

Report of the Section 151 Officer

Local Pension Board – 21 July 2016

**MINUTES OF PENSION FUND COMMITTEE
10 MARCH AND 14 JULY 2016**

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|------------------------------------|--|
| Purpose: | To circulate minutes of previous Pension Fund Committee meetings |
| Consultation: | Legal, Finance and Access to Services. |
| Report Author: | Jeffrey Dong |
| Finance Officer: | Mike Hawes |
| Legal Officer: | S Williams |
| Access to Services Officer: | N/A |
| FOR INFORMATION | |

1 Pension Fund Committee Meeting Minutes 10th March & 14th July 2016

1.1 Attached at Appendix 1 are the minutes of the Pension Fund Committee meetings of the 10th March 2016 and 14th July 2016 for information

2 Legal Implications

2.1 There are no legal implications arising from this report

3 Financial Implications

3.1 There are no financial implications arising from this report

4 Equality and Engagement Implications

4.1 There are no equality and engagement implications arising from this report

Background Papers: None.

Appendices: Appendix 1 – Pension Fund Committee Minutes – 10 March 2016 and Pension Fund Committee Minutes – 14 July 2016.

CITY AND COUNTY OF SWANSEA

MINUTES OF THE PENSION FUND COMMITTEE

**HELD AT COMMITTEE ROOM 5, GUILDHALL, SWANSEA ON
THURSDAY, 10 MARCH 2016 AT 10.00 AM**

PRESENT: Councillor P Downing (Vice-Chair) presided

Councillor(s)
C E Lloyd

Councillor(s)
D G Sullivan

Councillor(s)

Neath Port Talbot County Borough Council Councillor:
P A Rees

Officer(s)

Jeffrey Dong

- Chief Treasury & Technical Officer

Jeremy Parkhouse

- Democratic Services Officer

Stephanie Williams

- Principal Lawyer

ALSO PRESENT:

N Mills - Independent Investment Advisor

V Furniss - Independent Investment Advisor

Apologies for Absence

Councillor(s): J Newbury, R C Stewart and M Thomas

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

In accordance with the Code of Conduct adopted by the City and County of Swansea, the following interest was 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 C E Lloyd – agenda as a whole – my father is a member of the Local Government Pension Scheme – personal.

Councillor D G Sullivan - agenda as a whole - I am in receipt of a Local Government Pension - administered by Dyfed Pension Scheme - personal.

41 **MINUTES.**

RESOLVED that the Minutes of the Pension Fund Committee held on 17 December 2015 be approved as correct record, subject to the following amendment: -

Minute No.35 – Review of the Current Abatement Policy – Paragraph 1 – amend the spelling of ‘asses’ to ‘assess’.

42 **ANNUAL AUDIT PLAN 2016/17.**

In the absence of the Wales Audit Office, the Chief Treasury and Technical Officer presented the Annual Audit Plan 2016/17.

It was outlined that under the Code of Audit Practice the external auditor must examine and certify whether the City and County of Swansea Pension Fund Accounting Statements were “true and fair”. The purpose of the plan was to set out the proposed work, when it will be undertaken, how much it would cost and who will undertake it. There had been no limitations imposed upon the external auditor in planning the scope of this audit and his responsibilities, along with those of management and those charged with governance were set out at Appendix 1 of the report.

It was added that the external auditor had responsibility to issue a report on the accounting statements for the year ending 31 March 2016. The financial audit risks which he considered to be significant were set out at Exhibit 2 along with the work the external auditor intended to undertake to address these risks. The estimated fee for 2016 was set out at Exhibit 3 and the timetable for work was provided at Exhibit 5.

RESOLVED that the contents of the report be noted.

43 **UPDATED INVESTMENT REGULATIONS RESPONSE TO CONSULTATION.
(FOR INFORMATION)**

The Chief Treasury and Technical Officer provided a ‘for information’ report regarding updated investment regulations response to consultation. The report presented the response of the City & County of Swansea Pension Fund Committee to the consultation exercise by DCLG.

44 **INVESTMENT REFORM CRITERIA - RESPONSE TO CONSULTATION. (FOR
INFORMATION)**

The Chief Treasury and Technical Officer provided a ‘for information’ report regarding investment reform criteria response to consultation. The report presented the submitted response of the City & County of Swansea Pension Fund Committee to the consultation exercise undertaken by DCLG which has previously been approved by the committee by e-mail

Discussions followed in relation to the proposed pooling arrangements.

45 **CITY AND COUNTY OF SWANSEA PENSION FUND BUSINESS PLAN 2016/17.**

The Chief Treasury and Technical Officer presented the City & County of Swansea Pension Fund Business Plan 2016/17. The report provided a working framework for the Pension Fund's programme of work and the business plan for 2016/17 was included at Appendix 1.

The Pension Fund Risk Register 2016/17 was provided at Appendix 2 and the Pension Fund Budget 2016/17 was provided at Appendix 3.

The Committee discussed how external factors had influenced matters.

RESOLVED that: -

- 1) The contents of the report be noted and approved;
- 2) A training plan be proposed for the pension fund committee

46 **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)

47 **INDEPENDENT INVESTMENT CO-ADVISORS REPORT.**

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 ended 31st December 2015.

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

48 **INVESTMENT SUMMARY. (FOR INFORMATION)**

The Chief Treasury and Technical Officer provided a “for information” report which presented the investment performance for the quarter year ended 31st December 2015. Attached at Appendix 1 of the report were the Quarterly Investment Summaries for the Pension Fund for the quarter ended 31st December 2015.

49 **PRESENTATIONS - FUND MANAGERS.**

(1) A joint presentation was provided by Simon Betteley, Brendan Galloway and John Ware on behalf of Blackrock.

(2) A joint presentation was provided by Terry Purcell, Christoph Englisch and Tim Haston on behalf of Permal / Entrust.

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.

Meeting ended at 12.45 p.m.

CHAIR

CITY AND COUNTY OF SWANSEA

MINUTES OF THE PENSION FUND COMMITTEE

HELD AT COMMITTEE ROOM 1, CIVIC CENTRE, SWANSEA ON
THURSDAY, 14 JULY 2016 AT 10.00 AM

PRESENT: Councillor P Downing (Vice Chair) Presided

Councillor(s)

P Downing
M Thomas

Councillor(s)

C E Lloyd

Councillor(s)

J Newbury

Officer(s)

Jeffrey Dong
Debbie Smith
Jeremy Parkhouse

Chief Treasury & Technical Officer
Directorate Lawyer
Democratic Services Officer

ALSO PRESENT:

N Mills Independent Investment Advisor
V Furniss Independent Investment Advisor

Apologies for Absence

Councillor(s): P Rees, R C Stewart and D G Sullivan

5 **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 C E Lloyd – agenda as a whole – my father is a member of the Local Government Pension Scheme – personal.

Councillor J Newbury - I am in receipt of a Council pension that was passed to me upon my wife's death - personal.

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

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

6 **MINUTES.**

RESOLVED that the Minutes of the Pension Fund Committee held on 10 March 2016 be approved as correct record

7 **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 training would ensure compliance with the CIPFA Public Sector Pensions Finance Knowledge & Skills Code of Practice.

RESOLVED that the Training identified for Members and Officers outlined be approved.

8 **INFRASTRUCTURE ALLOCATION - AN UPDATE.**

The Chief Treasury and Technical Officer presented a 'for information' report which presented an update on the Infrastructure Investment Manager appointment approved by the Pension Fund Committee on 3rd December 2014.

9 **REPORT ON THE CESSATION OF AN ADMITTED BODY - COLIN LAVER. (FOR INFORMATION)**

The Chief Treasury and Technical Officer presented a 'for information' report regarding the cessation of Colin Laver Heating Ltd. as an Admitted Body in the City and County of Swansea Pension Fund.

10 **INTERNAL CONTROLS REPORT(S).**

The Chief Treasury and Technical Officer presented a 'for information' report which informed the Pension Fund Committee of reportable items contained within the internal controls reports of appointed fund managers.

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 REPORT(S) OF THE INDEPENDENT ADVISORS.

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 ended 31st March 2016. He also provided the exchange rates and index returns for the period from 31st March to the 7th July 2016 and some essential detail in the aftermath of the Brexit Referendum.

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

13 INVESTMENT SUMMARY.

The Chief Treasury and Technical Officer provided a “for information” report which presented the investment performance for the quarter year ended 31st March 2016. Attached at Appendix 1 of the report were the Quarterly Investment Summaries for the Pension Fund for the quarter ended 31st March 2016.

14 SUBMISSION BY THE WALES POOL TO THE DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT (DCLG) IN RESPONSE TO THE PUBLICATION IN NOVEMBER 2015 OF LGPS: INVESTMENT REFORM CRITERIA AND GUIDANCE.

The Chief Treasury and Technical Officer presented for approval the joint submission in respect of the 8 Welsh Pension Funds in response to the Government’s Investment Reform Criteria and Guidance. The final submission was provided at Appendix 1 of the report.

RESOLVED that the formal submission in respect of the 8 Welsh Pension Funds be approved on behalf of the City & County of Swansea Pension Fund Committee.

15 PRESENTATIONS - FUND MANAGERS.

- (1) A presentation was provided by Richard Dyson on behalf of Aberdeen Asset Management – Global Equities and Frontier Markets;
- (2) A joint presentation was provided by Lyndon Bolton and Andy Simpson on behalf of Schroders Asset Management – UK Equities;
- (3) A joint presentation was provided by Adrian Brown and Monique Stephens on behalf of JP Morgan Asset Management – Global Equities.

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 12.45 pm

CHAIR