



City and County of Swansea

Notice of Meeting

You are invited to attend a Meeting of the

Local Pension Board

At: Committee Room 5 - Guildhall, Swansea

On: Thursday, 28 March 2019

Time: 10.00 am

Chair: Councillor Alan Lockyer

Membership:

Employer Representatives

D Mackerras and T M White

Local Pension Board Members

A Chaves, I Guy and D White

Agenda

Page No.

- | | | |
|----------|---|------------------|
| 1 | Apologies for Absence. | |
| 2 | Disclosures of Personal and Prejudicial Interests.
www.swansea.gov.uk/DisclosuresofInterests | |
| 3 | Minutes.
To approve & sign the Minutes of the previous meeting(s) as a correct record. | 1 - 8 |
| 4 | Report(s) of the Section 151 Officer. | |
| a | Internal Controls Report. | 9 - 26 |
| b | Administering Authority Discretions. | 27 - 58 |
| c | Admission Body Application - Parkwood Leisure. | 59 - 60 |
| d | Breaches Report. | 61 - 68 |
| e | City & County of Swansea Business Plan 2019/20. | 69 - 85 |
| f | Minister for Housing Communities and Local Government (MHCLG)
Draft Guidance on Asset Pooling. | 86 - 102 |
| 5 | Exclusion of the Public. | 103 - 106 |
| 6 | Report(s) of the Section 151 Officer. | |
| a | Wales Pension Partnership Update. | 107 - 123 |
| b | Wales Pension Partnership Stock Lending Policy. | 124 - 152 |
| c | Wales Pension Partnership - Tranche 3 Fixed Income. | 153 - 169 |

7 Investment Consultant Quarterly Report.

170 - 212

8 Equity Protection - Manager Selection.

213 - 216

Next Meeting: To Be Confirmed.

Huw Evans

Huw Evans

Head of Democratic Services

Thursday, 21 March 2019

Contact: Democratic Services: - 636923

Councillor A Lockyer – Agenda as a whole – Member of Local Government Pension Scheme – personal. My wife and son are also Members of the Local Government Pension Scheme – personal.

Councillor T M White – Agenda as a whole – Member of 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.

C Isaac – Agenda as a whole – Member of Local Government Pension Scheme – personal.

J Parkhouse – Agenda as a whole – Member of Local Government Pension Scheme, Minute No.37 – Draft Statement of Accounts 2017/18 and Minute No.38 – Annual Report 2017/18 - Clerk of Llanrhidian Higher Community Council – personal.

35 Minutes.

Resolved that the Minutes of the Local Pension Board meetings held on 30 April, 26 July and 27 September 2018 be signed and approved as correct records.

36 ISA 260 Report.

In the absence of the Wales Audit Office, the Deputy Chief Finance / Section 151 Officer presented a report that set out the matters arising from the audit of the financial statements of the Pension Fund for 2017/18, which required reporting under ISA 260.

It was outlined that 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 added 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 Deputy Chief Finance / Section 151 Officer expressed his appreciation to the Finance staff for providing the accounts to the Wales Audit Office well before the required deadline and for the positive report received.

The Board discussed the current method of dealing with external employers and death grant nominations.

Resolved that: -

- 1) The contents of the report be noted;
- 2) The Deputy Chief Finance / Section 151 Officer liaises with Ian Guy, LGPS Member Representative regarding highlighting death grant nominations to Fund members.

37 Draft Statement of Accounts 2017/18.

The Deputy Chief Finance / Section 151 Officer presented 'for information' the City and County of Swansea Pension Fund Statement of Accounts 2017/18. He thanked staff within the Treasury and Technical Team for their work in producing the accounts.

It was stated that the City and County of Swansea Pension Fund Accounts formed a distinct and separate component of the Statement of Accounts of the City and County of Swansea as a whole. The Wales Audit Office had audited the Pension Fund Statement of Accounts 2017/18 in line with their report would be presented to Pension Fund Committee at the conclusion of the audit later in the year.

The report provided a detailed and informative analysis of the Accounts, highlighting the positive return and stated that the long-term cash flow projections were positive for the Fund into the medium term. It was added that the net assets of the Fund had risen to £1,914,031 at 31 March 2018.

The City & County of Swansea Pension Fund Draft Statement of Accounts 2017/18 were attached at Appendix 1.

38 Annual Report 2017/18.

The Deputy Chief Finance / Section 151 Officer provided 'for information' 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.

The Board discussed performance fees and targets.

39 Breaches Report.

The Deputy Chief Finance / Section 151 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 in the period and the details of the breaches and actions undertaken by the Management were highlighted.

40 General Data Protection Regulations (GDPR) Update.

The Deputy Chief Finance / Section 151 Officer provided a 'for information' report which presented an update on the City & County of Swansea Pension Fund's action plan to comply with GDPR requirements.

Appendix 1 provided a Practical Guide to GDPR and Appendix 2 provided the full GDPR Privacy Notice, Employer's Memorandum of Understanding and Member frequently asked questions.

41 Business Plan 2018/19.

The Deputy Chief Finance / Section 151 Officer reported 'for information' the Pension Fund Committee Business Plan 2018-2019, to provide a working framework for the Fund's programme of work.

Appendix 1 provided the Annual Business Plan 2018-2019, Appendix 2 the Pension Fund Risk Register and Appendix 3 the Pension Fund Budget 2018-19.

The Board discussed Welsh Pension Partnership progress, roll out and arrangements with existing fund managers.

42 Admission Body Application - Freedom Leisure.

The Deputy Chief Finance / Section 151 Officer provided a 'for information' report that outlined the admission body application for Freedom Leisure, which was approved by the Pension Fund Committee.

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.

43 Exclusion of the Public.

The Board was requested to exclude the public from the meeting during consideration of the item(s) of business identified in the recommendation(s) to the report on the grounds that it / they 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 Board considered the Public Interest Test in deciding whether to exclude the public from the meeting for the items of business where the Public Interest Test was relevant as set out in the report.

Resolved that the public be excluded for the following items of business.

(Closed Session)

44 Wales Pension Partnership Update.

The Deputy Chief Finance / Section 151 Officer provided a 'for information' update report which outlined the progress of the Wales Pension Partnership. He added that the Partnership was working well but the process would take a considerable time.

45 Environmental Social Governance (ESG) Policy Update.

The Deputy Chief Finance / Section 151 Officer provided a 'for information' report which provided an update on low carbon weighted indices.

46 Investment Consultant's Quarterly Report.

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 copy of presentation on the City and County of Swansea Pension Fund – Equity Protection Strategies.

47 Urgent Item.

The Chair stated that pursuant to paragraph 100B (4)(b) of the Local Government Act 1972, he considered that the draft letter of the Chairs of All Wales LGPS / LPB's on Governance should be considered as a matter of urgency.

Reason for Urgency

To allow the Local Pension Board to consider the draft letter.

Draft Letter of the Chairs of All Wales LGPS / LPB's

Ian Guy, LGPS Member Representative presented the draft letter on the Governance of the Wales Pension Partnership for discussion. He added that as outgoing Chair, he had already responded to the proposals outlined in the letter and he wished to make the Board aware of the detail.

Resolved that the contents of draft letter be approved.

48 Vacancies

The Deputy Chief Finance / Section 151 Officer informed the Board that expressions of interest had been sought from scheme employers and Trade Union representatives and it was hoped that appointments would be made shortly.

49 Next Meeting.

Due to the unavailability of Board members on 13 December 2018, it was suggested that the next meeting be re-scheduled to early in the New Year.

Resolved that the Democratic Services Officer circulates potential dates for the next meeting.

The meeting ended at 12.10 pm

Chair



City and County of Swansea

Minutes of the Local Pension Board

Committee Room 6 - Guildhall, Swansea

Thursday, 24 January 2019 at 10.00 am

Present: Alan Lockyer (Chair) Presided

Employer Representatives

D Mackerras T M White

Local Pension Board Member Representatives

Officer(s)

Karen Cobb	Senior Accountant
Jeffrey Dong	Interim Deputy Chief Finance Officer and Deputy S151 Officer
Carolyn Isaac	Lawyer
Jeremy Parkhouse	Democratic Services Officer

The meeting being inquorate was cancelled.

The meeting ended at 10.01 am

Chair



Report of the Section 151 Officer

Local Pension Board – 28 March 2019

Internal Controls Reports

Purpose:	To inform Local Pension Board 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

Fund Manager	Page
1. Blackrock	4
2. Aberdeen Asset Management	6
3. Goldman Sachs	9
4. HarbourVest	11
5. Invesco	12
6. JP Morgan	13
7. First State	15
8. EnTrustPermal & HSBC Security Services (Custodian)	16
9. Partners Group	17
10. Schroders Investment Management	18

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 4b



Report of the Section 151 Officer

Local Pension Board – 28 March 2019

LGPS Administering Authority Discretions

Purpose:	To note the approved discretions available to the City & County of Swansea Administering Authority under the relevant 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
For Information	

1.0 Introduction

- 1.1 The LGPS regulations require the City & County of Swansea, as Administering Authority of 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' 		The Administering Authority will exercise its discretion and terminate the admission agreement where such circumstances arise.

	- failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so		
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)	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

	Admin Authority discretion if employer has become defunct		
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 to benefits drawn on flexible retirement		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.

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 or in part on any grounds (post 31 March 2020 membership) if the member		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>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>	<p>YES</p>	<p>See Governance Compliance Statement</p>

	<ul style="list-style-type: none"> - the extent to which a delegation, or the absence of a delegation, complies with Sec of 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		The Administering Authority resolves to consider exercising its discretion in this instance depending on the merits of each case and circumstance
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 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.
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

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 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
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)		Administering Authority will exercise its discretion on behalf of the deceased member

	dies before making an election, whether to 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), TPsSch 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), TPsSch 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 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)		The Administering Authority will consider the merits of the application submitted and shall ordinarily require strain costs to be paid up front . The Administering Authority retains the right to waive 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 trivially 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		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.
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		The Administering Authority resolves that it will require employers to pay in full the cost of pension strain

	retirement of a councillor (i.e. after age 50/55 and before age 60), or early 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)		arising from early retirements, within a period not normally exceeding three years.
TPSch 2, para 2(3)	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 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 shall ordinarily require strain costs to be paid up front . The Administering Authority retains the right to waive an actuarial reduction on compassionate grounds under TPSch 2, para 2(1)
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 decision, or lack of a decision (councillors and pre 1.4.08. leavers)		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 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

Agenda Item 4c



Report of the Section 151 Officer

Local Pension Board – 28 March 2019

Admission Body Application – Parkwood Leisure

Purpose:	To note the admission body application for Parkwood Group.
Consultation:	Legal, Finance and Access to Services.
Report Author:	J Dong
Finance Officer:	J Dong
Legal Officer:	S Williams
Access to Services Officer:	R Millar
For Information	

1 Background

- 1.1 The Local Government Pension Regulations 2013 permit an Administering Authority to make an admission agreement with :

“a body which provides a public service in the United Kingdom which operates otherwise than for the purposes of gain and has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest”.

- 1.2 The City & County of Swansea Pension Fund already has a number of such employers admitted into the scheme e.g Tai Tarian Housing; Celtic Community Leisure and Rathbone Training.

2 Parkwood Group

- 2.1 Following a procurement exercise undertaken by scheduled employer, City & County of Swansea, Parkwood Group were awarded the contract to run Plantasia . They will be responsible for the operation of this leisure facility and this includes the day to day. operation, staffing, customer service, health and safety, and marketing of the facilities. It has been determined that these services satisfy the criteria required for admitted body status under LGPS Regulations.

- 2.2 The Parkwood Group of companies are leading providers of support services to public and private sector clients. The Group employs over 6,000 people throughout the UK providing services which include leisure management, green space management, healthcare, consultancy and management of PFI projects. All of Parkwood's individual companies offer high levels of service, specialist knowledge and management expertise. Parkwood is committed to the aims of its clients and developing long-term, added value relationships. Parkwood's financial strength enables the continuous investment in its business and employees. Parkwood is fully committed to its social responsibilities and the delivery of quality public services.
- 2.3 The contract for services commenced on the 1st February 2019.

3 Admission Agreement

- 3.1 Under the contract conditions, it is proposed that the current workforce are transferred under TUPE arrangements from the current employer, The City & County of Swansea to Parkwood Group. In order to preserve the pension rights of the transferred staff, it is proposed that Parkwood Group are granted Admitted Body status to the City & County of Swansea Pension Fund. It is proposed that the admission agreement is granted on a closed scheme basis, to include only the named staff in schedule 1 of the admission agreement.
- 3.2 The admission agreement shall require the requisite indemnity bond or sponsoring employer guarantee is secured from the sponsoring employer, the City & County of Swansea. The Administering Authority shall also undertake the appropriate risk assessment of the admitted body, Parkwood Group.

4 Legal Implications

- 4.1 An Admission Agreement will need to be prepared as outlined in this report with the appropriate indemnity included.

5 Financial Implications

- 5.1 There are no financial implications arising directly from this report.

6 Equality and Engagement Implications

- 6.1 There are no equality and engagement implications arising from this report.

Background Papers: None.

Appendices: None.

Agenda Item 4d



Report of the Section 151 Officer

Local Pension Board – 28 March 2019

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 November 2018, 5.13% of retirement lumps sums have not been paid within the benchmark (it should be noted that 100% of payments were made within 1 month when all documentation was received). The % of non-payment of retirement lump sums within the specified benchmark was due to the members not returning completed pension election forms within a timely manner. Communication sent to members at time of retirement has been reviewed to ensure that the importance of timely return of required documents is highlighted and reminder triggers put in place.
- 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

Page 63

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	<p>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.</p> <p>There is a planned investment review for 2017/18 which shall review asset allocations on a long term basis</p>	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.	
Dec 2018 – Feb 2019	Administration	5.13% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 100% 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	% due to members failing to return pension election forms in a timely manner		Members are reminded of the need to return pension options in a timely manner	✓
Dec 2018 – Feb 2019	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	✓

Page
8 of
88

*New breaches since the previous meeting should be highlighted



Report of the Section 151 Officer

Local Pension Board – 28 March 2019

City & County of Swansea Pension Fund Business Plan 2019/20

Purpose:	To note the Business Plan as a working framework for the Pension Fund's programme of work for 2019/20.
Consultation:	Legal, Finance and Access to Services.
Report Author:	Jeffrey Dong
Finance Officer:	Jeffrey Dong
Legal Officer:	Stephanie Williams
Access to Services Officer:	Rhian Millar
For Information	

Business Plan 2019/20

1 Background

- 1.1 In line with best practice, the Pension Fund produces a business plan to inform its work programme for the forthcoming 12 month period. The business plan for 2018/19 is attached at Appendix 1

2 Recommendation

- 2.1 The Pension Fund Committee is asked to note and approve the attached business plan for the year 2019/20 noting the timescale and responsibility for key action points throughout the year. The document is a dynamic document and will be revised and amended throughout the year as necessary.

3 Legal Implications

- 3.1 The relevant legal provisions and guidance are set out in the Appendix

4 Financial Implications

- 4.1 There are no financial implications arising from this report

5 Equality and Engagement Implications

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

Appendices

Appendix 1- Business Plan 2019/20

CITY AND COUNTY OF SWANSEA

Pension Fund

**Annual Business Plan
2019 20**

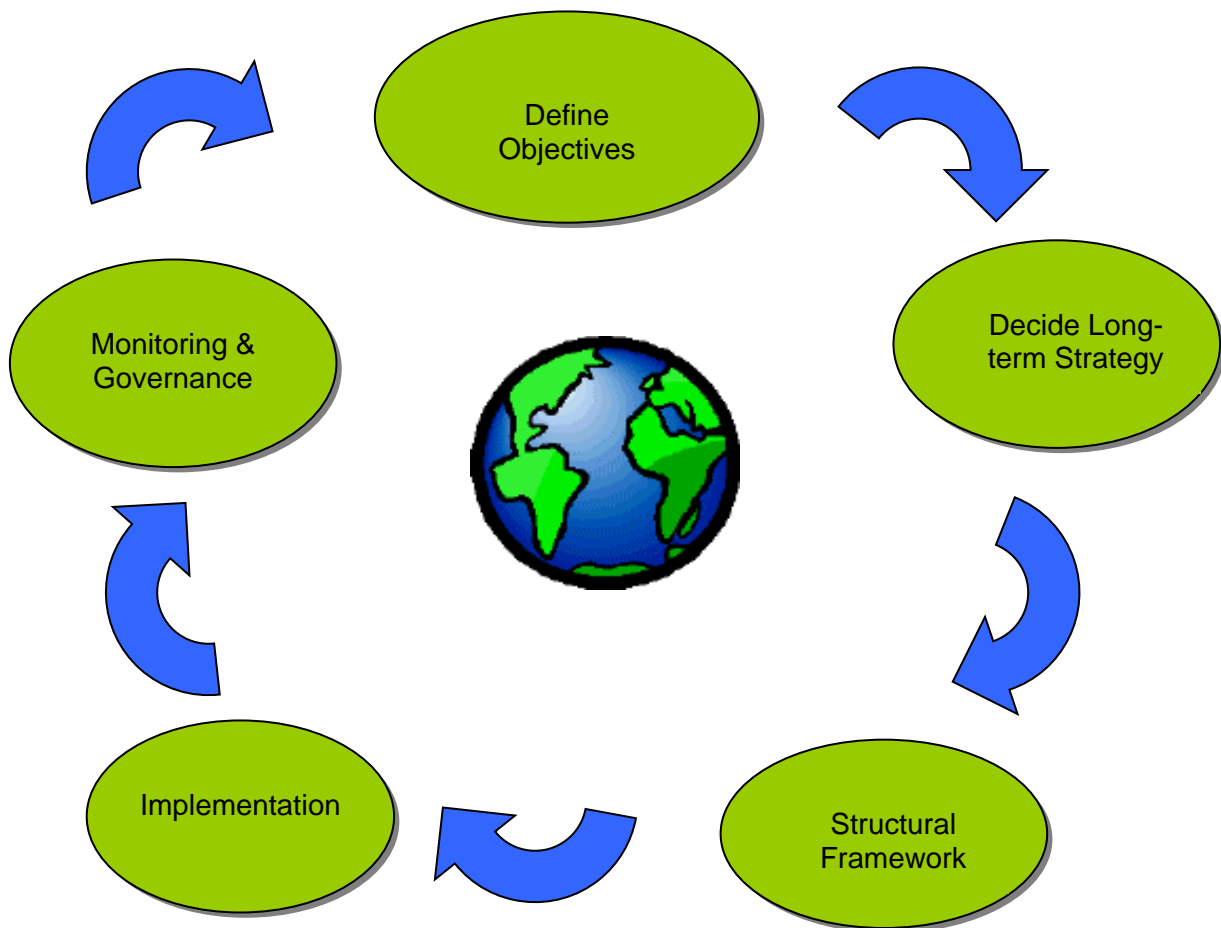


Local Government Pension Scheme City & County of Swansea

Business Plan

1. Decision-making Framework

The Pension Fund Committee have the delegated responsibility to manage the investment arrangements of the Fund to meet the overall investment objectives identified in the Statement of Investment Principles. Investment decisions are taken by the Committee as advised by the Section 151 Officer and supported by the Deputy S151 Officer and professional external financial advisors. The Pension Fund Committee use the following framework to formulate their policy in all aspects relating to the management of the Fund's assets.



This Plan relates to the management of the Fund's assets over the medium-term, with a detailed plan of issues to be addressed in the next twelve months.

2. Summary of Investment Arrangements

The primary investment objectives of the Pension Fund Committee as stated in the Investment Strategy Statement are:

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. This funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

The Committee aims to fund the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary and/or inflation increases.

The Committee has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

It is intended that the Fund's investment strategy will be reviewed at least every three years either alongside or following actuarial valuations of the Fund.

The Fund's investment strategy was last reviewed during 2017 and 2018. This analysis included both a quantitative (using asset liability modelling) and qualitative analysis. This approach helps to ensure that the investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners, deferreds and active members), together with the level of surplus or deficit (relative to the funding basis used). Details of the assumptions used in the quantitative analysis was considered prior to the Committee agreeing any strategic changes.

The Committee monitors investment strategy on an ongoing basis, focusing on factors including, but not limited to:

- Suitability given the Fund's level of funding and liability profile
- The level of expected risk
- Outlook for asset returns

The Committee also monitors the Fund's actual allocation on a regular basis to ensure it does not notably deviate from the target allocation and is considering a formal rebalancing framework alongside potential changes to the Fund's longer term strategic asset allocation.

Performance of the investment managers has historically been measured by The WM Company who have withdrawn from the market, the service is being undertaken in the

interim by PIRC, this service shall be reviewed on an All Wales basis. Performance figures are considered by the Pension Fund Committee on a quarterly basis.

Each of the external managers provides quarterly reports on performance and makes presentations to Committee as required.

3. Issues addressed in year to 31 March 2018

In the last twelve months the Pension Fund Committee has addressed the following investment issues:

a. Objectives

- The fund reviewed its objectives as outlined in the revised Investment Strategy Statement

b. Investment Strategy

The Pension Fund Committee reviewed its investment strategy and asset allocation as outlined in the revised update on The Investment Strategy paper also on this agenda, providing an update on progress re. the de-risking strategy

c. Structural Framework

The Wales Pension Partnership (WPP) has successfully transitioned its global equities assets (including Swansea) into the WPP ACS. Work is ongoing in relation to the other liquid assets in the portfolio and is scheduled to complete in the third quarter of 2019.

d. Implementation

- Produced annual report and statement of accounts 2018/19
- Held Annual General Consultative Meeting
- FRS17 statement included in accounts
- Held employer triennial valuation consultation meetings
- Held employee roadshows
- Initiated consultation on electronic annual benefit statements

e. Monitoring & Governance

During the year, the Pension Fund Committee has held quarterly monitoring meetings.

The Local Pension Board has held quarterly meetings

The Joint Governance Committee (JGC) of the WPP have met 4 times during the year.

A consultation meeting to consider the 2018/19 Annual Report and Statement of Accounts was held, to which all employing bodies and trade unions were invited.

The Principal Pensions Officer held several open meetings for employers and members in order to explain the implementation of new regulations (including auto enrolment) and other changes amongst other administration issues.

The Local Pension Board has met during the year, however member representation issues have to be resolved in respect of the 2 vacant member roles. A new employer representative, Mr Dave MacKerras of Pellena Community Council has been appointed in year, to replace Mr John Andrew of Tai Tarian Housing.

f. Environmental, Social, Governance (ESG)

The Pension Fund Committee approved the first ESG policy for the fund and is in progress to implementing it low carbon passive index transition.

4. The Business Plan

a. Objectives

The Investment Objectives, Strategy and Risk Profile shall be considered when reviewing the Investment Strategy Statement and when considering the revision of the funding strategy statement at beginning of the planning process for the 2019 triennial valuation

b. Investment Strategy

The solvency level of the Fund continues to be carefully monitored. The recent financial crisis and continuing troubles in the Eurozone emphasises the importance for Pension Fund Committee members of continually reviewing the funding level. The strategy will be regularly reviewed to seek to reduce the risk within the portfolio in light of recent gains.

Particular areas to be addressed are as follows:

- Review the effectiveness of the implemented structure of the fund
- Review asset allocation and new asset classes
- Review risk parameters
- Re- balance more efficiently
- Review appropriate fund benchmarks
- Implement revised employee contribution rates
- Implement revised employer contribution rates

c. Structural Framework

The structural framework of the investment management arrangements of the fund has been materially impacted by the establishment of the WPP. The joint governance committee has met 4 times during the year.

d. Implementation & Risk Management

The Panel will implement decisions taken in respect of the strategy described above and has identified and shall monitor risks identified in Appendix 2 in the Pension Fund Risk Register.

e. Monitoring & Governance

The Governance arrangements of the CCS pension fund have been formally reviewed in line with regulations and the Council's constitution has been amended to reflect the same.

The Pension Fund Committee will continue to consider issues arising from the all guidance for investment decision making and further improve compliance where required .

The Chairman (or his nominated Deputy) of the Pension Fund Committee shall be the Swansea representative on the Joint Chairs Committee of the Wales Pool

An Annual Consultative Meeting will be held to consider the 2018/19 Annual Report.

Further open meetings for employers will be arranged as required to consider revisions to the scheme and the impact of auto enrolment and will consult on further dialogue with MHCLG in relation to structural reform of the LGPS.

f. Trustee/Officer Training

The Deputy S151 Officer and advisors will continue to identify suitable Trustee training opportunities, striving to ensure Trustees are appropriately equipped to discharge their role.

Since the publication of the CIPFA skills and knowledge framework and TPR toolkit , there is a growing pressure for Pension Fund Committee Trustees to demonstrate acceptable levels of competency to discharge their roles.

The Trustees, in turn are to ensure their own training requirements are being met and are asked to make themselves available for training when required.

Similarly officers are required to demonstrate competency and experience in discharging their roles and the Deputy S151 Officer shall continue to identify training opportunities for the officers of the fund.

5. Business Plan Timetable

The following table in Appendix 1 set out progress against the 2018/19 business plan and sets out the broad Pension Fund Committee business plan over the next twelve months for 2019/20; the document is a dynamic document which may be subject to review during the year.

The action plan will, where appropriate, form the basis of the agenda items at the Pension Fund Committee meetings.

Review of 2017/18 Business Plan Targets to year ended 31st March 2018

Action	Description	Time-scale	Primary Responsibility	Status
1	Formulate Annual Business Plan for 2018/19	Aug 2018	Chief Treasury & Technical Officer	Achieved
2	Implement 2019 Triennial Valuation Planning	Oct 2018	Chief Treasury & Technical Officer	Ongoing
3	Implement Pension Administration Team restructure	Jul 2018	Chief Treasury & Technical Officer	Achieved
4	Undertake formal Review of Investment Strategy Statement pre 2019 triennial valuation	Mar 2019	Chief Treasury & Technical Officer	Achieved
5	Implement revised pension SORP and CIPFA guidance in producing annual report and statement of a/cs	June 2019	Chief Treasury & Technical Officer	Achieved
6	Implement GDPR Compliance	May 2018	Chief Treasury & Technical Officer	Achieved
7	Monitor LGPS Regulation Changes and provide response to consultation where necessary to DCLG	DCLG timetable	Chief Treasury & Technical Officer	Achieved
8	Review Compliance with TPR for investment decision making.	2018/19	Chief Treasury & Technical Officer	Ongoing
9	Support the All Wales Investment Pool project (procurement, governance & oversight arrangements, prospectus design, sub fund design, tax, transition management)	Continuous	Chief Treasury & Technical Officer	Achieved & Ongoing
10	Consider and approve Pension Fund Accounts and Annual Report	September 2018	Chief Treasury & Technical Officer	Achieved
11	Review performance of Fund and each individual	July 2018	Chief Treasury &	Ongoing

	Manager, taking into account behaviour of world equity markets	September 2018 Dec 2018 March 2019	Technical Officer	
12	Monitor Socially Responsible/Ethical Investment Policy	2018/19	Chief Treasury & Technical Officer	ongoing
13	Annual consultative meeting with employers re. annual report	November 2018	Chief Treasury & Technical Officer	Achieved Dec 2016
14	Receive presentations from Fund Managers	July 2018 September 2018 December 2018 March 2019	Chief Treasury & Technical Officer	Achieved
15	Implement any amendments as a result of revised regulations	DCLG Timetable	Chief Treasury & Technical Officer	Achieved
16	Review Pension Administration Strategy to ensure compliance with legislation	Nov 2018	Chief Treasury & Technical Officer	Achieved
17	Review Communication Strategy to ensure fit for purpose and compliance with regulations	Nov 2018	Chief Treasury & Technical Officer	Achieved
18	Reconciliation of GMPs for Fund members	Dec 2019	Chief Treasury & Technical Officer	Ongoing
19	Data Quality audit	Dec 2018	Chief Treasury & Technical Officer	Implemented
20	Review employer covenants	Mar 2019	Chief Treasury & Technical Officer	Implemented
21	Transition first WPP assets	Nov 2018	Chief Treasury & Technical Officer	achieved

Business Plan 2019/20 to Year Ending 31 March 2020

Action	Description	Time-scale	Primary Responsibility
1	Formulate Annual Business Plan for 19/20	Aug 2019	Deputy S 151 Officer
2	Continue 2019 Triennial Valuation Planning/implementation	March 2019- November 2020	Deputy S 151 Officer /actuary
3	Review FSS ahead of Triennial valuation	Nov 2020	Deputy S 151 Officer /actuaries
4	Undertake formal Review of Investment Strategy Statement pre 2019 triennial valuation	Mar 2020	Deputy S 151 Officer
5	Implement revised pension SORP and CIPFA guidance in producing annual report and statement of a/cs	June 2019	Deputy S 151 Officer
6	Implement GMP reconciliation	April 2020	Deputy S 151 Officer
7	Monitor LGPS Regulation Changes and provide response to consultation where necessary to DCLG	DCLG timetable	Deputy S 151 Officer
8	Review Compliance with TPR for investment decision making.	2019/20	Deputy S 151 Officer
9	Support the All Wales Investment Pool project (procurement, governance & oversight arrangements, prospectus design, sub fund design, tax, transition management)	Continuous	Deputy S 151 Officer
10	Consider and approve Pension Fund Accounts and Annual Report	September 2019	Deputy S 151 Officer
11	Review performance of Fund and each individual Manager, taking into account behaviour of world markets	July 2019 September 2019 Dec 2019 March 2020	Deputy S 151 Officer
12	Continue to implement the fund's ESG Policy in respect of reduced carbon exposure	2019/20	Deputy S 151 Officer
13	Annual consultative meeting with employers re. annual report	November 2019	Deputy S 151 Officer

14	Receive presentations from Fund Managers/ACS Operator/advisors	July 2019 September 2019 December 2019 March 2020	Deputy S 151 Officer
15	Implement any amendments as a result of revised regulations	DCLG Timetable	Deputy S 151 Officer
16	Review Pension Administration Strategy to ensure compliance with legislation	Nov 2019	Deputy S 151 Officer
17	Review Communication Strategy to ensure fit for purpose and compliance with regulations	Nov 2019	Deputy S 151 Officer
18	Continuous strategy review	Ongoing	Deputy S 151 Officer /advisors
19	Member self-serve upgrade	Dec 2019	Deputy S 151 Officer
20	Review employer covenants	Mar 2020	Deputy S 151 Officer

City & County of Swansea Pension Fund Risk Register 2019/20

Risk	Existing control measures /new control measures	Impact	Likelihood	Assigned	Date	Risk status
CCSPF1- Failure to comply with LGPS Regulation If there is failure to comply with regulation, there would be adverse audit opinion and loss of trust from employers within scheme	<ul style="list-style-type: none"> Well trained staff CPD Pensions Officer Group Society of Welsh Treasurers Internal/external audit regime 	High	Low	JD	2019/20	Green
CCSPF2 – Failure to process accurate pension benefits in a timely manner If a pension benefit is paid incorrectly there could be a cost to the fund or penalty imposed for lateness of payment	<ul style="list-style-type: none"> Well trained staff Established procedure with imbedded checks and segregation of duties in place Regular KPI monitoring Use of market leading software Altair NFI checks Atmos checks 	High	Low	JD	2019/20	Green
CCS PF3- Failure to collect and account for full receipt of contributions from employers and employees on time If there is a failure to collect appropriate contributions there may be a rise in employers contributions and an adverse impact on cashflow and the ability to pay benefits and adverse audit opinion	<ul style="list-style-type: none"> Contribution timetable/monitoring procedure Administering Authority agreement Escalation and fines for non compliance Internal audit 	High	Low	JD	2019/20	Green
CCS PF4 – Failure to keep pension records up to date If pension records are not up to date, a wrong benefit may be	<ul style="list-style-type: none"> Administering Authority agreement with employers to ensure timely passing of information 	High	Medium	JD	2019/20	Amber

calculated and paid	<ul style="list-style-type: none"> • Data accuracy checks undertaken • Data validation on Altair system • Periodic data validation by scheme actuary/NFI • 					
CCSPF 5 Failure to hold personal data securely If there is breach of data there is a risk to the individual's details and loss of trust in the Authority	<ul style="list-style-type: none"> • Compliance with Data Protection Act 1998 • Business Continuity plan • IT Security Policy • Systems and pension payroll audit annually 	High	Low	JD	2019/20	Green
CCSPF6 Loss of funds through fraud or misappropriation by Administrative staff If funds are lost through fraud or misappropriation by Administrative staff could lead to increase in employer contributions	<ul style="list-style-type: none"> • Segregation of duties • Clear roles and responsibilities and schemes of delegation • Internal external audit 	High	Low	LM	2019/20	Green
CCSPF7 – Loss funds through fraud or misappropriation in investment related functions If funds are lost through fraud or misappropriation in investment related functions could lead to increase in employer contributions	<ul style="list-style-type: none"> • Segregation of duties • Clear roles and responsibilities and schemes of delegation • Internal/external audit • Regulatory control reports by external fund managers, custodians, fund administrators • FCA registration • Due diligence upon appointment 	High	Low	JD	2019/20	Green
CCSPF8- Liquidity/cashflow risks – insufficient liquid assets with which to meet liabilities as they fall due If levels of liquidity are insufficient then pension payments may not be able to be met	<ul style="list-style-type: none"> • Weekly pension fund cash investments monitoring • SIP allocation to liquid assets 	High	Low	JD	2019/20	Green

CCSPF 9- Volatility in employer contribution rates due to decrease/increase in valuation of assets/liabilities	<ul style="list-style-type: none"> Engage with expert actuary to make appropriate assumptions and employ suitable mechanisms to mitigate unaffordable rises Regular monitoring of investment manager performance Diversified investment asset allocation 	High	Medium	JD	2019/20	Amber
CCSPF10- Prolonged failure of investment managers to achieve their objective returns	<ul style="list-style-type: none"> Regular investment monitoring by officers Regular presentation to pension fund committee Ability to sack managers Diversified investment strategy with a number of different managers 	Medium	Medium	JD	2019/20	Green/Amber
CCSPF11- Price Risk- the volatility of the price of the quoted investments held exposes the fund to the risk of price movements in the market	<ul style="list-style-type: none"> A comprehensive diversified investment approach is adopted 	High	Low	JD	2019/20	Green
CCSPF 12- Interest rate risk- The risk of exposure to significant interest rate rises	<ul style="list-style-type: none"> A comprehensive diversified investment approach is adopted 	Medium	Low	JD	2019/20	Green
CCSPF 13 Discount Rate Risk- Volatility in the discount rate used inflates the level of liabilities to be paid	<ul style="list-style-type: none"> Engage professionally qualified actuary who can mitigate the effects of abnormal discount rates 	High	Medium	JD	2019/20	Amber
CCSPF 14 Foreign Exchange Risk- The risk of fluctuation the value of foreign currencies (the fund holds foreign investments whilst its liabilities are payable in sterling)	<ul style="list-style-type: none"> A comprehensive diversified investment approach is adopted Good cashflow management 	High	Low	JD	2019/20	Green

CCSPF 15 – having suitably trained/experienced staff	<ul style="list-style-type: none"> • Training, development and succession planning 	High	Medium	JD	2019/20	Amber
CCPF 16- Having suitably trained knowledgeable Pension Fund Committee Members/Local Pension Board Members	<ul style="list-style-type: none"> • CIPFA Knowledge and Skills framework • Training Plan • Professional Advisors/Officers advising 	High	Low	JD	2019/20	Green

Pension Fund – Budget 2019/20

	Actual 2017/18	Estimate 2018/19	Estimate 2019/20
Membership Numbers			
Contributors	19,685	20,128	20,200
Pensioners	12,671	11,877	12,100
Deferred	11,535	14,665	15,000
	Actual 2017/18 £'000	Estimate 2018/19 £'000	Estimate 2019/20 £'000
Income			
Employer Contributions	70,032	72,504	72,692
Employee Contributions	17,666	18,454	18,562
Transfers In	3,191	3,200	3,200
Other Income	180	280	280
Investment Income	30,891	31,000	31,000
	121,960	125,438	125,734
Expenditure			
Pensions Payable	61,207	64,658	66,239
Lump Sum Benefits	16,202	15,000	15,000
Refunds	101	182	180
Transfers Out	4,452	4,800	4,600
	81,962	84,640	86,019
Administrative Expenses			
Support Services	755	755	755
Actuarial Fees	43	60	50
Advisors Fees	46	23	23
Consultancy Service	77	70	70
External Audit Fees	45	45	45
Performance Monitoring Fees	14	14	15
Printing & Publications	18	18	18
Other	254	454	250
Pension Fund Committee (incl. member and officer training)	5	6	10
Pension Board (incl.training)	2	2	5
Wales Pension Partnership Fees	77	178	178
	1,336	1,625	1,419
Investment Expenses			
Management Fees	4,402	4,835	5,356
Performance Fees	1,400	1,354	1,070
Custody Fees	135	125	125
	5,937	6,314	6,551

Agenda Item 4f



Report of the Section 151 Officer

Local Pension Board – 28 March 2019

Ministry of Housing, Communities and Local Government (MHCLG) Consultation on Guidance on LGPS Asset Pooling

Purpose:	To note the joint response of City & County of Swansea Pension Fund and the Wales Pension Partnership to the MHCLG Consultation on The Guidance re. LGPS Asset Pooling.
Consultation:	Legal, and Finance
Report Author:	Jeff Dong
Finance Officer:	Jeff Dong
Legal Officer:	Stephanie Williams
Access to Services Officer:	N/A
For Information	

1 Background

- 1.1 The LGPS Asset Pooling has been in progress since 2016 and progress has been made in various degrees across the 8 Pools. Wales Pension Partnership progress has been reported to Pension Fund Committee regularly since inception.
- 1.2 It is recognised that the various pools have implemented different 'models' to implement the Government's requirements. Noting the disparate methodologies and rates of progress, The Ministry of Housing, Communities and Local Government have (MHCLG) has circulated some draft guidance on some pooling principles for consultation attached at Appendix 1.
- 1.3 The City & County of Swansea Pension Fund Committee's appointed consultants advise a large number of LGPS funds and have appraised the guidance and made some observations and made feedback to their clients accordingly, their resultant paper is attached at Appendix 2.

- 1.3 It was agreed at the officer working group of the WPP, in January 2019 that the host authority, Carmarthenshire Council would draft a collective response for consideration by each committee. Attached at Appendix 3 is the produced first draft response to the consultation on draft pooling guidance.

2 Legal Implications

- 2.1 The current legislative framework for the pension fund investments carried out by Administering Authorities is set by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The law governing pensions is a complex and specialist area. National Government guidance indicates that the pooling of LGPS assets is permissible under current law.

The Inter-Authority Agreement has been approved and signed by all 8 Local Authorities.

The Pension Fund Committee Terms of Reference and Scheme of Delegation sets out the Committees responsibility for the strategic governance of the Pension Fund.

3 Financial Implications

- 3.1 Financial implications are indicated within the submission.

4 Equality Impact Assessment Implications

- 4.1 There are no equality implications arising from this report

Appendices

Appendix 1 – MHCLG draft statutory guidance on LGPS Pooling

Appendix 2 – Hymans response to consultation

Appendix 3 - WPP draft response to consultation

Local Government Pension Scheme

Statutory guidance on asset pooling

Contents

Foreword

- 1 Introduction**
- 2 Definitions**
- 3 Structure and scale**
- 4 Governance**
- 5 Transition of assets to the pool**
- 6 Making new investments outside the pool**
- 7 Infrastructure investment**
- 8 Reporting**

Foreword

The reform of investment management in the Local Government Pension Scheme (LGPS) for England and Wales began in 2015 with the publication of criteria and guidance on pooling of LGPS assets, following extensive consultation with the sector. LGPS administering authorities responded by coming together in groups of their own choosing to form eight asset pools.

Through the hard work and commitment of people across the scheme, those eight pools are now operational. Their scale makes them significant players at European or global level, and significant annual savings have already been delivered, with the pools forecasting savings of up to £2bn by 2033. Along the way many lessons have been learnt and great progress has been made in developing expertise and capacity, including in private markets and infrastructure investment.

This is a considerable achievement in itself, but there is still a long way to go to complete the transition of assets and to deliver the full benefits of scale. In the light of experience to date with pooling and the challenges ahead, authorities have requested guidance on a range of issues. The time is now right for new guidance to support further progress.

1 Introduction

1.1 This guidance sets out the requirements on administering authorities in relation to the pooling of LGPS assets, building on previous Ministerial communications and guidance on investment strategies, and taking account of the current state of progress on pooling. It is made under the powers conferred on the Secretary of State by Regulation 7(1) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the 2016 Regulations). Administering authorities are required to act in accordance with it.

1.2 This guidance replaces the section at pages 7 to 8 of Part 2 of *Guidance for Preparing and Maintaining an Investment Strategy*, issued in September 2016 and revised in July 2017, which deals with regulation 7(2)(d) of the 2016 Regulations. It also replaces *Local Government Pension Scheme: Investment Reform Criteria and Guidance*, issued in November 2015.

2 Definitions

2.1 This guidance introduces a set of definitions for use in this and future guidance, as follows:

'Pool' the entity comprising all elements of a Local Government Pension Scheme (LGPS) asset pool

'Pool member' an LGPS administering authority which has committed to invest in an LGPS pool and participates in its governance

'Pool governance body' the body used by pool members to oversee the operation of the pool and ensure that the democratic link to pool members is maintained (for example, Joint Committees and officer committees)

'Pool company' the Financial Conduct Authority (FCA) regulated company which undertakes selection, appointment, dismissal and variation of terms of investment managers, and provides and operates pool vehicles for pool members

'Pool fund' a regulated unitised fund structure operated by a regulated pool company, such as an Authorised Contractual Scheme (ACS)

'Pool vehicle' an investment vehicle (including pool funds) made available to pool members by a regulated pool company

'Pooled asset' an investment for which the selection, appointment, dismissal and variation of terms for the investment manager is delegated to a regulated pool company, or an investment held in a pool vehicle

'Retained asset' an existing investment retained by a pool member during the transition period

'Local asset' a new investment by a pool member which is not a pooled asset

3 Structure and scale

3.1 All administering authorities must pool their assets in order to deliver the benefits of scale and collaboration. These include:

- reduced investment costs without affecting gross risk-adjusted returns
- reduced costs for services such as custody, and for procurement
- strengthened governance and stewardship and dissemination of good practice
- greater investment management capacity and capability in the pool companies, including in private markets
- increased transparency on total investment management costs
- diversification of risk through providing access to a wider range of asset classes, including infrastructure investments

3.2 In order to maximise the benefits of scale, pool members must appoint a pool company or companies to implement their investment strategies. This includes:

- the selection, appointment, dismissal and variation of terms of investment managers, whether internal or external

- the management of internally managed investments
- the provision and management of pool vehicles including pool funds

It is for the pool companies to decide which investment managers to use for pool vehicles, including whether to use in-house or external management. Pool members may continue to decide if they wish to invest via in-house or externally managed vehicles.

3.3 Pool companies may be wholly owned by pool members as shareholders or may be procured and appointed by the pool members as clients.

3.4 A pool company must be a company regulated by the Financial Conduct Authority (FCA) with appropriate FCA permissions for regulated activities. This helps ensure the pools comply with financial services legislation, and provides additional assurance to scheme members and employers. Depending on the structure of the pool, appropriate permissions may include permissions for execution, acting as agent, provision of advice, or such other permissions as required by the FCA. Where regulated funds (e.g. in an ACS) are operated by the pool company it should comply with relevant UK legislation.

Regular review of services and procurement

3.5 Pool governance bodies, working with the pool company, should regularly review the provision of services to the pool, and the process of procurement, to ensure value for money and cost transparency. Where services are procured or shared by pool members, pool members should regularly review the rationale and cost-effectiveness of such arrangements, compared to procurement and management through the pool company. Pool members and pool companies should consider using the national LGPS procurement frameworks (www.nationallgpsframeworks.org) where appropriate.

Regular review of active and passive management

3.6 Pool members, working with the pool company, should regularly review the balance between active and passive management in the light of performance net of total costs. They should consider moving from active to passive management where active management has not generated better net performance over a reasonable period. Pool members should also seek to ensure performance by asset class net of total costs is at least comparable with market performance for similar risk profiles.

4 Governance

4.1 Pool members must establish and maintain a pool governance body in order to set the direction of the pool and to hold the pool company to account. Pool governance bodies should be appropriately democratic and sufficiently resourced to provide for effective decision making and oversight.

4.2 Pool members, through their internal governance structures, are responsible for effective governance and for holding pool companies and other service providers to account. Strategic asset allocation remains the responsibility of pool members, recognising their authority's specific liability and cash-flow forecasts.

4.3 Members of Pension Committees are elected representatives with duties both to LGPS employers and members, and to local taxpayers. Those who serve on Pension Committees and equivalent governance bodies in LGPS administering authorities are, in many ways, required to act in the same way as trustees in terms of their duty of care to scheme employers and members, but are subject to a different legal framework, which derives from public law. In particular while they have legal responsibilities for the prudent and effective stewardship of LGPS funds, LGPS benefits are not dependent on their stewardship but are established and paid under statute in force at the time.

4.4 Those who serve on Pension Committees and equivalent governance bodies in pool members should therefore take a long term view of pooling implementation and costs. They should take account of the benefits across the pool and across the scheme as a whole, in the interests of scheme members, employers and local taxpayers, and should not seek simply to minimise costs in the short term.

4.5 Local Pension Boards of pool members have a key role in pool governance, given their responsibilities under the LGPS Regulations 2013 (regulation 106 (1)) for assisting authorities in securing compliance with legislation, and ensuring effective and efficient governance and administration of the LGPS. They can provide additional scrutiny and challenge to strengthen pool governance and reporting, and improve transparency and accountability for both members and employers.

4.6 Local Pension Boards may also provide a group of knowledgeable and experienced people from which observers may be drawn if pool members wish to include observers on pool governance bodies.

Strategic and tactical asset allocation

4.7 Pool members are responsible for deciding their investment strategy and asset allocation, and remain the beneficial owners of their assets, in accordance with *Guidance for Preparing and Maintaining an Investment Strategy*.

4.8 Pool members collectively through their pool governance bodies should decide the pool's policy on which aspects of asset allocation are strategic and should remain with the administering authority, and which are tactical and best undertaken by the pool company. Pool governance bodies, when determining where such decisions lie, should be mindful of the trade-off between greater choice and lower costs and should involve the pool company to ensure the debate is fully informed on the opportunities and efficiencies available through greater scale.

4.9 Providing pool members with asset allocation choices through an excessively wide range of pool vehicles or investment managers will restrict the pool company's ability to use scale to drive up value. On the other hand maximising scale by significantly limiting asset allocation options may not provide all pool members with the diversification needed to meet their particular liability profile and cash flow requirements. Pool members should set out in their Funding Strategy Statement and Investment Strategy Statement how they, through the pool governance body, have balanced these considerations and how they will keep this under regular review.

4.10 Where necessary to deliver the asset allocation required by pool members, pool companies may provide a range of pool vehicles and in addition arrange and manage segregated mandates or access to external specialist funds. Pool governance bodies should ensure that their regulated pool companies have in place the necessary permissions to enable pool vehicles to be made available where appropriate.

4.11 Determining where asset allocation decisions lie will not be a one-off decision as pool member requirements will change over time. Pool governance bodies should ensure that a regular review process, which involves both pool members and pool companies, is in place.

5 Transition of assets to the pool

5.1 Pool members should transition existing assets into the pool as quickly and cost effectively as possible. Transition of listed assets should take place over a relatively short period.

5.2 Pool governance bodies, working with pool companies and, where appointed, external transition managers, should seek to minimise transition costs to pool members while effectively balancing speed, cost and timing, taking into account exit or penalty costs and opportunities for crossing trades.

5.2 The transition process will incur direct or indirect costs which may fall unevenly across pool members. For example, where the selected managers are used by some pool members but not others. In such cases pool members who are already using the selected manager may incur significantly lower (if any) transition costs than those who do not.

5.3 Inter-authority payments (or other transfers of value) may be desirable in order to share these costs equitably between pool members. The Government's view is that such payments are investment costs within Regulation 4(5) of the 2016 Regulations, and payments made by a pool member to meet its agreed share of costs may be charged to the fund of that pool member, whether the payments are made to other pool members, the pool company, or another body by agreement.

Temporary retention of existing assets

5.4 In exceptional cases, some existing investments may be retained by pool members on a temporary basis. If the cost of moving the existing investment to a pool vehicle exceeds the benefits of doing so, it may be appropriate to continue to hold and manage the existing investment to maturity before reinvesting the funds through a pool vehicle.

5.5 In many cases there will be benefits in such retained assets being managed by the pool company in the interim. However pool members may retain the management of existing long term investment contracts where the penalty for early exit or transfer of management would be significant. These may include life insurance contracts ('life funds') accessed by pool members for the purpose of passive equity investment, and some infrastructure investments. Pool members may also retain existing direct property assets where these may be more effectively managed by pool members.

Regular review of retained assets

5.6 Pool members, working with the pool company, should undertake regular reviews (at least every three years) of retained assets and the rationale for keeping these assets outside the pool. They should review whether management by the pool company would deliver benefits. Pool members should consider the long term costs and benefits across the pool, taking account of the guidance on cost-sharing, and the presumption should be in favour of transition to pool vehicles or moving such assets to the management of the pool company.

6 Making new investments outside the pool

6.1 Pool members should normally make all new investments through the pool company in order to maximise the benefits of scale. Following the 2019 valuation, pool members will review their investment strategies and put revised strategies in place from 2020. From 2020, when new investment strategies are in place, pool members should make new investments outside the pool only in very limited circumstances.

6.2 A small proportion of a pool member's assets may be invested in local initiatives within the geographical area of the pool member or in products tailored to particular liabilities specific to that pool member. Local assets should:

- Not normally exceed an aggregate 5% of the value of the pool member's assets at the point of investment.
- Be subject to a similar assessment of risk, return and fit with investment strategy as any other investment.

6.3 Pool members may invest through pool vehicles in a pool other than their own where collaboration across pools or specialisation by pools can deliver improved net returns.

6.4 During the period of transition, while pool governance bodies and pool companies work together to determine and put in place the agreed range of pool vehicles, a pool member may make new investments outside the pool, if following consultation with the pool company, they consider this is essential to deliver their investment strategy. This exemption only applies until the pool vehicles needed to provide the agreed asset allocation are in place.

7 Infrastructure investment

7.1 Infrastructure investment has the potential to provide secure long term returns with a good fit to pension liabilities, and form part of investment strategies of authorities. The establishment of the pools was intended to provide the scale needed for cost-effective investment in infrastructure, and to increase capacity and capability to invest in infrastructure.

7.2 There is no target for infrastructure investment for pool members or pools, but pool members are expected to set an ambition on investment in this area. Pool companies may provide pool vehicles for investment in UK assets, or overseas assets, or both, as required to provide the risk and return profile to meet pool member investment strategies. However the Government expects pool companies to provide the capability and capacity for pools over time to move towards levels of infrastructure investment similar to overseas pension funds of comparable aggregate size.

7.3 Pool companies may provide pool vehicles for investment in existing (brownfield) or new (greenfield) infrastructure, based on an assessment of the benefits and risks in relation to pool member liabilities, and non-financial factors where relevant. Pool members may invest in their own geographic areas but the asset selection and allocation decisions should normally be taken by the pool company in order to manage any potential conflicts of interest effectively, maintain propriety, and ensure robust evaluation of the case for investment.

7.4 For the purpose of producing annual reports, infrastructure assets are defined in the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance *Preparing the Annual Report* as follows:

Infrastructure assets are the facilities and structures needed for the functioning of communities and to support economic development. When considered as an investment asset class, infrastructure investments are normally expected to have most of the following characteristics:

- *Substantially backed by durable physical assets;*
- *Long life and low risk of obsolescence;*
- *Identifiable and reliable cash flow, preferably either explicitly or implicitly inflation-linked;*
- *Revenues largely isolated from the business cycle and competition, for example, through long term contracts, regulated monopolies or high barriers to entry;*
- *Returns to show limited correlation to other asset classes.*

Key sectors for infrastructure include transportation networks, power generation, energy distribution and storage, water supply and distribution, communications networks, health and education facilities, social accommodation and private sector housing.

Conventional commercial property is not normally included, but where it forms part of a broader infrastructure asset, helps urban regeneration or serves societal needs it may be.

7.5 All residential property is included in this definition of infrastructure. It is not restricted to social accommodation or private sector housing.

7.6 A variety of platforms may be required to implement the infrastructure investment strategies of pool members. Pool companies are expected to provide access to a range of options over time including direct and co-investment opportunities.

8 Reporting

8.1 Pool members are required to report total investment costs and performance against benchmarks publicly and transparently in their annual reports, following the CIPFA guidance *Preparing the Annual Report*, with effect from the 2018-19 report.

8.2 In summary, pool member annual reports should include:

- opening and closing value and proportion of pooled assets by asset class
- opening and closing value and proportion of local assets by asset class
- net and gross performance of pooled assets by asset class
- total costs of pooled assets by asset class
- for actively managed listed assets, net performance by asset class net of total costs compared to appropriate passive indices over a one, three and five year period
- net and gross performance of local assets by asset class
- total costs of local assets by asset class
 - asset transition during the reporting year
 - transition plans for local assets
 - pool set-up and transition costs, presented alongside in-year and cumulative savings from pooling
 - ongoing investment management costs by type, with a breakdown between pooled assets and local assets

8.3 Investments should be classed as pool assets on the basis of the definition in the CIPFA guidance *Preparing the Annual Report*.

For the purpose of defining those assets which are classed as being within an asset pool, 'pooled assets' are those for which implementation of the investment strategy – i.e. the selection, appointment, dismissal and variation of terms for the investment managers (including internal managers) – has been contractually, transferred to a third party out with the individual pension fund's control.

8.4 Any investment where a pool member retains the day to day management, or the responsibility for selecting or reappointing an external manager, is not a pool asset.

8.5 Pool members should provide a rationale for all assets continuing to be held outside the pool, including the planned end date and performance net of costs including a comparison which costs of any comparable pool vehicles. They should also set out a high level plan for transition of assets.

8.6 The SAB will publish an annual report on the pools based on aggregated data from the pool member annual reports, in the Scheme Annual Report. Pool members should comply with all reasonable requests for any additional data and information from the SAB to enable it to publish a comprehensive report.

8.7 Pool members should ensure that pool companies report in line with the SAB Code of Cost Transparency. They should also ensure that pool companies require their internal and external investment managers to do so.

8.8 Pool members should also ensure that the annual report of the pool company is broadly consistent with the reports of pool members, and with the Scheme Annual Report, in so far as it relates to their investments, and that the report includes a narrative to explain differences. These may arise for example from reporting periods of pool companies which differ from that of the pool member.

8.9 Pool members are required to report any change which results in failure to meet the requirements of this guidance to the LGPS Scheme Advisory Board (SAB) and to MHCLG.

Local Government Pension Scheme: Draft Statutory guidance on asset pooling

This note provides factual information relating to the Ministry of Housing, Communities and Local Government's informal consultation on the Draft Statutory guidance on asset pooling. This note is addressed to the Fund's Officers and Committee(s). It is not for public distribution.

Timetable

The consultation was issued on 3 January 2019, it is open for 12 weeks and will close on 28 March. It is deemed an informal consultation which is addressed to *"interested parties only, including the Scheme Advisory Board, Pensions Committees, Local Pension Boards, the pool Joint Committees or equivalent, the Cross Pool Collaboration Group, the pool operating companies where owned by participating funds, CIPFA and ALATS"*. The SAB secretariat will be assisting MHCLG with the consultation but all responses should be sent to LGPensions@communities.gov.uk.

Background

The guidance sets out the requirements on administering authorities in relation to pooling assets and replaces *"the section at pages 7 to 8 of Part 2 of Guidance for Preparing and Maintaining an Investment Strategy, issued in September 2016 and revised in July 2017, which deals with regulation 7(2)(d) of the 2016 Regulations. It also replaces Local Government Pension Scheme: Investment Reform Criteria and Guidance, issued in November 2015."* As a reminder, we attach links to the replaced documents at the foot of this document¹.

Overview

Further to the introduction the consultation is broken into 7 sections which we set out below. As outlined in the title, the governance is statutory. Throughout the document, there is frequent use of certain words, in particular "must", "should" and "may" in relation to different points being made. Each highlights the extent to which adherence is expected.

Definitions

This section sets out a number of definitions relating to pooling, including,

'Pool governance body' the body used by pool members to oversee the operation of the pool and ensure that the democratic link to pool members is maintained (for example, Joint Committees and officer committees).

'Pool company' the Financial Conduct Authority (FCA) regulated company which undertakes selection, appointment, dismissal and variation of terms of investment managers, and provides and operates pool vehicles for pool members.

'Pool fund' a regulated unitised fund structure operated by a regulated pool company, such as an Authorised Contractual Scheme (ACS).

'Pool member' an LGPS administering authority which has committed to invest in an LGPS pool and participates in its governance.

It also defines Pool vehicles, retained assets and local assets which are all covered in later sections of the consultation.

1

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/479925/criteria_and_guidance_for_investment_reform.pdf <http://lgpslibrary.org/assets/statgui/ew/201609ISS.pdf>
<http://lgpslibrary.org/assets/statgui/ew/201707ISS.pdf>

Structure and scale

This section reiterates the aims of pooling, that all administering authorities must pool their assets and that pool members must appoint a pool company or companies to implement their investment strategies, stating clearly, *“It is for the pool companies to decide which investment managers to use for pool vehicles”*. It also states that a pool company must be a company regulated by the FCA

It is stated that Pool governance bodies, working with the Pool company, *“should regularly review the provision of services to the pool, and the process of procurement, to ensure value for money and cost transparency”* and *“the balance between active and passive management in the light of performance net of total costs. They should consider moving from active to passive management where active management has not generated better net performance over a reasonable period”*.

Governance

It was stated that pool governance bodies must be established in order to “set the direction of the pool and hold the pool company to account” while pool members through their own governance arrangements will be *“responsible for effective governance and for holding pool companies and other service providers to account”*. In addition *“Strategic asset allocation remains the responsibility of pool members”*. It also states Pension Committees should take a long term view of the potential benefits of pooling, taking into account *“the benefits across the pool and across the scheme as a whole...and should not seek simply to minimise costs in the short term.”* It also notes that Pension Boards can have a role in governance arrangements.

It also states that part of pool governance bodies’ role is to decide the pool’s policy on which aspects of asset allocation are *“strategic”* and which are *“tactical”*, with the guidance stating that, *“governance bodies should be mindful of the trade-off between greater choice and lower costs”*. It is also noted that the position between what is deemed strategic and what is tactical is something that might change over time. It also states that, *“Pool members should set out in their FSS and ISS how they, through the pool governance body, have balanced these considerations and how they will keep this under regular review”*.

Transition of assets to the pool

There are a number of comments on treatment of costs, including

“Transition of listed assets should take place over a relatively short period.” and *“..should see to minimise transition costs to pool members while effectively balancing speed, cost and timing, taking into account exit or penalty costs and opportunities for crossing trades.”* And *“Inter-authority payments (or other transfers of value) may be desirable in order to share these costs equitably between pool members. The Government’s view is that such payments are investment costs within Regulation 4(5) of the 2016 Regulations, and payments made by a pool member to meet its agreed share of costs may be charged to the fund of that pool member, whether the payments are made to other pool members, the pool company, or another body by agreement.”*

It is noted that *“In exceptional cases, some existing investments may be retained by pool members on a temporary basis”* citing assets that need to be held to maturity as an example. It also notes that *“Pool members may also retain existing direct property assets where these may be more effectively managed by pool members”* and *“...pool members may retain the management of existing long term investment contracts where the penalty for early exit or transfer of management would be significant. These may include life insurance contracts (‘life funds’) accessed by pool members for the purpose of passive equity investment, and some infrastructure investments.”*

For assets held outside the pool it is stated that, *“Pool members, working with the pool company, should undertake regular reviews (at least every three years) of retained assets and the rationale for keeping these assets outside the pool.”*

Making new investments outside the pool

There is an expectation that new investments will be made through the pool company with 2020 being set as the target timescale and a statement that “*pool members should make new investments outside the pool only in very limited circumstances.*”

Exceptions (to pool members investing in their own pool) include,

“A small proportion of a pool member’s assets may be invested in local initiatives within the geographical area of the pool member or in products tailored to particular liabilities specific to that pool member”, with clarity that Local assets should, “not normally exceed an aggregate 5% of the value of the pool member’s assets at the point of investment and be subject to a similar assessment of risk, return and fit with investment strategy as any other investment.”; or “may invest ...in a pool other than their own where collaboration across pools or specialism by pools can deliver improved net of fee returns”

Infrastructure investment

There are a number of infrastructure related aspects noted in the document. Although supportive of the asset class, the consultation states, “*There is no target for infrastructure investment for pool members or pools, but pool members are expected to set an ambition on investment in this area.*” “*Government expects pool companies to provide the capability and capacity for pools over time to move towards levels of infrastructure investment similar to overseas pension funds of comparable aggregate size*”.

It is explicitly stated that Pools are expected to provide a range of options to accessing the asset class and may offer brown and greenfield exposure to the asset class. There is also comment that, “*Pool members may invest in their own geographic areas but the asset selection and allocation decisions should normally be taken by the pool company in order to manage any potential conflicts of interest effectively, maintain propriety, and ensure robust evaluation of the case for investment*”. The consultation states for the purpose of annual accounts CIPFA’s definition for the asset class should be used (which includes a comment that conventional property is not normally included). The consultation also makes it clear that residential property is defined as infrastructure.

Reporting

There are a number of cost and pooling related requirements, including stating that, “*Pool members are required to report total investment costs and performance against benchmarks publicly and transparently in their annual reports, following the CIPFA guidance Preparing the Annual Report, with effect from the 2018-19 report.*”

The CIPFA guidance is also to be used when it comes to defining which assets are to be deemed pool assets, “*‘pooled assets’ are those for which implementation of the investment strategy – i.e. the selection, appointment, dismissal and variation of terms for the investment managers (including internal managers) – has been contractually, transferred to a third party out with the individual pension fund’s control.*” Pool members should “*provide a rationale for all assets continuing to be held outside the pool, including the planned end date and performance net of costs including a comparison which costs of any comparable pool vehicles. They should also set out a high level plan for transition of assets.*”

It is stated that the SAB will publish an annual report on the pools based on data from the pool member annual reports. It is also stated that pool companies should report in line with the SAB Code of Cost Transparency, with pool companies requiring their internal and external investment managers to do likewise. The final point on the consultation is to state that “*Pool members are required to report any change which results in failure to meet the requirements of this guidance to the LGPS Scheme Advisory Board (SAB) and to MHCLG.*”

Prepared, for and on behalf of Hymans Robertson LLP, by:-

David Walker, Head of LGPS Investment

William Marshall, Head of LGPS Investment Clients

Local Government Pension Scheme - Statutory guidance on asset pooling

Introduction

The 8 LGPS Administering Authorities of the Wales Pension Partnership (WPP) are pleased to be able to provide this response to the Government's consultation on revised LPGA pooling guidance. The Authorities hope that the Government finds it helpful to receive a single consolidated response from WPP on the key points it has identified from the consultation, which further underlines WPP's effective partnership approach.

We welcome the intention to set out an up to date list of requirements on a statutory basis, to establish common terminology and to clarify the position on questions raised by funds and pools.

Structure and definitions

The Government should ensure that the guidance takes account of the variety of pool operating models, as it currently appears to be largely written for the circumstance where 'pool companies' are wholly owned by the pool members, rather than the 'pool company' being a third party awarded a contract by the 'pool members'. Paragraph 3.2 correctly states that 'pool members' may appoint more than one pool company. The guidance should recognise more clearly that multiple 'pool companies' may be appointed to provide 'pooled vehicles/funds' to the 'pool members' and to provide the investment management of those assets. This could include passive investments through life funds, or infrastructure and other illiquid investments. This is no different to the provision of internal investment management by wholly owned 'pool companies'.

WPP feels that MHCLG needs to reconsider its definition of pooling to ensure consistency and any undue misunderstanding. WPP believes that MHCLG has correctly referenced CIPFA's definition of 'pooled assets' (key sections have been underlined) *'those for which implementation of the investment strategy – i.e. the selection, appointment, dismissal and variation of terms for the investment managers (including internal managers) – has been contractually, transferred to a third party out with the individual pension fund's control'*. However this is not consistent with the definition in the draft guidance *'an investment for which the selection, appointment, dismissal and variation of terms for the investment manager is delegated to a regulated pool company, or an investment held in a pool vehicle'*.

As an example MHCLG is aware that the WPP authorities have let contracts to BlackRock for the management of WPP passive investments, which have saved at least £2m per annum, and for which WPP have been complimented many times by the Minister. We have therefore assumed that the Government would want to treat these savings as a pool saving. The decision on the award of these contracts was made by the WPP and the ongoing management of the contract and investments will be under the pool's governance, not individual authorities, thereby meeting CIPFA's definition, and as such will be reported as a 'pool asset', which should be reflected in the guidance.

Active and passive investments

The WPP authorities are pleased that the guidance continues to reflect that strategic asset allocation remains the responsibility of individual administering authorities. As such the decision to invest in active or passive investments will be determined by each administering authority based on their individual assessment of the suitability of the investments and approach to risk [Regulation 7(2) (b & c)] in their Investment Strategy Statement. The effectiveness of both active and passive investment is already being closely monitored by each authority as part of the ongoing management of their pension fund. The decision to invest in either active or passive investments is not a pooling issue and therefore paragraph 3.6 should be removed from the guidance.

Local Pension Boards

Every administering authority established a local pension board under the provisions of Section 3 of the Public Service Pensions, England and Wales The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015. It is responsible for **assisting the administering authority** and performs an oversight role, to

- Secure compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the Scheme and any other connected scheme, and any requirements imposed by the Pensions Regulator in relation to the Scheme and
- Ensure the effective and efficient governance and administration of the Scheme.

We therefore feel that reference to the Board should be removed from the guidance as it is not related to pooling.

Value for money and holding assets outside of the pool

The WPP funds are disappointed that the original pooling criteria of 'value for money' does not continue to feature in the guidance. The guidance correctly identifies that *'Members of Pension Committees are elected representatives with duties both to LGPS employers and members, and to local taxpayers... [and] have legal responsibilities for the prudent and effective stewardship of LGPS funds'*. While the guidance states that *'LGPS benefits are not dependent on their [local pension committees] stewardship'* critically the cost of those benefits to scheme members are, therefore the value for money of each funds' and pools' investment arrangements remain important and a key part of the discharge of pension committees' fiduciary duty, and should remain a fundamental pooling criteria.

Paragraph 4.4 of the guidance correctly refers to pension committees and pool governance committees taking a long-term view of the costs and benefits of pooling. However in going further and stating that there should be consideration 'of the benefits across the pool and across the scheme as a whole', it sets inappropriate and unworkable expectations. Individual pension committees have a fiduciary responsibility to their own scheme members and cannot make decisions that disadvantage their own fund, even if it would benefit others. There is no mechanism for pools to quantify benefits to the scheme as a whole, and this is an unreasonable basis for pool decision making. The section of paragraph 4.4 quoted above should

be removed unless the Government can provide a legal opinion that shows Administering Authorities fiduciary duty must extend external to their pool and the scheme as a whole.

Since the original pooling guidance in 2015 WPP's significant work around pooling has identified that there are net savings that can be achieved through pooling in investment managers fees and costs. This has been reported to the Government and been received positively. The WPP has also reported that it has a programme of work to implement pooling and achieve these savings, which is already well underway.

Nonetheless the work to date has also highlighted that in a number of instances individual authorities have already achieved very competitive fees, and in some instances little to no further saving can be achieved through pooling, which is recognised in the guidance in paragraph 5.4. However, the guidance should acknowledge that despite regular review, the on-going benefits of pooling over the long-term may never outweigh the costs and assets may remain outside of the pool indefinitely. As such the heading for paragraphs 5.4 and 5.5 should have word 'temporary' removed and the definition of a 'retained asset' should be amended to 'an existing investment allocation retained by a pool member'. Further clarification on the retention of assets outside the pool must be included, in particular with regards to direct property investments. Unlike other asset classes, direct property will not 'mature' (as described in paragraph 5.4) and ultimately become available for investment in a subsequent pooled solution. In addition to maximise investment returns and for efficient portfolio management new direct property investment will continue to be made within existing strategic allocations, whilst new allocations will be made within the pool when suitable options are available.

Making new investments outside the pool

We welcome 6.2 investments in local initiatives. The WPP sees these as important potential investment opportunities which are currently being considered.

Reporting

As stated earlier in this response the Government must ensure that this guidance reflects both pooling models where the 'pool company' is a third-party provider or wholly owned by the pool members. As such paragraph 8.8 should either be deleted or clarified that it only applies to wholly owned pool companies. Third-party pool companies will not produce annual reports that are relevant to LGPS investment pooling.

The preceding paragraphs of section 8 are correctly worded. WPP's contract with the operator ensures that it reports to the pool members in line with the SAB Code of Cost Transparency (paragraph 8.7), which will be the basis of the administering authorities annual reports produced in accordance with CIPFA's guidance, which can be collated by the SAB (paragraph 8.6).

Agenda Item 5



Report of the Chief Legal Officer

Local Pension Board – 28 March 2019

Exclusion of the Public

Purpose:	To consider whether the Public should be excluded from the following items of business.	
Policy Framework:	None.	
Reason for Decision:	To comply with legislation.	
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, 6a, 6b, 6c, 7 & 8	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 6a

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 6b

By virtue of paragraph(s) 14 of Schedule 12A
of the Local Government Act 1972
as amended by the Local Government (Access to
Information) (Variation) (Wales) Order 2007.

Document is Restricted

By virtue of paragraph(s) 14 of Schedule 12A
of the Local Government Act 1972
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Information) (Variation) (Wales) Order 2007.

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By virtue of paragraph(s) 14 of Schedule 12A
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as amended by the Local Government (Access to
Information) (Variation) (Wales) Order 2007.

Document is Restricted

Agenda Item 6c

By virtue of paragraph(s) 14 of Schedule 12A
of the Local Government Act 1972
as amended by the Local Government (Access to
Information) (Variation) (Wales) Order 2007.

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By virtue of paragraph(s) 14 of Schedule 12A
of the Local Government Act 1972
as amended by the Local Government (Access to
Information) (Variation) (Wales) Order 2007.

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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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Information) (Variation) (Wales) Order 2007.

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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
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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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