



City and County of Swansea

## Minutes of the Pension Fund Committee

Committee Room 6, Guildhall, Swansea

Friday, 13 March 2020 at 1.00 pm

**Present:** Councillor C E Lloyd (Chair) Presided

**Councillor(s)**

M B Lewis

**Councillor(s)**

W G Thomas

**Councillor(s)**

J P Curtice

**Neath Port Talbot Council Co-opted Member**

P A Rees

**Advisors**

N Jellema

Advisor – Hymans Robertson

S Jasinski

Advisor – Hymans Robertson

**Also Present**

I Guy

Chair of Local Pension Board

Jason Garcia

Wales Audit Office

**Officer(s)**

Karen Cobb

Senior Accountant

Jeremy Parkhouse

Democratic Services Officer

Jeffrey Dong

Deputy Chief Finance Officer / Deputy Section 151 Officer.

Carolyn Isaac

Lawyer

**Apologies for Absence**

Councillor(s): P Downing and D G Sullivan

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**47 Disclosures of Personal and Prejudicial Interests.**

Councillor J P Curtice - agenda as a whole – member of the Local Government Pension Scheme - personal.

Councillor M B Lewis - agenda as a whole – member of the Local Government Pension Scheme - personal.

Councillor C E Lloyd – agenda as a whole – member of the Local Government Pension Scheme - personal.

Councillor P Rees - agenda as a whole – Daughter-In-Law is a member of the Local Government Pension Scheme - personal.

Councillor W G Thomas - agenda as a whole – member of the Local Government Pension Scheme - personal.

**Observer:**

I Guy, Chair of Local Pension Board - agenda as a whole – member of the Local Government Pension Scheme - personal.

**Officers:**

K Cobb – Agenda as a whole – Member of Local Government Pension Scheme – personal.

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

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 – personal and Minute No. 51 – Triennial Valuation – Clerk to Llanrhidian Higher Community Council – personal.

**48 Minutes.**

**Resolved** that the Minutes of the Pension Fund Committee meeting held on 21 November 2019 be signed and approved as a correct record.

**49 2020 Audit Plan - City and County of Swansea Pension Fund.**

Jason Garcia, Wales Audit Office (WAO) presented the Wales Audit Office 2020 Audit Plan – City & County of Swansea Pension Fund.

It was outlined that the purpose of the plan was to set out the proposed work of the WAO, when it would be undertaken, how much it would cost and who would undertake it. The responsibilities of the WAO, along with those of management and those charged with governance, were set out at Appendix 1.

The audit approach, which is linked to the assessment of risk, consisted of three phases outlined in Exhibit 1. The risks of material misstatement, which the WAO considered significant and which therefore required special audit consideration, were set out at Exhibit 2, along with the work WAO would undertake to address them. Exhibit 2 also provided details of the financial audit risks and the proposed audit response.

Exhibit 3 provided the audit fee, Exhibit 4 provided details of the audit team and Exhibit 5 provided the timetable, Appendix 1 provided respective responsibilities and Appendix 2 outlined other future developments.

It was added that work on the Pension Fund would commence following the completion of the audit on the Statement of Accounts of the the Council.

The Chair thanked the WAO representative for attending the meeting and presenting the report.

**Resolved** that the contents of the report be noted.

**50 Exclusion of the Public.**

The Committee was requested to exclude the public from the meeting during consideration of the item(s) of business identified in the recommendation(s) to the report on the grounds that it / they involved the likely disclosure of exempt information as set out in the exclusion paragraph of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007 relevant to the item(s) of business set out in the report.

The Committee considered the Public Interest Test in deciding whether to exclude the public from the meeting for the items of business where the Public Interest Test was relevant as set out in the report.

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

**(Closed Session)**

**51 Triennial Valuation and Retirement of Chris Archer, Appointed Actuary.**

Chris Archer, Aon, provided the Committee with the City & County of Swansea Pension Fund, Draft Triennial Valuation Rates and Adjustment Certificate 2019. This purpose of the report was to ensure compliance with Local Government Pension Scheme Regulations, which mandate the undertaking of a full triennial actuarial valuation.

The Committee discussed the information provided and highlighted that valuations were only presented on a three yearly cycle. It was added that management received valuations every six months.

The Chair expressed his thanks and best wishes on behalf of the Committee to Chris Archer for his valued contribution to the Pension Fund Committee and expressed best wishes for his forthcoming retirement.

**Resolved** that:

- 1) The draft triennial actuarial rates and adjustment certificates 2019 be noted and approved, subject to any material changes between this date and 31 March 2020 with any changes being approved by the Deputy Section 151 Officer in consultation with the Pension Fund Committee Chair or his nominated deputy and be reported back to the Committee;

- 2) The final actuarial report (if different), be presented to the next Pension Fund Committee;
- 3) Interim funding updates be provided regularly.

Noted: - The abstention of Councillor M B Lewis

## **52 Wales Pension Partnership Update.**

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report which updated the Committee on the progress of the Wales Pension Partnership asset pooling.

Appendix 1 provided the progress and update report provided by the ACS Operator Link Asset Services.

Referenced within the update is the timeline for the launch of the tranche 3 fixed income fund, this has been rescheduled and will now take place in Q1 2020.

## **53 Investment Report.**

Nick Jellema, Investment Consultant provided a 'for information' report, which presented the Quarter 4 2019 Investment Monitoring Report.

The content of the report was noted by the Committee and various questions were asked, which were responded to accordingly. The Investment Consultant was thanked for his report.

## **54 Investment Summary.**

The Deputy Chief Finance Officer / Deputy S151 Officer provided a "For Information" report, which presented the investment performance for the quarter, year and 3 years ended 31 December 2019.

The quarterly investment summaries for the Pension Fund for the quarter, year and 3 years ended 31 December 2019 were attached at Appendix 1.

## **55 Fund Manager's Presentation(s):**

A 'remote' presentation was made by Aidan Quinn and Yacine Zerizef of Russell Investments.

Noting the market volatility caused by Coronavirus concerns, it was reported that the Equity protection programme had provided £7m of protection to date.

Questions in relation to the content of the presentation were asked by the Committee and responses were provided accordingly.

The content of the presentation was noted and the Chair thanked the Fund Managers for remotely attending the meeting.

**(Open Session)**

**56 City & County of Swansea Pension Fund - Draft Funding Strategy Statement.**

The Deputy Chief Finance Officer / Deputy S151 Officer presented a report which sought approval of the Draft Funding Strategy Statement to ensure compliance with Local Government Pension Scheme Regulations, which required a funding strategy statement.

The main purpose of the Funding Strategy Statement was to set out the processes by which the Administering Authority:

- established a clear and transparent funding strategy, specific to the Fund, which would identify how employer's pension liabilities were best met going forward;
- supported the regulatory requirement in relation to the desirability of maintaining as nearly constant a primary rate of contributions as possible;
- ensured that the regulatory requirements to set contributions as to ensure the solvency and long-term cost efficiency of the Fund were met;
- took a prudent longer-term view of funding the Fund's liabilities.

It was added that whilst the funding strategy applicable to individual employers must be reflected in the Funding Strategy Statement / Investment Strategy Statement, its focus would at all times be on those actions which were in the best long term interests of the Fund.

**57 Breaches Report.**

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report which presented any breaches which had occurred in the period in accordance with the Reporting Breaches Policy.

Appendix A provided the details of breaches that had occurred since the previous Pension Fund Committee in November 2019. The details of the breaches and the actions taken by Management were highlighted. It was noted that GDPR breaches were now included for reporting purposes.

**58 City & County of Swansea Pension Fund Business Plan 2020/21.**

The Deputy Chief Finance Officer / Deputy S151 Officer presented a report which sought approval of the City & County of Swansea Pension Fund Business Plan 2020/21 in order to provide a working framework for the Pension Fund's programme of work 2020/21.

**Resolved** that: -

- 1) The Business Plan for the year 2020/21 is noted and approved, noting the timescale and responsibility for key action points throughout the year;
- 2) It be noted that the document is a dynamic document and would be revised and amended throughout the year as necessary.

**59 Trustee Training - CIPFA Code of Practice, Public Sector Finance Knowledge and Skills - The Pension Regulator Knowledge and Understanding Duty Committee Members.**

The Deputy Chief Finance Officer / Deputy S151 Officer presented a report which sought to approve an annual training programme for the Pension Fund Committee Members, Local Pension Board Members and officers of the Pension Fund.

**Resolved that**

- 1) the assessment and outline training plan in 3.7, 3.8 and 3.9 be approved;
- 2) further opportunities identified during the year be delegated to the Deputy S 151 Officer for approval;
- 3) Committee Members complete the National Knowledge Assessment (NKA) online by 17 April 2020.

The meeting ended at 3.43 pm

**Chair**