

CITY AND COUNTY OF SWANSEA

MINUTES OF THE PENSION FUND COMMITTEE

**HELD AT COMMITTEE ROOM 1, CIVIC CENTRE, SWANSEA ON
THURSDAY, 13 MARCH 2014 AT 10.00 AM**

PRESENT:

Councillor R C Stewart (Chair) presided for Minute Nos. 36-42.

Councillor P Downing (Vice-Chair) presided for Minute Nos. 30-35 and 43.

Councillor(s):

J Newbury

Councillor(s):

M Thomas

Neath Port Talbot County Borough Council Co-opted Member:

P A Rees

Officers:

B Smith - Chief Accountant and Deputy Section 151 Officer

J Dong - Chief Treasury and Technical Officer

N Havard - Directorate Lawyer

J Parkhouse - Democratic Services Officer

Also present:

N Mills - Independent Investment Advisor

V Furniss - Independent Investment Advisor

30. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors C E Lloyd and D G Sullivan.

31. 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:

Councillor P Downing - My brother works for the Authority and pays into the Pension Fund - personal.

Councillor M Thomas - I have a personal interest as I am a member of the Pension Scheme. Also, my wife works for the Authority and is also a member of the Pension Scheme - personal.

Councillor J Newbury - Minute No. 34 - City and County of Swansea Pension Fund Business Plan 2014/15 and Minute No. 35 - City and County of Swansea Pension Fund - Investment Sub Group - my wife receives a Local Government Pension - personal.

NOTED that Councillors P Downing and M Thomas had received dispensation from the Standards Committee.

32. **MINUTES**

RESOLVED that the Minutes of the Pension Fund Committee held on 5 December 2013 be approved as a correct record.

33. **CITY AND COUNTY OF SWANSEA PENSION FUND BUSINESS PLAN 2014/15**

The Section 151 Officer presented a report which provided a working framework for the Programme of Work 2014/15 for the Pension Fund. The Business Plan for 2014/15 was provided at Appendix 1 of the report.

It was commented that the performance of the Pension Fund was exceptional during the previous year with upper quartile returns which was a very positive result.

RESOLVED that the City and County of Swansea Pension Fund Annual Business Plan 2014/15 be noted and approved.

34. **CITY AND COUNTY OF SWANSEA PENSION FUND - INVESTMENT SUB-GROUP**

The Section 151 Officer presented a report which sought to amend the membership and terms of reference for the City and County of Swansea Pension Fund Investment Sub-Group. It was outlined that the membership and terms of reference for the Sub-Group had previously been agreed in November 2009 and the original report and terms of reference were attached at Appendix A to the report. It was added that the elected membership of the Pension Fund Committee had now increased, therefore allowing more capacity for Elected Member participation in the Pension Fund Investment Sub-Groups Work Programme.

It was therefore proposed that the membership of the Pension Fund Investment Sub-Group be revised to include two Elected Members, namely the Chair and Vice Chair.

Members queried why an Elected Member from the Opposition Parties had not been elected to the Sub-Group.

RESOLVED that:

- (1) the changes to the Membership and Terms of Reference in Appendix B be approved;
- (2) the matter be included for discussion on the Agenda for the next scheduled meeting.

35. **BUSINESS CASE TO PURCHASE ALTAIR MEMBER SELF-SERVICE ONLINE**

The Section 151 Officer presented a report which sought approval of the purchase of Altair Member Self-Service. It was outlined that the Pension Administration System used by the City and County of Swansea Pension Fund is provided by Heywood. The system was upgraded in February 2013 from Axise, a platform based system to Altair, a web based pension administration system which is able to meet the changing pace and increasing demands of the Local Government Pension Scheme. Altair is an integrated solution which allows various add-ons to improve the administrative functionality and is regularly updated to ensure efficiency and service is maintained. In addition to the basic system, the Fund also uses Altair's integrated software for document production, work flow, image and i-connect.

A thorough outline of the business case was provided which included the benefits of implementing the Altair Member Self-Service System. These include:

- Improved service to scheme members.
- Reduction in queries - scheme members would be able to access their record to check information and carry out real time benefit estimates. This will be particularly useful for members considering opting to join the new 50/50 Scheme.
- Pension staff will have more time in order to deal with complex issues and queries.
- Improved communication and engagement.

- Personal information is delivered more quickly, at lower cost - newsletters and other communication material, as well as the statutory annual benefit statements will be available online, thus decreasing printing costs.

It was added that the purchase of Altair Member Self-Service will provide the facility to further automate some of the day to day administration functions, thus improving efficiency and driving down costs.

The Committee discussed the knock-on effect of purchasing the system on jobs within the Pension Section, the capacity of the new system to cope with demand and the communication/training strategy to be undertaken/provided to Pension Scheme members.

RESOLVED that:

- (1) the purchase of Altair Member Self-Service be approved;
- (2) a follow-up report be provided in order to update the Committee on the performance of the Altair System and the communication strategy being undertaken.

(COUNCILLOR R C STEWART PRESIDED)

36. **EXTENSION OF "ADMITTED BODY" STATUS APPLICATION - CELTIC COMMUNITY LEISURE (BY NEATH PORT TALBOT COUNTY BOROUGH COUNCIL) TO THE CITY AND COUNTY OF SWANSEA PENSION FUND**

The Section 151 Officer presented a report which requested approval of the application by Neath Port Talbot County Borough Council to further extend the Admission Agreement of Celtic Community Leisure to the City and County of Swansea Pension Fund.

An extension to the Admission Agreement to 31 March 2014 was agreed by the Committee on 26 September 2013.

At a Cabinet Meeting on 20 February 2013, Neath Port Talbot County Borough Council approved that the current contract for Celtic Community Leisure be continued with the long term objective being to extend the contract for a significant period at a future Cabinet Meeting.

It was added however that the business case and legal considerations are still being progressed and are unlikely to be completed before 31 March 2014. Therefore, a request has been made that the Admission Agreement be extended for a further period to 31 March 2015.

RESOLVED that the application of Neath Port Talbot County Borough Council to further extend the Admission Agreement of Celtic Community Leisure to 31 March 2015 be approved.

37. **URGENT ITEM**

The Chair stated that pursuant to Paragraph 100B(4)(b) of the Local Government Act 1972, he considered that the report of the Section 151 Officer - City and County of Swansea Pension Fund Joint Procurement Opportunity for Investing in Infrastructure should be considered at the meeting as a matter of urgency.

Reasons for Urgency

- (1) An opportunity had arisen to collaboratively procure (with a number of other Local Authorities) for the approved infrastructure investment.
- (2) The intended timetable for launch of the tender is the week commencing 17 March 2014.
- (3) In order to participate in the joint approach, approval of this procurement methodology will result in significant cost savings.

38. **CITY AND COUNTY OF SWANSEA PENSION FUND JOINT PROCUREMENT OPPORTUNITY FOR INVESTING IN INFRASTRUCTURE**

The Section 151 Officer presented a report which sought to deploy investment capital in respect of infrastructure efficiency. It was outlined that an opportunity had arisen to jointly procure and tender for this asset class with a number of other Local Authority Pension Schemes, which would greatly reduce the tendering, due diligence, reporting and search costs for the City and County of Swansea Pension Fund, as well as the other participating Authorities.

The proposed approach is a good example of collaborative working which would result in real cost benefits. The other Authorities involved will be looking to place the tender next week, hence the urgency of the decision to enable the City and County of Swansea Pension Fund to take advantage of this collaborative opportunity.

The Committee asked questions of the Chief Treasury and Technical Officer who responded accordingly.

RESOLVED that the joint procurement methodology for this investment be approved.

39. **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 involve(s) 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)

40. **CITY AND COUNTY OF SWANSEA PENSION FUND - DRAFT TRIENNIAL VALUATION REPORT AND CERTIFICATION 2013**

Chris Archer, Aon Hewitt Ltd presented the City and County of Swansea Pension Fund Draft Triennial Valuation Report and Certification 2013 in order to ensure compliance with the Local Government Pension Scheme Regulations which necessitate the undertaking of a full triennial actuarial valuation.

A number of questions were asked in relation to the report which were responded to accordingly.

RESOLVED that the Draft Triennial Valuation Report and Certification 2013 be approved.

41. **INVESTMENT SUMMARY**

The Section 151 Officer provided a 'for information' report which presented the investment performance for the quarter, year ending 30 December 2013.

42. **INDEPENDENT CORE ADVISOR'S REPORT**

An economic and market update was presented by Mr N Mills, followed by an investment report for the quarter ending 31 December 2013 presented by Mr V Furniss. A discussion ensued after each presentation, during which questions were asked by Members of the Committee and responses were provided accordingly.

The content of each report was noted by the Committee and the Independent Advisors were thanked for their presentations.

(COUNCILLOR P DOWNING - VICE-CHAIR PRESIDED)

43. FUND MANAGER REPORTS

- (1) A joint presentation was provided by Sergio Yavelli and Rob Lamb on behalf of Partners Group, Global Real Estate.
- (2) A joint presentation was provided by Graeme Rutter and Ben Forster on behalf of Schroders Asset Management - UK and European Property.

Questions in relation to the content of the presentations were asked at the end of each presentation by the Committee and responses were provided by the respective Fund Managers.

The contents of the presentations were noted and the Chair thanked each of the Fund Managers for attending the meeting.

The meeting ended at 1.00 p.m.

CHAIR