

CITY AND COUNTY OF SWANSEA

MINUTES OF THE PENSION FUND COMMITTEE

**HELD AT COMMITTEE ROOM 1, CIVIC CENTRE, SWANSEA ON
THURSDAY 3 JULY 2014 AT 10.00 A.M.**

PRESENT: Councillor R C Stewart (Chair) presided for Minute Nos. 9-17

Councillor(s):	Councillor(s):	Councillor(s):
P Downing C E Lloyd	J Newbury D G Sullivan	M Thomas

Neath Port Talbot County Borough Council Co-opted Member:

P A Rees

Officers:

M Hawes	-	Head of Finance and Delivery
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

1. **ELECTION OF VICE-CHAIR FOR 2014/2015 MUNICIPAL YEAR**

RESOLVED that Councillor P Downing be elected Vice-Chair for the 2014/2015 Municipal Year.

(COUNCILLOR P DOWNING, VICE-CHAIR, PRESIDED)

2. **APOLOGIES FOR ABSENCE**

There were none.

3. **DISCLOSURES OF PERSONAL AND PREJUDICIAL INTERESTS**

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

Councillor P Downing - agenda as a whole - my brother works for the Council and contributes to the Pension Fund.

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NOTED that Councillor P Downing had received dispensation from the Standards Committee in this respect.

Councillor C E Lloyd - agenda as a whole - father in receipt of Local Government pension - personal.

Councillor D G Sullivan - agenda as a whole - I receive a pension administered by Dyfed County Council and my daughter-in-law is a part-time employee of the Authority - personal.

Councillor M Thomas - agenda as a whole - I have a personal interest as I and my wife are members of the Local Government Pension Scheme.

NOTED that Councillor M Thomas had received dispensation from the Standards Committee in respect of his wife.

4. **MINUTES**

RESOLVED that the Minutes of the Pension Fund Committee held on 13 March 2015 be agreed as a correct record subject to the following amendment:

Minute No. 31 - Disclosures of Personal and Prejudicial Interests

Councillor M Thomas wished it recorded that he had dispensation from the Standards Committee only in respect of his wife.

5. **WALES AUDIT OFFICE REPORT - ANNUAL FINANCIAL AUDIT OUTLINE - CITY AND COUNTY OF SWANSEA PENSION FUND**

The Head of Finance and Delivery, in the absence of the Wales Audit Office, presented the Annual Financial Audit Outline - City and County of Swansea Pension Fund Report.

The report had been prepared to meet the requirements of auditing standards and proper audit practices.

The report detailed and outlined the financial audit work required for the City and County of Swansea Council Pension Fund 2013/14 financial statements. Information was provided regarding the main operational and financial risks faced by the Pension Fund that impact on the audit and the proposed action that would be taken by the auditor.

RESOLVED that the Annual Financial Audit Outline Report for the City and County of Swansea Pension Fund be noted.

6. **LOCAL GOVERNMENT PENSION SCHEME GOVERNANCE REGULATIONS**

The Chief Treasury and Technical Officer provided a for information report which informed the Committee of the pending new regulations regarding the Local Government Pension Scheme governance requirements.

It was outlined that new governance regulations are due to be issued for consultation at the end of June 2014 which will represent fundamental changes and enhancements to the formal governance arrangements governing the Local Government Pension Scheme. The new proposals are to include the following:

1. Establishment of Local Pension Boards.
2. Clear guidance on the make-up of Local Pension Boards.
3. Establishment of Pension Scheme Advisory Board.
4. Wider employment representation on Local Pension Board.
5. Member representation on Local Pension Board.
6. Formal scrutiny of Decision Making Body.
7. Minimum competence/knowledge/training requirements of Trustees.

The Committee discussed the implications of the new proposals. It was confirmed that decision making will remain with the Pension Fund Committee and those decisions will be scrutinised by the Local Pension Board. The Head of Finance and Delivery proposed that he draft a response to the consultation and report this to a Special Pension Fund Committee in order to meet the required deadline.

RESOLVED that:

- (1) the contents of the report be noted;
- (2) the Head of Finance and Delivery draft a response to the consultation regarding the new governance regulations;
- (3) a Special Pension Fund Committee be scheduled in order to receive the consultation response within the required deadline.

7. **LOCAL GOVERNMENT PENSION SCHEME ADMINISTERING AUTHORITY DISCRETIONS**

The Chief Treasury and Technical Officer presented a report which sought to approve the discretions available to the City and County of Swansea administering authority under the relevant Local Government Pension Scheme Regulations.

It was explained that discretions were previously approved at the Pension Fund Committee held on 26 September 2013. However, there was a requirement to review these and as a result of the implementation of the Local Government Pension Scheme 2014 with effect from 1 April 2014.

It was added that a list of all the discretions that the administering authority exercises or chooses not to exercise was provided at Appendix A of the report. Those that are new or had been reviewed as a result of the implementation of the new Local Government Pension Scheme with effect from 1 April 2014 were highlighted.

RESOLVED that:

- (1) the Local Government Pension Scheme - administering authority discretions be approved;
- (2) the policy to abate pensions be amended to include the abatement of the pre 1 April 2014 element of pensions in payment following re-employment.

8. **LOCAL GOVERNMENT PENSION SCHEME STRUCTURAL REFORM - CALL FOR EVIDENCE FOLLOW UP CONSULTATION RESPONSE**

The Chief Treasury and Technical Officer presented a report which provided a formal response to the Department for Communities and Local Government following consultation arising from the call for evidence into Pension Fund structural reform.

It was outlined that the consultation attached at Appendix 1 of the report represented the next step in reform of the Local Government Pension Scheme. This built upon the responses to the call for evidence (which the Pension Committee formally responded to in December 2013) the analysis of the Shadow Scheme Advisory Board and further cost benefit analysis of potential options for reform commission from Hymans Robertson the Actuarial and Investment Consulting Firm.

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It sets out the Government's preferred approach to reform, sought views on the proposals and asked for respondents to consider how if adopted, these reforms might be implemented effectively. The City and County of Swansea Pension Fund Response was attached at Appendix 2 of the report which the Committee discussed prior to approval.

RESOLVED that the City and County of Swansea Pension Fund Consultation Response be approved.

(COUNCILLOR R C STEWART, CHAIR, PRESIDED)

9. **TRUSTEE AND PENSION FUND COMMITTEE TRAINING**

The Chief Treasury and Technical Officer presented a report to determine an annual training programme for Trustees and Officers of the Pension Fund.

The Chief Treasury and Technical Officer advised that the training was required to ensure compliance with the CIPFA Public Sector Pension Finance Knowledge and Skills Code of Practice. He added that in line with the proposed changes to the LGPS Governance Regulations all Trustees should be properly trained.

The Committee discussed the necessary training requirements and it was requested that details be forwarded regarding free training being provided by Asset Managers in the UK.

RESOLVED that:

- (1) the training identified for Members and Officers in Sections 3.5 and 3.6 of the report be approved;
- (2) the Chief Treasury and Technical Officer circulates details to the Committee of free training opportunities provided by Asset Managers within the UK.

10. **REPORT ON LOCAL GOVERNMENT PENSION SCHEME CONSULTATION REGULATIONS**

The Chief Treasury and Technical Officer provided a for information report which presented an overview of the Communications Strategy which had been undertaken to encourage scheme Members to register to use Member self-service.

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It was outlined that an implementation plan for Member self-service had been devised between the Fund and Heywood, the supplier with a provisional call out date for late August 2014. The self-service will be accessed from the front page of the Fund's website and the go-live date is timed to tie in with the distribution of the annual benefit statements for 2013/14 which have to be issued by 31 August 2014 in accordance with the regulations. The Annual Benefit Statements will contain a loose leafed insert which will outline the benefits of registering to use the self-service as well as provide details of how to obtain an activation key from the Fund. This will notify all active Members of the new facility. Following the launch of the self-service scheme, the Fund will ask permission from its participating employers to visit staff premises to further promote the facility as well as be on hand to assist with registration. Permission will also be sought to advertise on notice boards and through work e-mails.

It was added that pensioner Members would receive the information contained on the Annual Benefits Statement Insert in their annual newsletter which will next be distributed in April 2015. Deferred Members will receive the same insert in their Annual Benefits Statement which will be distributed circa June 2015.

The Committee commented on the excellent progress made in relation to the self-service scheme, the potential savings that will be made as a result and commented that scheme members needed to be adequately trained and have access to the Internet in order to access their pension details.

11. **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)

12. **FUND MANAGER REPORTS**

- (1) A joint presentation was provided by Christopher Head and John Ware on behalf of Black Rock.
- (2) A joint presentation was provided by Clark Fenton and Tim Horton on behalf of Permal.

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.

13. **INDEPENDENT INVESTMENT CO-ADVISORS REPORTS**

The report presented the economic update and market commentary from the perspective of the appointed Independent Investment Advisors. Mr N Mills provided an economic and market update and Mr V Furniss provided an investment report for the quarter ending 31 March 2014.

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

14. **INVESTMENT SUMMARY**

The Chief Treasury and Technical Officer provided a report for information which presented the investment performance for the quarter year ended 30 December 2013. Attached at Appendix 1 of the report were the Quarterly Investment Summaries for the Pension Fund for the quarter ended 31 March 2014.

15. **INVESTING IN INFRASTRUCTURE UPDATE**

The Chief Treasury and Technical Officer presented a for information report that informed the Committee of the implementation of the Infrastructure Investment Strategy.

The meeting ended at 12.36 p.m.

CHAIR