



City and County of Swansea

## Minutes of the **Local Pension Board**

Remotely via Microsoft Teams

Thursday, 26 November 2020 at 10.00 am

### Present:

#### Employer Representatives

A Lockyer

P K Jones

#### Local Pension Board Member Representatives

R Broad

I Guy

D White

#### Officer(s)

Jeffrey Dong

Deputy Chief Finance Officer / Deputy Section 151 Officer.

Stephanie Williams

Principal Lawyer

Karen Cobb

Senior Accountant

Jeremy Parkhouse

Democratic Services Officer

#### Also Present:

David Morton

Hymans Robertson

**Apologies for Absence:** None.

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### 1 Election of Chair for the 2020-2021 Municipal Year.

**Resolved** that Ian Guy (Neath Port Talbot County Borough Council) be elected Chair for the 2020-2021 Municipal Year.

Note: - Following Legal advice and the situation caused by the Covid 19 Pandemic, the Board agreed to depart from its Terms of Reference and re-appoint the outgoing Chair.

**(Ian Guy presided)**

### 2 Election of Vice-Chair for the 2020-2021 Municipal Year.

**Resolved** that David White (City & County of Swansea) be elected Vice-Chair for the 2020-2021 Municipal Year.

### **3 Disclosures of Personal and Prejudicial Interests.**

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

R Broad – Agenda as a whole – My sister is a Member of Local Government Pension Scheme – personal.

I Guy – Agenda as a whole – Member of Local Government Pension Scheme – personal.

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.

D White – Agenda as a whole - Member of Local Government Pension Scheme and member of the South Wales Fire & Rescue Authority Board - 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.

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

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

### **4 Minutes.**

**Resolved** that the Minutes of the Local Pension Board meeting held on 24 September 2020 be approved and signed as a correct record.

### **5 Investment Strategy Update Presentation. (For Information)**

David Morton, Hymans Robertson provided the Board with an investment strategy update presentation which previously been presented to the Annual Consultative meeting. Details provided included: -

- Performance to September 2020;
- Markets update and the impact of Covid 19;
- Market returns 2020;
- Equities: is the only way up?
- Nominal Government yields;
- How does the recovery compare to history?
- The shape of things to come;

- The forgotten events.....;
- Investment Strategy – Roles of different allocations;
- Likely evolution of the Strategy;
- Investment Strategy changes;
- De-risking strategy
- Equity protection programme
- Real asset portfolio including renewables, affordable housing
- Responsible investment;
- Next 12 months.

The Board asked questions of the Hymans Robertson representative regarding the presentation, which were responded to accordingly.

It was noted that the Fund had been shortlisted for an award regarding its equity protection programme.

The Chair thanked the Hymans Robertson representative for providing the presentation and responses to questions.

**Resolved** that: -

- 1) The content of the presentation be noted;
- 2) The Deputy Chief Finance Officer / Deputy S151 Officer informs the Board regarding the outcome of the competition.

## **6 Audit of Accounts Report - City and County of Swansea Pension Fund.**

The Deputy Chief Finance Officer / Deputy S151 Officer presented the Audit of Accounts Report – City and County of Swansea which summarised the main findings from the audit of the 2019-20 accounts.

It was explained that the COVID-19 pandemic had made a significant impact on all aspects of our society and continued to do so. The Council was required by law to prepare accounts and it was of testament to the commitment of the accounts team that the Council had succeeded in doing so this year in the face of the challenges posed by this pandemic. Audit Wales were extremely grateful for the professionalism of the team in supporting them to complete our audit in such difficult circumstances.

Audit Wales received the draft statement of accounts on 10 June 2020, as agreed with the Pension Fund and received a subsequent draft set of accounts on 2 September 2020, following some asset valuation adjustments. This version was accepted as the draft set of accounts which would be audited as they were received prior to Audit Wales starting their audit work.

It was added that there were no misstatements identified in the financial statements which remained uncorrected. There were initially misstatements in the accounts that had been corrected by management. The most significant of these amendments

were provided at Appendix 3. Exhibit 2 included commentary on the more significant matters Audit Wales encountered and worked with management to resolve.

The chair commended Karen Cobb and her team for the successful completion of the accounts and subsequent audit.

**Resolved** that the Audit of Accounts Report be approved.

## **7 Breaches Report. (For Information)**

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

The Board requested that in future, any new breaches be highlighted in the report.

**Resolved** that in future, any new breaches be highlighted in the report.

## **8 Pension Administration - Review of the Pension Section Administration Resourcing. (For Information)**

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report which appraised the current staffing levels within the Pension Administration Team, with the aim of addressing scheme administration challenges and regulatory changes to ensure legal obligations were met.

Details of the background, past, current and future challenges were outlined and resourcing proposals were provided.

## **9 Exit Payment Reform - Response to Government Consultation. (For Information)**

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report which provided the Adminstrating Authority response to Government consultation on Exit Payment Reform.

It was explained that the response, which had to be provided by 4 November 2020, had been forwarded with the approval of the Chair of the Committee and Chair of the Local Pension Board.

The Ministry of Housing Communities and Local Government (MHCLG) letter outlining their position was provided at Appendix 1 and the Administering Authority Response was provided at Appendix 2.

**10 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)**

**11 Wales Pension Partnership Update. (For Information)**

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).

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

**12 Investment Strategy Update. (For Information)**

The Deputy Chief Finance Officer / Deputy S151 Officer provided a 'for information' update report which outlined the progress of the investment strategy implementation, previously approved by the Pension Fund Committee.

Appendix 1 provided a report to Council on 4 November 2020 – 'How the Pension Fund Is Addressing Climate Change Risk In Its Investment Portfolio'.

**13 Report of Investment Consultants. (For Information)**

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report, which presented the Quarter 3 2020 Investment Monitoring Report provided by the Investment Consultants.

The content of the report was noted by the Board.

**14 Investment Summary. (For Information)**

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 30 September 2020.

Minutes of the Local Pension Board (26.11.2020)  
Cont'd

The quarterly investment summaries for the Pension Fund for the quarter, year and 3 years ended 30 September 2020 were attached at Appendix 1.

The meeting ended at 11.58 am

**Chair**