where payment is less than amount specified in s6 of the Administration of Estates (Small Payments) Act 1965</p>		<p>The Administering Authority resolves to pay the death grant under the instructions received via the '<i>Death Grant – Expression of Wish form</i>'. Where there is any doubt as to the validity of the deceased member's wishes; where an expression of wish is challenged; or where the expression of wish is unreasonable, will consider each case on its merits.</p> <p>Payment will be made to any person appearing to the authority to have been a relative or dependent of the deceased at any time.</p>
A56(2)	Approve medical advisors used by employers (for early payment, on grounds of ill health, of a deferred benefit or a suspended Tier 3 ill health pension)		The Administering Authority has approved Independent Registered Medical Practitioners (IRMP) who are qualified in occupational health medicine for each employer on the Fund.
TP23 & R76(4)	Decide procedure to be followed by administering authority when exercising its stage two IDRPs and decide the manner in which those functions are to be exercised		The Administering Authority has resolved that Stage 2 IDRPs be carried out by the Monitoring Officer.
TP23 & R79(2)	Whether administering authority should appeal against employer decision (or lack of a decision)		The Administering Authority resolves to consider each case on its individual merits.
TP23 TP22(1) & R80(1)(b)	Specify information to be supplied by employers to enable administering authority to discharge its functions		The Administering Authority resolves to exercise this discretion through negotiation and agreement with each individual employer
TP3(13) & A70(1) & A71(4)(c)	Decide policy on abatement of pensions following re-employment	YES for A70(1)	The Administering Authority resolves to abate pensions following re-employment in accordance with the regulations
B10(2)	Where member to whom B10 applies (use of average of 3 years pay within the period of 13 years ending with the last day of active membership for final pay purposes) dies before making an election, whether to		Administering Authority will exercise its discretion on behalf of the deceased member

	make that election on behalf of the deceased member		
B27(5)	Whether to pay the whole or part of a child's pension to another person for the benefit of that child		The Administering Authority resolves to exercise its discretion and will consider each case on its merits
A52A	Whether, where a person (other than an eligible child) is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.		The Administering Authority resolves to consider each case on its individual merits
TPSch 2, para 1(2) & 1(1)(c)	Whether to "switch on" the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 Admin Authority discretion if employer has become defunct	YES	The Administering Authority will consider each case on its own merits
B30(5), TPsch 2, para 2(1)	Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30 (member) Admin Authority discretion if employer has become defunct	YES	The Administering Authority will consider the merits of the application submitted and may only agree where there is a robust business case justifying the cost
TPSch 2, para 1(2) & 1(1)(c))	Whether to "switch on" the 85 year rule for a pensioner member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60 Admin Authority discretion if employer has become defunct	YES	The Administering Authority will determine eligibility in accordance with the LGPS regulations and, if appropriate, medical advice
B30A(5), TPsch 2, para 2 (1)	Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A (pensioner member with deferred benefits) Admin Authority discretion if employer has become defunct	YES	The Administering Authority will consider the merits of the application submitted and may only agree where there is a robust business case justifying the cost
TPSch 2, para 1(2)	Whether to require any strain on Fund costs to be paid "up front" by employing authority if the employing		The Administering Authority will consider the merits of the application submitted and may only agree where there is a robust business case justifying the cost

	authority “switches on” the 85 year rule for a member voluntarily retiring prior to age 60, or waives an actuarial reduction on compassionate grounds under TPSch 2, para 2(1)		
B31(4)	Decide whether deferred beneficiary meets permanent ill health and reduced likelihood of gainful employment criteria Admin Authority discretion if employer has become defunct		The Administering Authority will determine eligibility in accordance with the LGPS regulations and medical advice
B31(7)	Decide whether a suspended ill health tier 3 member is permanently incapable of undertaking any gainful employment Admin Authority discretion if employer has become defunct		The Administering Authority will determine eligibility in accordance with the LGPS regulations and medical advice
B23(2) & B32(2) & B35(2) & TSch1 & L155(4)	Decide to whom death grant is paid		The Administering Authority resolves to pay the death grant under the instructions received via the <i>‘Death Grant – Expression of Wish form’</i> . Where there is any doubt as to the validity of the deceased member’s wishes; where an expression of wish is challenged; or where the expression of wish is unreasonable, will consider each case on its merits. Payment will be made to any person appearing to the authority to have been a relative or dependent of the deceased at any time.
RSch1 & TP17(9)(b)	Decide evidence required to determine financial dependence of co-habiting partner on scheme member or financial interdependence of co-habiting partner and scheme member		The Administering Authority, upon the death of the member, will request evidence, as defined in the regulations.
RSch 1 & TP17(9)	Decide to treat child as being in continuous education or vocational training despite a break		The Administering Authority resolves to exercise its discretion and will consider each case on its merits
B39(1)(a) & T14(3)	Decide whether to trivally commute a members small pension under Section 166 of the Finance Act 2004		The Administering Authority resolves to exercise the discretion to commute all small pensions up to the maximum prescribed.

R39(1)(b)	Decide whether to trivially commute a lump sum death benefit under Section 168 of the Finance Act 2004		The Administering Authority resolves to exercise the discretion to trivially commute lump sum death benefits under S 168 of the Finance Act 2004
R39(1)(c)	Decide whether to pay a commutation payment under Regulations 6 (payment after relevant accretion), 11 (de minimis rule for pension schemes) or 12 (payments by larger pension schemes) of the Registered Pension Schemes (Authorised Payments) Regulations 2009 (excludes survivor pensions and pension credit members)		Each case shall be determined on its merits
B42(1)(c)	Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership		The Administering Authority resolves that it shall pay the member or their beneficiaries the highest value of benefit
TSch 1 & L23(9)	Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 1.4.08.)		Administering Authority will exercise its discretion on behalf of the deceased member

DISCRETIONS UNDER THE LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 1997 (AS AMENDED) IN RELATION TO:

- a) active councillor members, and
- b) councillor members who ceased active membership on or after 1.4.98., and
- c) any other scheme members who ceased active membership on or after 1.4.98. and before 1.4.08

REGULATION	DISCRETION	WRITTEN POLICY REQUIRED	RECOMMENDATION
12(5)	Frequency of payment of councillors' contributions		The Administering Authority will require that councillor members' pension contributions are deducted at the same intervals determined by the frequency of their pay.
17(4),(7),(8), & 89(4) & Sch 1	Extend normal 12 month period following end of relevant reserve forces leave for "Cancelling notice" to be submitted by a councillor member requesting that the service should not be treated as relevant reserve forces service		The Administering Authority will consider each case on its own merits.
23(9)	Make an election on behalf of deceased non- councillor member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 1.4.08)		Administering Authority will exercise its discretion

TPSch 2, para 1(2) & 1(1)(f) & R60	Mandatory written policy Whether to “switch on” the 85 year rule for a member with a deferred benefits voluntarily drawing benefits on or after age 55 and before age 60. Note: TPSch 2, para 2(2) does not reference para 1(1)(f) so strictly speaking there is no requirement to publish a policy under this regulation or R60. However, we understand that this is simply a regulatory omission and the appropriate party should publish a policy accordingly		The Administering Authority will consider the merits of the application submitted and may only agree where there is a robust business case justifying the cost
31(5) & TPSch 2, para 2(1)	Mandatory written policy Waive on compassionate grounds the actuarial reduction applied to deferred benefits paid early		The Administering Authority will consider the merits of the application submitted and may only agree where there is a robust business case justifying the cost
38(1) & 155(4)	Decide to whom death grant is paid		<p>The Administering Authority resolves to pay the death grant under the instructions received via the ‘<i>Death Grant – Expression of Wish form</i>’. Where there is any doubt as to the validity of the deceased member’s wishes; where an expression of wish is challenged; or where the expression of wish is unreasonable, will consider each case on its merits.</p> <p>Payment will be made to any person appearing to the authority to have been a relative or dependent of the deceased at any time.</p>
TP 17(9) (a) & RSch1	Decide to treat child (who has not reached the age of 23) as being in continuous education or vocational training despite a break		The Administering Authority resolves to exercise its discretion and will consider each case on its individual merits
47(1)	Apportionment of children’s pension amongst eligible children		The Administering Authority resolves to apportion pensions equally amongst eligible children.

47(2)	Pay child's pension to another person for the benefit of the child		The Administering Authority resolves to pay the surviving parent or legal guardian.
49(1) & T14(3)	Decide whether to trivally commute a member's pension under Section 166 of the Finance Act 2004 (includes pre 01 April 2008 leavers or Pension Credit Members where the effective date of the Pension Sharing Order was pre 01 April 2014 or where the effective date of the Pension Sharing Order is after 31 March 2014 but the debited member had no post 31 March 2014 membership of the 2014 Scheme)		The Administering Authority resolves to exercise the discretion available under Regulation 49 to commute all small pensions up to the maximum prescribed.
49(1)	Decide whether to trivally commute a lump sum death benefit under Section 168 of the Finance Act 2004		The Administering Authority resolves to exercise its rights to trivally commute a lump sum death benefit under S 168 of the Finance Act 2004
50 and 157	Decide whether to commute benefits due to exceptional ill-health (including Pension Credit members where the effective date of the Pension Sharing Order was pre 1 April 2014 or where the effective date of the Pension Sharing Order is after 31 March 2014 but the debited member had no post 31 March 2014 membership of the 2014 Scheme)		The Administering Authority resolves to use discretion where a medical adviser has certified that the member's life expectancy is less than 1 year.
60(5)	Whether acceptance of AVC election is subject to a minimum payment (councillors only)		The Administering Authority resolves not to exercise discretion (i.e. will accept any amount).
80(5)	Whether to require any strain on Fund costs to be paid "up front" by employing authority following early voluntary retirement of a councillor (i.e. after age 50/55 and before age 60), or early		The Administering Authority resolves that it will require employers to pay in full the cost of pension strain arising from early retirements, within a period not normally exceeding three years.

	payment of a deferred benefit on health grounds or from age 50 and prior to age 55 with employer consent (pre 1.4.08. leavers) – (see Note below)		
TPSch 2, para 2(3)	Whether to require any strain on Fund costs to be paid “up front” by employing authority “switches on” the 85 year rule for a member voluntarily retiring on or after age 55 and prior to age 60, or waives an actuarial reduction on compassionate grounds under TPSch 2, para 2(1)		The Administering Authority will consider the merits of the application submitted and may only agree where there is a robust business case justifying the cost
81(1)	Frequency of employer’s payments to the fund (in respect of councillor members).		The Administering Authority resolves to exercise the discretion available under Regulation 81(1) & (5).
81(5)	Form and frequency of information to accompany payments to the Fund (in respect of councillor members)		The Administering Authority resolves to exercise the discretion available under Regulation 81(1) & (5).
82(1)	Whether to charge Interest on payments by employers overdue by more than 1 month (in respect of councillor members)		The Administering Authority resolves to charge interest at the rate of 1% above base, compounded quarterly, in respect of the late receipt of pension contributions and combined benefit payments.

89(3)	Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits (councillors and pre 1.4.08. leavers)		The Administering Authority resolves to treat such amounts as simple debts recovered via Invoice for active members. However, for members entitled to the immediate payment of benefits, arrears will be recovered from benefits.
91(6)	Timing of pension increase payments by employers to fund (pre 1.4.08. leavers)		The Administering Authority will recover pension increases at intervals of no more than 12 months by mutual agreement with the bodies concerned.
95	<p>Whether to pay the whole or part of the amount that is due to the personal representatives (including anything due to the deceased member at the date of death) to:</p> <ul style="list-style-type: none"> • personal representatives, or • anyone appearing to be beneficially entitled to the estate <p>without need for grant of probate / letters of administration where payment is less than amount specified in s6 of the Administration of Estates (Small Payments) Act 1965 (death of councillor or pre 1.4.08. leaver)</p>		<p>The Administering Authority resolves to pay the death grant under the instructions received via the '<i>Death Grant – Expression of Wish form</i>'. Where there is any doubt as to the validity of the deceased member's wishes; where an expression of wish is challenged; or where the expression of wish is unreasonable, will consider each case on its merits.</p> <p>Payment will be made to any person appearing to the authority to have been a relative or dependent of the deceased at any time.</p>
97(10)	Approve medical advisors used by employers (re ill health benefits for councillors and re pre 1.4.08. preserved benefits payable on health grounds)		The Administering Authority has approved Independent Registered Medical Practitioners (IRMP) who are qualified in occupational health medicine for each employer on the Fund.
TP23 & R76(4)	Decide procedure to be followed by admin authority when exercising its Stage 2 IDR functions and decide the manner in which those functions are to be exercised (councillors and pre 1.4.08. leavers)		The Administering Authority has resolved that Stage 2 IDR functions be carried out by the Monitoring Officer.
TP23 & R79(2)	Whether administering authority should appeal against employer		The Administering Authority resolves to consider each case on its individual merits.

	decision, or lack of a decision (councillors and pre 1.4.08. leavers)		
TP23 & TP22(1) & R80(1)(b)	Specify information to be supplied by employers to enable administering authority to discharge its functions		The Administering Authority resolves to exercise this discretion though negotiation and agreement with each individual employer
106A(5)	Date to which benefits shown on annual deferred benefit statement are calculated		The Administering Authority will use the Pension Increase date for the appropriate year
TP3(13), A70(1) & A71(4)(c)	Abatement of pensions following re-employment (councillors and pre 1.4.08. leavers)	Yes (for 109)	The Administering Authority resolves to abate pensions following re-employment in accordance with the regulations
118	Retention of CEP where member transfers out (councillors and pre 1.4.08. leavers)		The Administering Authority resolves not to exercise discretion.
147	Discharge Pension Credit liability (in respect of Pension Sharing Orders for councillors and pre 1.4.08. Pension Sharing Orders for non-councillor members)		The Administering Authority resolves to consider each case on its individual merits.

Note: benefits paid on or after age 50 and before age 55 are subject to an unauthorised payments charge and, where applicable, an unauthorised payments surcharge under the Finance Act 2006. Also, any part of the benefits which had accrued after 5 April 2006 would generate a scheme sanction charge.

DISCRETIONS UNDER THE LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 1995 (AS AMENDED) IN RELATION TO SCHEME MEMBERS WHO CEASED ACTIVE MEMBERSHIP BEFORE 1.4.98

REGULATION	DISCRETION	WRITTEN POLICY REQUIRED	RECOMMENDATION
E8	Decide to whom death grant is paid in respect of pre 1.4.98. retirees / pre 1.4.98. deferreds		<p>The Administering Authority resolves to pay the death grant under the instructions received via the '<i>Death Grant – Expression of Wish form</i>'. Where there is any doubt as to the validity of the deceased member's wishes; where an expression of wish is challenged; or where the expression of wish is unreasonable, will consider each case on its merits.</p> <p>Payment will be made to any person appearing to the authority to have been a relative or dependent of the deceased at any time.</p>
F7	Whether to pay spouse's pensions for life for pre 1.4.98 retirees / pre 1.4.98 deferreds who die on or after 1.4.98. (rather than ceasing during any period of remarriage or co-habitation)		The Administering Authority to exercise its discretion to allow payment of appropriate spouse's pensions for life
TP17(9)(a) & RSch 1	Decide to treat child (who has not yet reached the age of 23) as being in continuous education or vocational training despite a break (children of pre 1.4.98. retirees / pre 1.4.98. deferred)		The Administering Authority resolves to exercise its discretion and will consider each case on its merits.

G11(1)	Apportionment of children's pension amongst eligible children (children of pre 1.4.98. retirees / pre 1.4.98. deferreds)		The Administering Authority resolves to apportion the pension equally amongst eligible children.
G11(2)	Pay child's pension to another person for the benefit of the child (children of pre 1.4.98. retirees / pre 1.4.98. deferreds)		The Administering Authority resolves to pay the child's pension to the surviving parent or guardian.
TP3(13), A70(1) & A71(4)(c)	Abatement of pensions following re-employment	Yes (for 109)	The Administering Authority resolves to abate pensions following re-employment in accordance with the regulations
TP23 & R76(4)	Decide procedure to be followed by administering authority when exercising its stage two IDRPs functions and decide the manner in which those functions are to be exercised		The Administering Authority has resolved that Stage 2 IDRPs functions be carried out by the Monitoring Officer
TP23 & R79(2)	Whether administering authority should appeal against employer decision (or lack of a decision)		The Administering Authority resolves to consider each case on its individual merits.
TP23 & TP22(1) & R80(1)(b)	Specify information to be supplied by employers to enable administering authority to discharge its functions		The Administering Authority resolves to exercise this discretion through negotiation and agreement with each individual employer

**DISCRETIONS UNDER THE LOCAL GOVERNMENT (EARLY TERMINATION OF EMPLOYMENT) (DISCRETIONARY COMPENSATION)
(ENGLAND AND WALES) REGULATIONS 2000 (AS AMENDED)**

Under Regulation 26 of the Discretionary Compensation Regulations, each authority (other than an Admitted Body) is required to formulate and keep under review a policy which applies in respect of exercising their discretion in relation to:

REGULATIONS	DISCRETION	WRITTEN POLICY REQUIRED	RECOMMENDATION
31(2)	Agree to pay annual compensation on behalf of employer and recharge payments to employer		The Administering Authority resolves to exercise its discretion and pay as described.

DISCRETIONS UNDER THE LOCAL AUTHORITIES (ALLOWANCES FOR MEMBERS) (WALES) REGULATIONS 2007 [SI 2007/1086]

ADMIN AUTHORITY	REGULATIONS	DISCRETION	WRITTEN POLICY REQUIRED	RECOMMENDATION
Relevant Authority	38	Scheme of allowances made by a county council or county borough council must specify which members will be eligible to join the LGPS and that the basic and special responsibility allowances will be pensionable		The Administering Authority resolves that all Councillor Members are eligible to join the LGPS.

DISCRETIONS UNDER THE REGISTERED PENSION SCHEMES (MODIFICATION OF SCHEME RULES) REGULATIONS 20011 [SI 20011/1791]

ADMIN AUTHORITY	REGULATIONS	DISCRETION	WRITTEN POLICY REQUIRED	RECOMMENDATION
Relevant Authority	2	To decide whether it is legally able to offer voluntary scheme pays (to determine legality see paragraph 223 onwards of the Annual Allowance guide published under the <u>'Guides and sample documents'</u> page of www.lgpsregs.org); and if so to decide the circumstances (if any) upon which it would do so.		Each case to be determined on its own merits



Report of the Section 151 Officer

Pension Fund Committee – 29 November 2018

Internal Controls Reports of Appointed Contracted Parties

Purpose:	To inform Pension Fund Committee of reportable items contained within the internal controls reports of appointed fund managers
Consultation:	Legal, Finance and Access to Services.
Report Author:	Jeffrey Dong
Finance Officer:	Jeffrey Dong
Legal Officer:	S Williams
Access to Services Officer:	N/A
For Information	

1 Background

- 1.1 The internal control and governance framework in which a business operates comprises 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.
- 1.2 Asset managers and custodians are subject to heavy regulation from a global, EU and UK context. They are required to report on their systems of internal control which are subject to external audit and comment by suitably qualified and independent audit companies.
- 1.3 The summary of exceptions for the last calendar year is attached at Appendix 1 for the City & County of Swansea's appointed fund managers and custodian.

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

2 Legal Implications

2.1 There are no legal implications arising from this report

3 Financial Implications

3.1 There are no financial implications arising from this report

4 Equality and Engagement Implications

4.1 There are no equality and engagement implications arising from this report

Background papers: None.

Appendices: Appendix 1 – Fund Manager Summary of Internal Control Reports - 2017.

Fund Manager Summary of Internal Control Reports – 2017

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Blackrock – Report of Controls at Blackrock Placed in Operation and Test of Operating Effectiveness for Asset Management Services, 1st October 2016 to 31st October 2017

Control Procedure	Test Performed	Exception Noted	Management Response
APG and Technology staff use centrally managed solutions to schedule and automate the execution of batch jobs. Access to change batch job schedules is restricted to authorized personnel.	On multiple occasions during the examination period, observed the batch job scheduling systems to ascertain that automated tools were used to schedule and manage batch jobs.	For the GLM job scheduler, a configuration change was made which resulted in the potential for unauthorized users to access the internal job scheduling tool. Upon identification, management updated the configuration to restrict access to authorized employees.	Management updated the GLM job scheduler configuration to restrict access to authorized employees. Additionally, management confirmed that unauthorized changes to batch job schedules would be identified as a result of Securities Lending operational control activities which rely upon batch processing in the GLM application.
Enterprise, application and underlying database user accounts follow established authentication standards regarding password complexity, length and change frequency.	Inspected enterprise and application password parameters for all in-scope systems and a sample of databases and servers to ascertain that they were configured to follow the security standards defined within BlackRock's Authentication Standard for password complexity, length and change frequency.	For 2 of 71 individuals across transfers and terminations selected for testing, noted the transfer notification was not sent timely.	Management has re-emphasized the importance of accurate notification for modification of access for transferred employees in accordance with policy. Additionally, management noted that one of the two late notifications identified was the result of a data feed error between the HR system of record and downstream corporate groups. Management performed a review and confirmed that this data feed issue was an isolated event, and has implemented an exception report to identify any similar issues that may occur in the future.
Upon notification of transfer, personnel access is modified, if necessary, in accordance with policy.	For a selection of transferred employees during the examination period, inspected relevant access requests, ticket and logs associated with the transfer to ascertain that access was updated in accordance with policy.	For 2 of 45 transfers selected for testing, noted the user access was not updated on a timely basis per BlackRock policy.	Management has re-emphasized the importance of timely modification of access for transferred employees in accordance with policy.

Blackrock Cont'd

Control Procedure	Test Performed	Exception Noted	Management Response
<p>The ability to modify system security parameters or to perform user administration functions is granted only to administrators and operations personnel whose job functions require such access.</p>	<p>For a selection of users with the ability to modify system security parameters or perform user administration functions, inspected documentation and Company departments within the Human Resources listing, and inquired with process owners to ascertain that access was authorised and consistent with job responsibilities.</p>	<p>For 1 of 45 servers and databases selected for testing, D&T noted 7 of 234 users with administrative access whose access was no longer authorized. Upon investigation, noted these 7 users did not log in past the date where access was no longer authorised.</p>	<p>Management has confirmed that these 7 accounts had previously been deactivated, and access was reinstated due to a software bug with a disaster recovery failover process which was limited to one in-scope database. Exposure checks were performed to confirm that no activity was undertaken as part of re-instatement, and process improvements have been taken to avoid similar instances in the future. In addition, periodic re-certifications are in place to ensure that database access is reviewed and updated according to policy; this issue arose in between re-certifications.</p>

Aberdeen Asset Management Ltd – Internal Controls Report for the period ended 30th June 2017

Control Procedures	Test Performed	Exception Noted	Management Response
<p>On a daily basis, the Trade Support team confirm with State Street the deal ticket number of the last trade of the day to confirm that all deals placed have been automatically sent to State Street's Enterprise system. The deal ticket number is noted on the teams' end of day checklist, which is signed off as reviewed by a second member of the Trade Support team.</p>	<p>For a sample of days, inspected the end of day checklist to confirm that the last ticket number of the day was confirmed with State Street and that the checklist was reviewed and signed off by a second member of the Trade Support team.</p>	<p>For one of 30 days in our sample, the checklist confirming the last deal ticket number of the day was not signed off by a second member of the Trade Support team to evidence review.</p>	<p>Whilst the checklist was not signed as reviewed no transaction specific tasks or controls were missed. Client assets or transactions were not at risk and no client losses were sustained. The team have been reminded of the importance of obtaining manager sign-off after completion of the control.</p>
<p>The Data team updates the property details on the accounting system for each purchase or sale in a timely manner. These updates are subject to a secondary review for completeness and accuracy as and when required.</p>	<p>For a sample of purchases and sales made during the period, inspected evidence to confirm that updates were processed in a timely manner and were subject to a secondary review for completeness and accuracy.</p>	<p>For 8 of 10 updates to purchases and sales data in our sample, the secondary review to ensure the completeness and accuracy of data inputs did not occur.</p>	<p>Management acknowledge the absent secondary data entry checks in relation to purchase and sale events. However it should be noted that the independence of Fund Accounting entries to the Horizon system and AAM Property Data team entries acts as a solid third accuracy check on purchases and sales data. We are therefore comfortable that this gives robust reliability to this information to eliminate error or client impact.</p>

Aberdeen Asset Management Ltd cont'd

Control Procedures	Test Performed	Exception Noted	Management Response
<p>Security prices which are stale, unquoted, fair valued, in liquidation, suspended or written down are sent to Fund Managers and Dealers for review and sign-off on a monthly basis.</p>	<p>For a sample of months, inspected the evidence to confirm the review and sign-off of stale and unquoted prices by the Fund Manager or Dealer.</p>	<p>For the full sample of four months in our sample, the monthly signoffs for security prices which are stale, unquoted, fair valued, in liquidation, suspended or written down, had incomplete sign-offs from a limited number of Fund Managers and Dealers.</p>	<p>Management acknowledge this exception but note that these prices were subsequently reviewed by the Pricing Committee with no further amendment. There have been more stringent controls around this process imposed in the last year regarding follow ups with Fund Managers and escalations to Senior Management. This has resulted in a decrease in the number of Fund Managers failing to sign-off on a monthly basis. Whilst the report notes a limited number of missing sign-offs, statistics on exceptions are produced by Operations and reviewed at the Group Pricing Committee each month. This is monitored at Group level in the Conduct MI report which aims to ensure the fair treatment of customers is central to the corporate culture. The monitoring ensures we are tracking measures for automation and process improvement.</p>

Aberdeen Asset Management Ltd cont'd

Control Procedures	Test Performed	Exceptions Noted	Management Response
<p>User ID and system access (including network, application and remote access) of terminated employees are disabled in a timely manner by the IT Support team upon receipt of notification from HR.</p>	<p>For all leavers during the period, inspected network and application user lists to confirm that user access has been revoked in a timely manner.</p>	<p>For 12 of the full population of 680 leavers in the period, network access was not disabled or deleted in a timely manner.</p>	<p>Management acknowledge this exception which has been discussed between IT and HR. A monthly reconciliation of terminated users will be conducted to ensure system access has been removed. For the exception noted the users had not accessed their account and no clients were impacted as a result.</p>
<p>Every 90 days a report of network accounts inactive for 180 days is reviewed and all users deemed to have no valid reason for an account are disabled.</p>	<p>Inspected a sample of reports of inactive network accounts and confirmed that all accounts inactive for 180 days were reviewed and disabled where no longer required.</p>	<p>For one of 25 inactive network user accounts in our sample, the account was not assigned an owner for review and was therefore not disabled.</p>	<p>It is recognised that as a result of human error one inactive account was not disabled. Staff have been reminded of the importance of the accuracy of this review. For the exception noted the user did not access their account and no clients were impacted as a result.</p>

Goldman Sachs – Report on Goldman Sachs Asset Management’s Description of its Investment Management System and on the Suitability of the Design and Operating Effectiveness of Controls – 1st October 2016 through 30th September 2017.

Control Procedures	Test Performed	Exceptions Noted	Management Response
<p>For trades that are manually input into the trade management and portfolio accounting systems by Trade Management, the trade details booked into each system are reviewed and approved by a second individual to ensure completeness and accuracy of the booking.</p>	<p>For a selection of trades manually booked into the trade management and portfolio accounts system, inspected evidence to determine whether the trade was reviewed and approved by a second individual.</p>	<p>For one of 25 sampled manually booked trades, there was no evidence of a secondary review.</p>	<p>The manual trade booking exception occurred due to a failure to evidence the secondary trade review in accordance with agreed procedures of documenting the process using a centralised check list. Following this occurrence, the team has implemented practices which will ensure each review is documented on the checklist. Trade Management has reinforced these control processes and procedures with all members of the global Trade Management Team.</p>
<p>On a daily basis Operations reviews the Cashflow workflow to ensure that each cash contribution and withdrawal request was completed.</p>	<p>For a sample of days, inspected the reviews of the regular and client-directed cash flows to test whether the reviews were completed within the day the workflow was initiated.</p>	<p>For one of 25 sampled end of day Cashflow reviews, the review was not completed in a timely manner</p>	<p>The exception regarding the supervision of the Cashflow workflow occurred due to a failure to evidence that the supervisory end-of-day check was completed for the sample test date. All client cash contribution and withdrawal requests were processed in accordance with existing procedures. PwC tested the secondary review of Cashflow authorisation and accuracy without exception. The Client Management Team implemented an additional supervisory control to ensure completeness of all Cashflow requests. Best practices have been reviewed with regional managers to ensure adherence to updated procedures.</p>

Goldman Sachs Cont'd

Control Procedures	Test Performed	Exceptions Noted	Management Response
<p>Individuals whose roles and responsibilities to applications have changed as a result of a transfer event have their access privileges reviewed in a timely manner by appropriate personnel.</p> <p>Access is reapproved or revoked for individuals who no longer require access based on their new job functions.</p>	<p>For a sample of access entitlements associated with application transfer events, inspected evidence to determine whether the application access entitlements were reviewed by appropriate personnel and reapproved or revoked in a timely manner.</p>	<p>For a sample of 25 entitlements identified for removal as a result of a transfer event, only one entitlement was not removed timely.</p> <p>For 9,747 entitlements identified as transfer events during the period 1 October 2016 to 30 September 2017.</p> <ul style="list-style-type: none"> - 54 entitlements were not removed. - 99 entitlements were not removed timely. 	<p>One access entitlement from a mainframe-based vendor application was not removed in a timely fashion upon the transfer of one user. This has been attributed to human error.</p> <p>Following detection of the above missed event, a full analysis of all transfer events demonstrated that 9,747 entitlements were identified as transfer events during the period. Of the 9,747 entitlements identified, 5,808 entitlements were identified for removal. 97.37% of entitlements identified for removal on time.</p>
<p>Physical access privileges to the data centres are re-certified on a periodic basis to ensure access is commensurate with the individual's current job role. Access is reapproved or revoked in a timely manner.</p>	<p>For each data centre, inspected evidence to determine whether a periodic access privilege recertification was performed.</p> <p>For a sample of physical access privileges requested to be revoked as a result of the periodic recertification, inspected evidence to determine whether the physical access privileges were revoked in a timely manner.</p>	<p>For the population of 1,099 data centre access privileges that were part of Q3 data centre recertification, one data centre access privilege, while presented for recertification, was not certified.</p> <p>No exceptions noted in the revocation of access.</p>	<p>During the Q3 2017 data centre physical access recertification, a single physical access code for one person was not recertified. This was attributed to human error.</p> <p>Upon identification of this recertification exemption, the mentioned access has subsequently been removed.</p> <p>Management has implemented additional controls to ensure all access privileges subject to the recertification receive a decision in line with the recertification timeframe.</p>

HarbourVest Partners LLC – Private Equity Fund Administration Report on Controls Placed in Operation and Tests of Operating Effectiveness – January 14, 2017 to September 30, 2017

Control Procedures	Test Performed	Exceptions Noted	Management Response
<p>The Vice President of Global Infrastructure authorises access to the Data Centre via an Access Modification email.</p> <p>The Vice President of Global Infrastructure instructs the Data Centre via Access Modification email, in a timely manner, to revoke terminated employees access.</p>	<p>For a sample of employees with access to the Data Centre, inspected the corresponding Access Modification emails to determine whether key card access was authorised.</p> <p>For a sample of terminated employees with access to the Data Centre, inspected the corresponding Access Modification emails to determine whether the Vice President sent an Access Modification email to the Data Centre in a timely manner.</p>	<p>From the total of 2 users who were granted access to the Data Centre during the period and selected for testing, one was not authorised to access HarbourVest cage. A review of the user’s access information indicated the user was not a HarbourVest employee. It was ascertained that the access was granted in error by the Data Centre’s access management team. On inspection it was determined that the user had not accessed the cage since it was established.</p>	<p>Management implemented a monthly monitoring control, whereby the VP of Global Infrastructure obtains and reviews a monthly email reporting access from the Data Group. After review, an email is sent to the Internal IT team attesting to access accuracy.</p>
<p>Access to applications, data and supporting infrastructure is disabled or removed upon notification from HR personnel in a timely manner.</p>	<p>For a sample of terminated employees, contractors and vendors, inspected user listings to determine whether access was either disabled or removed from applications, databases and operating systems upon notification from HR personnel in a timely manner.</p>	<p>For 5 users selected for access termination testing, evidence of timely network access termination was not available for 1 user. At the time the sample was selected, the one user’s account was shown as removed from the network and other systems.</p>	<p>The users departure tasks were processed in the acceptable timeframe per our departure procedure during that time period. At that time, we did not document when the user account was actually disabled, but have since changed our process to include this information.</p>
<p>IT personnel are automatically notified of backup failures and appropriate action is taken for resolution and/or backups are rerun.</p>	<p>For a sample of backup failures, inspected documentation to determine whether backup failures were reviewed and appropriate action was taken for resolution and/or backups are rerun.</p>	<p>Inspected system generated population of the backup failures along with the query and noted no backup failures for the period covered by this report.</p>	<p>N/A</p>

Invesco – Report on Invesco Asset Management Ltd, Description of their Investment Management Services and on the Suitability of the Design and Operating Effectiveness of Controls for the Period 1 October 2016 to 30 September 2017

Control Procedures	Test Performed	Exceptions Noted	Management Response
<p>FX trade amendments in SS&C are prepared by a Global Portfolio Services (GPS) Treasury Support Administrator by cancelling the original and rebooking the new FX trade into SS&C. The amendments are independently reviewed on a daily basis by a GPS Treasury Support team member. The amended FX trade will then flow to Global Trading Support Services (GTSS) and once matched, an automated confirmation will be sent to the relevant custodian to instruct settlement.</p>	<p>For a sample of days, confirmed that the trade amendments were independently reviewed by a GPS Treasury Support team member.</p>	<p>For 1 out of a sample of 20 days selected for testing there was no evidence of independent review performed by a GPS team member.</p>	<p>In the instance noted during the testing, the evidence of review was not successfully archived and retained. By virtue of the wider control framework in place, we are comfortable that the FX trade amendments in SS&C for that particular day were appropriately reviewed by a GPS Treasury Support team member, and it is only the archived evidence of the daily FX trade pack that was missing. The daily cash reconciliations control is the key control that complements the process and identifies any exceptions from the cancel and rebooking process. Additional preventative measures have been implemented leading to the archiving of the daily FX trade packs being split into smaller files, and subsequently checked to ensure all information is successfully archived.</p>

JP Morgan Asset Management – Report on JP Morgan Asset Management’s Description of its Investment Management Services System and on the Suitability of the Design and Operating Effectiveness of its Controls. 1 January 2017 – 31 December 2017

Control Procedures	Test Performed	Exceptions Noted	Management Response
<p>Information Technology – Change Management: Controls provide reasonable assurance that new system developments and changes to existing systems are documented, tested, approved and implemented by authorised personnel.</p>	<p>Non-emergency code promotions executed using the ITPAM and AIM code promotion tools are subject to automated validations to ensure all promotions have a fully approved ITSM record and that the record ties to the change that was promoted. Emergency code promotions executed using the ITPAM and AIM code promotion tools are manually reviewed to ensure each promotion has a fully approved ITSM record and that the record ties to the change that was promoted.</p>	<p>For the period 1 January 2017 to 1 August 2017, 12 AIM emergency changes had not been captured within the AIM manual review report maintained by management to monitor approval status of emergency changes made using the AIM code promotion tool. Two of the 12 changes identified were applied to systems within the scope of this report.</p>	<p>Management performed a retrospective review of all 12 AIM emergency changes and confirmed that relevant changes had a fully authorized ITSM change record - this is tested in control 13E. To prevent recurrence, an enhancement was implemented in October 2017, which automatically creates a draft ticket to capture appropriate post-deployment authorization. This automation, coupled with daily monitoring of AIM emergency change reports ensures ITSM records have been approved.</p>
<p>Information Technology – Access Management: Controls provide reasonable assurance that access to systems is limited to authorised individuals.</p>	<p>Access to systems is granted only upon approval by authorised management or a designee. The approver confirms access is commensurate with the users' job responsibilities.</p>	<p>Investment Guidelines Compliance application: For the period 1 January 2017 to 10 February 2017, one (1) new user was provided access to the LENS application without documented approvals in place. 5 users who previously had read-only access to the legacy LMA application were further provided with edit access to the LENS application. This issue was identified and reported in the JPMAM report for the year ending 31 December 2016.</p>	<p>The LENS application was implemented on November 14th 2016, providing a replacement interface to manage counterparty reference data for FX and time deposit transactions only. The one (1) user was a technologist who was required to support implementation. 5 users were existing users of LMA that were provided with edit access as read-only access was not available. This exception was identified during 2016 testing and closed in February 2017; the</p>

JP Morgan Asset Management cont'd

Control Procedures	Test Performed	Exceptions Noted	Management Response
			<p>application was on boarded to the IDCert recertification tool and a full recertification of all entitlements run to ensure only appropriate individuals had access to the application. LENS is now part of periodic recertification cycles. No inappropriate activity was discovered as result of the exception identified.</p>
<p>Information Technology – Access Management: Controls provide reasonable assurance that access to systems is limited to authorised individuals.</p>	<p>Access to systems (including user access administration capabilities) is re-certified by appropriate management at regular intervals as defined by policy guidelines. The approver confirms access remains commensurate with the individuals' job responsibilities or requests changes/revocation to access.</p>	<p>In reviewing the recertification of access to 13 in-scope UK databases with a total population of 2,721 database accounts, access permissions for 74 system accounts had not been recertified by appropriate management.</p>	<p>Although the functional IDs associated with the system accounts are not intended for direct human access they are still included in the recertification process but were not assigned to the appropriate reviewer due to an incorrect mapping following migration to a new request system. Management confirmed all highlighted accounts were part of a broad remediation and had monitoring controls in place which would flag human access of these functional accounts to support review and investigation. To avoid recurrence, an enhancement has been raised to ensure any accounts missing an owner are identified and assigned as a prerequisite to recertification.</p>

First State Investments – ISAE 3402 Assurance Report on Internal Controls for the Period 1 July 2016 30 July 2017

Control Procedures	Test Performed	Exceptions Noted	Management Response
		There are no exceptions identified within this report	

EnTrustPermal & HSBC Security Services – Report on HSBC Security Services in Ireland’s Description of its Fund, Custody and Transfer Agency Services System and on the Suitability of the Design and Operating Effectiveness of Controls for the period 1 January 2017 – 30 September 2017

Control Procedures	Test Performed	Exceptions Noted	Management Response
<p>Periodic disaster recovery testing is performed to ensure services can be recovered within a defined maximum disruption time.</p>	<p>Inspected the resilience statement and the server resilience test case results to determine whether the documented level of resilience is achieved as defined by the application policy.</p>	<p>Disaster recovery testing was not performed in accordance with the frequency defined by policy for the following time periods and applications:</p> <p>The disaster recovery test performed for HSBCnet was not completed successfully and not resolved within the period.</p>	<p>Management acknowledge that Business Objects (both HK and Pensions utilising shared infrastructure) and HSS Ai4 were unable to complete a disaster recovery test within the frequency defined within the HSBC IT Service Resilience Standard. Management have now successfully completed tests of these applications and confirm that no incidents occurred during the period that required implementation of the disaster recovery environment.</p>
<p>Requests for removals to data centres are actioned by the IT security team.</p>	<p>For a sample of access revocations, inspected the GSR ticket or email to determine whether the request was actioned.</p>	<p>For 2 out of 61 revoke requests sampled at the Tseung Kwan O data centre, access was not removed.</p>	<p>Management acknowledge that 2 access revoke requests for the Hong Kong TKO Data Centre were not completed in a timely manner. This was due to an administration error resulting from the large number of revocations being processed by the team responsible. Management now complete a sample check of revoke requests processed to validate individual operators are completing the requests correctly. Additionally, management are reviewing options for a fully automated system to avoid the requirement of manual intervention.</p>

Partners Group – Report on the Internal Controls, Holdings AG as of 31 December 2017

Control Procedures	Test Performed	Exceptions Noted	Management Response
		There are no exceptions identified within this report	

Schroders Investment Management Ltd – Internal Controls Report 2017 ISAE 3402/AAF 01/06

Control Procedures	Test Performed	Exceptions Noted	Management Response
<p>For new and existing clients who wish to start trading derivatives, a checklist detailing all tasks required for the client take-on/change process is completed and signed off prior to the commencement of investment activity. This sign off can be physical or electronic. This includes checking whether clients have an active Legal Entity Identifier (LEI), obtaining the LEI and ensuring it is uploaded into the relevant systems for reporting to the trade repository.</p>	<p>For a sample of new and existing clients who wish to start trading derivatives, inspected checklists for client take-on/change process to confirm they had been completed and signed off prior to the commencement of investment activity, and that LEIs had been uploaded into the relevant systems.</p>	<p>For 1 out of 10 clients tested, one of the checklists was not completed (the LEI was not uploaded onto the trade repository) prior to the investment activity.</p>	<p>One LEI relating to a SIM client was not uploaded to the Trade Repository by the required date (T+1). The error was identified by Schroders' detective control on T+1. The LEI was uploaded and the trade was reported on T+3 into the Trade Repository. The relevant client was notified. The process has now been improved through the addition of a manual preventative control, so that LEIs are set up at the Trade Repository before trades are executed.</p>

Agenda Item 4c



Report of the Section 151 Officer

Pension Fund Committee - 29 November 2018

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
Finance Officer:	Jeff Dong
Legal Officer:	Stephanie Williams
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

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 Sep 2018, 77% of retirement lumps sums have not been paid within the benchmark (it should be noted that 98.5% of payments were made within 1 month when all documentation was received) this is an abnormally high number due to the implementation of the Amendment Regs re deferred benefit members with pre 2014 membership (change to earliest retirement age) with a high number of members failing either to return the pension election forms within a timely manner or providing a current address further investigation has ascertained that, in the main, the late payments were as a result of members not returning the appropriate paperwork in order to make payment. Communication sent to members at time of retirement has been reviewed to ensure that the importance of timely return of required documents is highlighted. It is recognised that this is a material deterioration of this PI and management are identifying measures to improve and prevent.
- 2.5 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 number of instances during the reporting period where breaches have occurred. In each case, Treasury Management staff have written to the employers to request payment and provide a reminder of the responsibilities to submit on time.

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.

5. Financial Implications

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

Background papers: None .

Appendices:

Appendix A: Breaches Report.

City and County of Swansea Breach Register

Appendix A

City and County of Swansea Breach Register

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Date	Category (e.g. administration, contributions, funding, investment, criminal activity)	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)
Mar 2017	Investment asset allocation	The Investment Strategy Statement outlines an indicative allocation of 34% +/- 5% to Global Equities. At 31 st March 2017, the allocation was 43%	There is resulting over allocation to global equities	The asset class in question returned 33% during the year which has caused the uplift in valuation- the best performing asset class during the year. There is a planned investment review for 2017/18 which shall review asset allocations on a long term basis	Noting the volatility of asset values and the pending asset allocation review, it is determined imprudent to incur material transaction costs to address the allocation imbalance. A longer term allocation shall be derived from the pending investment review.	Allocations shall be reviewed as part of the investment review	
Mar – Jun 2017	Administration	20.37% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early	The administering authority has accrued interest payments on the retirement lump sums under the	This was due to members not returning relevant documentation in a timely manner	.		

		retirement	2013 LGPS regulations				
Mar – Jun 2017	Contributions	Employers have not paid contributions within required timescale	Loss of investment returns	Employers are contacted once breach has occurred			
30/04/2017	Administration	Gwrp Gwalia did not submit their annual return for year-end reconciliation until 22/06/2017 when it should have been provided by 30/04/2017	Delay in year-end reconciliation exercise and possibility of failure to issue Annual Benefit Statements to Gwrp Gwalia members	Regular contact maintained with employer throughout the delay. Recommended move to monthly returns via i-Connect		Recommended move to monthly returns via i-Connect	
Jul - Aug 2017	Administration	32.71% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement	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	This was due to members not returning relevant documentation in a timely manner		Communication to members regarding retirement options reviewed to ensure the importance of returning documents in a timely manner is emphasised	
Jul - Aug 2017	Contributions	2 Employers have not paid contributions within required timescale	Loss of investment income	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has	

						passed	
Sept – Nov 2017	Administration	52.28% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 6.60% was not 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	This was mainly due to members not returning relevant documentation in a timely manner		Communication to members regarding retirement options reviewed to ensure the importance of returning documents in a timely manner is emphasised	
Sept – Nov 2017	Contributions	2 Employers have not paid contributions within required timescale	Minimal loss of investment income	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has passed	
Dec 17 – May 18	Administration	60.19% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 94.34% 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	This was due to members not returning relevant documentation in a timely manner or deferred benefits coming into payment.		Communication to members regarding retirement options reviewed to ensure the importance of returning documents in a timely manner is emphasised	

Dec 17- May 18	Contributions	3 Employers have not paid contributions within required timescale	Loss of investment income	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has passed	
Mar 18- May 18	Contributions	3 Employers have not paid contributions within required timescale	Loss of investment income	Employers are contacted once breach has occurred		An exercise will be undertaken in June 18 to remind all Employers of the deadline date for submission of contributions.	
30/04/2018	Administration	Ystalyfera Community Council have not submitted their annual return for year-end by 30/04/2018.	Delay in year-end reconciliation exercise and possibility of failure to issue Annual Benefit Statements to Ystalyfera members	Unable to contact employer by phone and no response to numerous emails.		Recommend face-to-face visit	
Jun – Aug 2018	Administration	45% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 81% was paid within 1 month of	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the	This was due to a high % of old deferred benefits coming into payment and members not returning relevant documentation in a timely manner		Members are reminded of the need to return pension options in a timely manner	

		receipt of member option return	2013 LGPS regulations				
Jun-Aug 18	Contributions	3 Employers have not paid contributions within required timescale	Loss of investment income	Employers are contacted once breach has occurred		An exercise was be undertaken in June 18 to remind all Employers of the deadline date for submission of contributions.	
Sep – Nov 2018	Administration	77.69% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 98.48% 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	The abnormally high % due to the introduction of the Amendment Regs re deferred benefit members with pre 2014 membership (change to earliest retirement age) with a high number of members failing either to return the pension election forms within a timely manner or providing a current address		Member coms highlight the necessity of notification of a change of address	✓
Sep-Nov 2018	Contributions	4 Employers have not paid contributions within required	Loss of investment income	Employers are contacted once breach has occurred		An exercise was undertaken in June 18 to remind all	✓

		timescale				Employers of the deadline date for submission of contributions.	
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*New breaches since the previous meeting should be highlighted

Agenda Item 5



Report of the Chief Legal Officer

Pension Fund Committee – 29 November 2018

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
	6-10	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 6

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 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
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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 8

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 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.

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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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