

CITY AND COUNTY OF SWANSEA

MINUTES OF THE PENSION FUND COMMITTEE

HELD AT COMMITTEE ROOM 5, GUILDHALL, SWANSEA ON
WEDNESDAY, 7 DECEMBER 2016 AT 10.00 AM

PRESENT: Councillor P Downing (Vice Chair) Presided

Councillor(s)

C E Lloyd

Councillor(s)

J Newbury

Councillor(s)

M Thomas

Officer(s)

Jeffrey Dong

Chief Treasury & Technical Officer

Debbie Smith

Directorate Lawyer

Karen Cobb

Senior Accountant

Jeffrey Dong

Chief Treasury & Technical Officer

Pamela Milford

Senior Lawyer

Lynne Miller

Pensions Manager

Jeremy Parkhouse

Democratic Services Officer

Apologies for Absence

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

28 **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.

29 **MINUTES.**

RESOLVED that the Minutes of the Special Pension Fund Committee meetings held on 14 July and 18 October and Pension Fund Committee meeting held on 15 September 2016 be approved as correct records.

30 **ANNUAL REPORT 2015/16.**

The Chief Treasury and Technical Officer presented the Annual Report for the City & County of Swansea Pension Fund 2015/16 for approval.

The City & County of Swansea Pension Fund Annual Report 2015/16 was located at Appendix 1.

It was highlighted that the report also contained the activity of the Local Pension Board.

The Committee commented that the Wales Audit Office had audited the accounts and confirmed that there were no significant issues to report.

The Chief Treasury and Technical Officer thanked officers in Finance for their work in producing the Annual Report.

RESOLVED that the City & County of Swansea Pension Fund Annual Report be approved.

31 **PENSION ADMINISTRATION TEAM RESTRUCTURE.**

The Chief Treasury and Technical Officer and Principal Pensions Manager presented a report which sought Funding for the Restructure of the Pension Section.

The report outlined the previous review undertaken in 2009, gap analysis, benchmarking figures which provided details of the other Welsh Pension Funds and the proposed structure of the Pensions Section.

It was explained that if the funding was approved, job descriptions would be reviewed and grades ratified by the Job Evaluation team. Staff consultation and a slotting and matching exercise would then be completed by current Pension Section staff. Appropriate staff would be slotted and matched into posts and any vacant posts would be ring-fenced to current pension staff and competitive interviews arranged. Any resulting vacant posts would be liaised with HR regarding recruitment / re-deployment.

The Committee asked questions in relation to Pension staff numbers, staffing costs listed in the Annual Report, how the proposed structure would assist the workload and tackle the backlog of work.

RESOLVED that the funding for the restructure of the Pension Section be approved.

32 **PROFESSIONAL ADVICE.**

NOTED that Mr Noel Mills and Mr Valentine Furniss left the meeting prior to discussions regarding this item.

The Chief Treasury and Technical Officer presented a report which sought approval for the procurement and appointment of an investment consultant to the City & County of Swansea Pension Fund.

The report outlined the professional advice previously provided by independent consultants to the Pension Fund Committee and highlighted the evolving LGPS governance landscape, particularly in relation to the introduction of the All Wales Investment Pool from 2018 onwards.

It was added that the services of the independent investment advisors had served the fund well to date. However, with the additional burdens and changing landscape outlined, it was considered appropriate to review the advisory requirements needed to take the work of the Pension Committee forward. Comparisons were made with other funds in Wales, along with the merits of employing an investment consultancy.

It was proposed that an investment consultancy be engaged immediately to work alongside existing independent investment advisors in order to enable appropriate handover, with a view to reducing the number of independent advisors from 2 to 1 in the interim, ahead of the implementation of the All Wales Pool in April 2018. It was recommended to retain the services of one of the current independent investment advisors to ensure continuity and appropriate audit and tenure with the current and legacy investment strategy and arrangements. It was added that this provided an appropriate challenge and counterpoint to any given views / recommendations. The new permanent arrangements would include 1 Independent Investment Advisor and 1 Investment Consultancy being in place ahead of the All Wales Pool becoming operational in April 2018.

The Committee asked questions in relation to ongoing costs for professional advice, comparisons / joint use of consultancy services with other pension funds and the proposed timescale to introduce the proposals.

RESOLVED that the revised investment advice arrangements in outlined in 4.5 of the report be approved.

33 **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 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 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)

34 **ALL WALES POOL UPDATE.**

The Chief Treasury & Technical Officer presented a 'for information' report which updated the Committee on the progress of the All Wales Investment Pool.

The Committee commented regarding the potential timescale for the Pool to take effect, the estimated costs provided by Central Government and the content of the letter sent on behalf of the Minister for Local Government.

35 **INFRASTRUCTURE INVESTMENT.**

The Chief Treasury & Technical Officer presented a report which sought to approve the procurement strategy to fulfil the Fund's infrastructure allocation.

RESOLVED that the joint procurement exercise alongside the other named pension funds in 4.2 of the report to appoint a core infrastructure manager be approved.

36 **PRIVATE EQUITY AND GLOBAL PROPERTY ALLOCATION.**

The Chief Treasury & Technical Officer presented the Private Equity and Global Property Allocation report which sought approval that the commitment to ensure asset allocation as per the investment strategy be maintained.

RESOLVED that the commitments to private equity and global property as identified in 5.1 of the report be approved in order to maintain investment allocations.

37 **INVESTMENT SUMMARY.**

The Chief Treasury Technical Officer provided a "full information" report which presented the investment performance for the quarter year ended 30 September 2016. Attached at Appendix 1 were the quarterly investment summaries for the Pension Fund for the quarter, year and three years ended 30 September 2016.

38 **REPORT OF THE INDEPENDENT INVESTMENT CO-ADVISORS.**

The report presented the economic update and market commentary from the perspective of the appointed Independent Advisors.

Attached at Appendix 1 were the quarterly reports ended 30 September 2016 of the two independent investment advisors, Mr Noel Mills and Mr Valentine Furniss. Mr

Furniss also circulated the Index Returns and Currency Movements from 30 September to December 2016.

The Committee asked questions of each Advisor which were responded to accordingly.

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

39 **PRESENTATIONS.**

- 1) A joint presentation was made by James Lerner and Sian Roberts of Partners Group – Global Property
- 2) A joint presentation was made by Graeme Rutter, Lyndon Bolton and Naomi Green of Schroders – UK Property.

Questions in relation to the content of the presentations were asked by the Committee and responses were provided accordingly.

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

The meeting ended at 12.20 pm

CHAIR