



City and County of Swansea

Minutes of the Pension Fund Committee

Remotely via Microsoft Teams

Thursday, 9 July 2020 at 10.00 am

Present: Councillor C E Lloyd (Chair) Presided

Councillor(s)

P Downing
J P Curtice

Councillor(s)

D G Sullivan

Councillor(s)

W G Thomas

Neath Port Talbot Council Co-opted Member

P A Rees

Advisors

N Jellema

Advisor - Hymans Robertson

Also Present

I Guy

Chair of Local Pension Board

Officer(s)

Karen Cobb
Jeremy Parkhouse
Jeffrey Dong

Senior Accountant
Democratic Services Officer
Deputy Chief Finance Officer / Deputy Section 151
Officer.
Lawyer

Carolyn Isaac

Apologies for Absence: None.

60 Disclosures of Personal and Prejudicial Interests.

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

Councillor P Downing - agenda as a whole - my brother is a 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 D G Sullivan - agenda as a whole – Daughter-In-Law is a member of the Local Government Pension Scheme and I am in receipt of a pension administered by the former Dyfed County Council - 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 and Minute No.67 – Administering Authority – Resourcing – personal and prejudicial and left the meeting prior to discussions on this item.

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. 62 – Triennial Valuation – Clerk to Llanrhidian Higher Community Council – personal.

61 Minutes.

Resolved that the Minutes of the Pension Fund Committee meeting held on 13 March 2020 be signed and approved as a correct record.

62 Draft Statement of Accounts 2019/20.

Jeff Dong, Deputy Section 151 Officer presented a report which sought to approve the draft statement of accounts for the City & County of Swansea Pension Fund 2019/20, subject to audit by Audit Wales

It was added that Officers had presented a completed draft statement of accounts in line with the agreed timetable, during the height of the lockdown, working remotely and accessing Council systems remotely during this time. The production of the accounts and adherence to outlined timetables was a credit to the investment accounting team led by Karen Cobb. Audit Wales had indicated that they would not commence their audit of the Pension Fund Draft Statement of Accounts 2019/20 until September 2020, due to the intervention of the Covid 19 crisis, (which was not in line with their audit plan presented to Pension Fund Committee earlier in the year. However, they would still be in line with statutory deadlines. Their report would be presented to Pension Fund Committee at the conclusion of the audit later in the year.

The Draft Statement of Accounts 2019/20 were provided at Appendix 1.

The Committee discussed the impact of COVID 19, the decrease in equities during Q1 and the subsequent bounce back in Q2, the benefit of the equity protection programme implemented in 2019 which provided downside protection in the drawdown in Q1. It was confirmed that Pension Fund members' benefits were not directly affected by asset valuations and were guaranteed by statute,

The Chair thanked the Deputy Section 151 Officer, Senior Accountant, Pensions Team and Finance staff for their work.

Resolved that the City & County of Swansea Pension Fund Draft Statement of Accounts 2019/20, as provided at Appendix 1, which are subject to audit, be approved.

63 Fraud & Related Party Assurances.

The Deputy Section 151 Officer presented a report which sought to approve the Fraud and Related Parties Disclosure for the City & County of Swansea Pension Fund 2019/20.

It was outlined that as part of Audit Wales' statutory audit of the City & County of Swansea Pension Fund's statement of accounts, they were required to ascertain how senior management oversaw and managed a series of related party, financial control and fraud control issues.

Attached at Appendix 1, were senior management's Fraud and related party disclosure and response for the financial year 2019/20.

Resolved that the Fraud and Related Parties Disclosure Statement for the City & County of Swansea Pension Fund 2019/20, is approved.

64 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 March 2020. The details of the breaches and the actions taken by Management were highlighted.

65 Wales Pensions Partnership (WPP) - Business Plan.

The Deputy Chief Finance Officer / Deputy S151 Officer presented a report which sought approval of the Welsh Pension Partnership (WPP) Business Plan 2020.

The WPP Business Plan was provided at Appendix 1. The Plan detailed the WPP's priorities and areas of focus for 2020/21, 2021/22 and 2022/23 and was approved by the WPP Joint Governance Committee on 12 March 2020. It was added that the

Business Plan was constantly monitored and would be formally reviewed and agreed every year.

It was explained that the purpose of the business plan was to:

- Explain the background and governance structure of the WPP
- Outline the priorities and objectives of the WPP over the next three years
- Introduce the WPP's policies and plans
- Outline the financial budget for the relevant Business Plan period
- Summarise the WPP's Investments & Performance Objectives

The Chair referred to the work being undertaken to have membership involvement in the WPP.

Resolved that: -

- 1) The Wales Pension Partnership (WPP) Business Plan 2020 is approved;
- 2) The Chair recommends including as a business plan task for 2020/21: Scheme member representation on the Joint Governance Committee (JGC) of the Wales Pension partnership (WPP)

66 Rathbone Training.

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report which informed the Committee of the status of one of its admitted body employers.

It was outlined that the Pension Fund Committee approved the admission of Rathbone training in September 2015 and December 2015 as an admitted body employer in respect of 7 employees formerly employed by Gower College (4) and Swansea Council (3) (both scheduled employers of the City & County of Swansea Pension Fund). As a requirement for admission, Rathbone Training had to enter into a binding admission agreement, to which both Gower College and Swansea College were required to provide sponsoring employer guarantees in respect of any orphan or any other outstanding liabilities in the event of employer failure.

Notification was received in May 2020 that Rathbone Training had entered into creditors' voluntary liquidation. At May 2020, of the 7 members identified, 2 are pensioners, 3 are deferred members and 2 have transferred benefits. There were therefore no current active members in respect of Rathbone Training.

It was added that there were outstanding invoices to Rathbone Training as follows: -

- £69,048 (early access costs in respect of former employees of Gower College and actuarial costs rechargeable to Gower College);
- £2,050 (actuarial costs rechargeable to Swansea Council)

These were being progressed with the appointed administrators, Begbies Traynor. The appointed fund actuary, AON had been notified and was undertaking the required statutory exit valuation in respect of the employer, Rathbone. Any outstanding liabilities will be recovered by the administrators from the sponsoring employers, Gower College and Swansea Council, in line with the Admission agreement.

67 Administering Authority - Resourcing.

The Deputy Chief Finance Officer / Deputy S151 Officer presented a report which sought approval of the recommended resourcing amendments outlined within the report.

The report provided details of the Finance restructure implemented in June 2020 and the subsequent proposed restructure / regrading's in Pension Administration and Pension Investments and Accounting.

It was confirmed that the roles would be subject to Job Evaluation.

Resolved that the resourcing amendments outlined in 3.1 and the financial implications in 6.1, are approved.

68 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)

69 Wales Pension Partnership (WPP) 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 (WPP) asset pooling.

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

Appendix 2 provided the Draft WPP Conflicts of Interest Policy, Appendix 3 the Draft WPP Climate Risk Policy and Appendix 4 the Draft WPP Statement of Accounts 2019/20.

Referenced within the update is the pending launch of the tranche 3 fixed income fund at the end of July 2020. The City and County of Swansea Pension Fund was in preparations ahead of this transition.

70 Investment Strategy Implementation Update.

The Deputy S151 Officer presented a report which updated the Committee on the progress of the investment strategy implementation approved by the Committee in March 2019. He outlined the benefits of the equity protection programme implemented in 2019 during the market volatility in Q1 2020 and the progress of the implementation of the yielding assets strategic re-allocation.

Resolved that: -

- 1) The implementation progress in 2.1 and performance of the equity protection programme in 3.1 is noted;
- 2) The Deputy Section 151 Officer is delegated approval to fund and implement capital calls as they fall due, as identified in 4.1.

71 Report of the Investment Consultant.

Nick Jellema, Investment Consultant provided a 'for information' report, which presented the Quarter 1 2020 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.

72 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 March 2020.

The quarterly investment summaries for the Pension Fund for the quarter, year and 3 years ended 31 March 2020 were attached at Appendix 1.

The meeting ended at 12.10 pm

Chair