

# CITY AND COUNTY OF SWANSEA

## MINUTES OF THE PENSION FUND COMMITTEE

HELD AT COMMITTEE ROOM 1, CIVIC CENTRE, SWANSEA ON  
THURSDAY, 4 DECEMBER 2014 AT 10.00 AM

**PRESENT:** Councillor P Downing (Vice-Chair) presided

<b>Councillor(s)</b>	<b>Councillor(s)</b>
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C E Lloyd	J Newbury
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**Neath Port Talbot County Borough Council Co-opted Member:**

Councillor P A Rees

**Officers:**

J Dong	-	Chief Treasury and Technical Officer
D Smith	-	Directorate Lawyer
J Parkhouse	-	Democratic Services Officer

**Also present:**

N Mills	-	Independent Investment Adviser
V Furniss	-	Independent Investment Adviser

34 **APOLOGIES FOR ABSENCE.**

Apologies for absence were received from Councillors R C Stewart, D G Sullivan and M Thomas.

35 **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 - Agenda as a whole - my brother works for the Council and contributes to the Pension Fund.

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

Councillor J Newbury - I am in receipt of a Council pension as the widower of Eileen Newbury who was a retired employee of the City and County of Swansea Pension Fund - personal.

36 **MINUTES.**

**RESOLVED** that the Minutes of the meeting of the Pension Fund Committee held on 18 September 2014 be agreed as a correct record.

37 **EXISTENCE CHECKS FOR OVERSEAS PENSIONERS.**

The Chief Treasury and Technical Officer presented a report which sought to approve the undertaking of existence checks for overseas pensioners.

It was outlined that the Pension Fund merely relied on being notified of a death of a pensioner by someone either related or connected to the pensioner. This can lead to a delay in the notification and often resulted in overpayment of the pension which then has to be recovered or results in potentially fraudulent payments. The Committee were informed of the procedures and checks in place in order to mitigate this risk. However, it was explained that there was a gap in the process as pensioners who had moved overseas were not included in any of the procedures and checks in place. It was added that the Department of Work and Pensions released figures in January 2014 which indicated that international pension fraud cost the tax payer around £50M in 2012/13. Therefore, it was important that the Fund established an existence check for its overseas pensioners in order to provide further mitigation against the risk not being informed when a pensioner living overseas dies.

It was explained that currently 83 pensioners who resided overseas were in receipt of pensions from the Fund. Western Union Business Solutions provide a unique solution that enables identity checks for overseas pensioners. The existence check is carried out by requiring a pensioner to produce appropriate documentary evidence of existence of one at Western Union's 500,000 agencies which are located in over 200 countries. If the pensioner fails to make the face to face contact, Western Union Business Solutions will send a report to the Fund for the pension to be suspended pending further investigation.

The cost for the provision of the service is £20 per pensioner for each existence check and the frequency is in the control of the Pension Fund. It is proposed that the check would be carried out on an annual basis which, based on the current 83 pensioners who reside overseas, would amount to a £1,660 per annum. The current facility used to pay pensioners into an overseas bank account would therefore have to be transferred from Citibank to Western Union Business Solutions as part of the agreement. The pension payments will be processed into the pensioner's local currency using a process which provides comparable exchange rate and causes minimal delay in the international transfer process between the payment date of the pension and the date the pension is credited to the pensioner's bank account. Evidence provided from other Local Government Pension Fund Managers who use the Western Union Business Solutions facility confirmed that the international payment process provided is far quicker than that provided through other facilitators. In addition, the Pension Fund will also receive support and an online facility which allows greater control over pensioner information, including the opportunity to suspend or cancel a payment if a notification of death is received after the closing

date of the pension payroll. It was noted that currently there was no charge to the Pension Fund by Citibank and Western Union Business Solutions also make no charge for facilitating international payments.

**RESOLVED** that:

- (1) Western Union Business Solutions be approved to provide a service to the Pension Fund to carry out existence checks for overseas pensioners;
- (2) International pension payments are subsequently paid via Western Union Business Solutions.

38 **CITY & COUNTY OF SWANSEA PENSION FUND ANNUAL REPORT 2013/14.**

The Chief Treasury and Technical Officer presented the City and County of Swansea Pension Fund Annual Report 2013/14 for approval. It was outlined that the City and County of Swansea Pension Fund accounts form a distinct and separate component of the Statement of Accounts of the City and County of Swansea as a whole and these were presented to Council on 30<sup>th</sup> September 2014. In line with best practice, the City and County of Swansea Pension Fund has always produced a separate annual report to augment the information contained within the Financial Statements which is now a statutory requirement. It was added that the Wales Audit Office had always audited the Pension Fund accounts as part of the overall accounts of the whole Authority. However, since 2008/09, the accounts had been subject to a separate audit where the Wales Audit Office will also review the annual report. The Annual Report 2013/14 was provided at Appendix 1.

The officer summarised the report in detail and Members asked questions in relation to the report, which were responded to accordingly. Discussions centred around the following:

- Increased membership of the Pension Fund.
- Implications for the Pension Fund as a result of potential early retirement/voluntary redundancy or redundancy of members.
- How the Pension Fund ranks alongside other pension funds in Wales.
- The high level of performance fees during the previous financial year as a result of outperformance.

**RESOLVED** that the Pension Fund Annual Report 2013/14 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 **PRESENTATIONS - FUND MANAGERS.**

- (1) A joint presentation was provided by Hannah Tobin and Craig McDonald on behalf of Harborvest-Global.
- (2) A joint presentation was provided by Jason Freeman, Hugh Briscoe and Huw Roberts of Goldman Sachs.

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.

41 **INVESTMENT SUMMARY.**

The Chief Treasury and Technical Officer provided a "for information" report which presented the investment performance for the quarter year ended 30 September 2014. Attached at Appendix 1 of the report were the quarterly investment summaries for the Pension Fund for the quarter ended 30 September 2014.

42 **INDEPENDENT INVESTMENT CO-ADVISORS' REPORTS.**

The report presented the economic update and market commentary from the perspective of the appointed Independent Investment Advisers. Mr N Mills provided an economic and market update and Mr V Furniss provided an investment report for the quarter ended 30 September 2014.

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

Minutes of the Pension Fund Committee (04.12.2014)  
Cont'd

The meeting ended at 12.23 pm

**CHAIR**