

CITY AND COUNTY OF SWANSEA

MINUTES OF THE PENSION FUND COMMITTEE

HELD AT COMMITTEE ROOM 5, GUILDHALL, SWANSEA ON
THURSDAY, 9 MARCH 2017 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

Karen Cobb

Senior Accountant

Lynne Miller

Pensions Manager

Stephanie Williams

Principal Lawyer

Jeremy Parkhouse

Democratic Services Officer

Also Present:

N Mills

Independent Investment Advisor

V Furniss

Independent Investment Advisor

Apologies for Absence

Councillor(s): 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 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 D G Sullivan - agenda as a whole – My daughter-in-law is a contributory member of the Pension Scheme and 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 meeting held on 7 December 2016 be approved as a correct record.

42 **DRAFT TRIENNIAL VALUATION RATES AND ADJUSTMENT CERTIFICATION 2016.**

Chris Archer, AON Hewitt the Statutory Appointed Pension Fund Actuary presented a report that sought to ensure compliance with Local Government Pension Scheme Regulations.

It was added that in line with the Local Government Pension Scheme Regulations, the City & County of Swansea Pension Fund undertook a full triennial actuarial valuation as at 31st March 2016, with a view to measuring the pension fund's assets and liabilities and consequently determining appropriate Employer's contribution rates payable for the 3 years commencing 1st April 2017. The actuarial rates and adjustment certificate was provided at Appendix 1. The appointed fund actuary had met and presented to employers his main assumptions and areas of development around the 2016 valuation. Employers had been consulted about indicative draft results and options for ameliorating increased contribution rates.

The Committee asked questions of the AON Hewitt representative who responded accordingly.

RESOLVED that the draft triennial valuation rates and adjustment certification 2016 be approved.

43 **DRAFT FUNDING STRATEGY STATEMENT 2017.**

The Chief Treasury and Technical Officer provided for approval the Funding Strategy Statement 2017.

It was added that in line with the Local Government Pension Scheme Regulations, the City & County of Swansea Pension Fund is required to produce a funding strategy statement in consultation with its scheme employers and appointed actuary and advisors.

The main purpose of the Funding Strategy Statement was to set out the processes by which the Administering Authority:

- Established a clear and transparent funding strategy, specific to the Fund, which identified how employer's pension liabilities were best met going forward.
- Supported the regulatory requirement in relation to the desirability of maintaining as nearly constant a primary rate of contributions as possible.
- Ensured that the regulatory requirements to set contributions as to ensure the solvency and long-term cost efficiency of the Fund were met.
- Took a prudent longer-term view of funding the Fund's liabilities.

It was noted that, whilst the funding strategy applicable to individual employers must be reflected in the Funding Strategy Statement / Investment Strategy Statement, its focus should at all times be on those actions which were in the best long term interests of the Fund.

RESOLVED that the Funding Strategy Statement 2017 be noted and approved, subject to any material changes before 31 March 2017 being approved by the Section 151 Officer and reported back to the Committee.

44 **REPORTS BREACHES POLICY.**

The Principal Pensions Manager presented a report that sought approval of the policy for reporting breaches.

It was explained that breaches of the law were required to be reported to the Pensions Regulator under paragraphs 241 to 275 of the Pensions Regulator's Code of Practice No. 14 (Governance and administration of public service pension schemes) – "the Code of Practice". It was added that breaches could occur in relation to a wide variety of the tasks normally associated with the administrative function of a pension scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

The report outlined the procedures to be adopted by the City and County of Swansea Pension Fund in respect of the Local Government Pension Scheme (LGPS) managed and administered by the City and County of Swansea, in relation to reporting breaches of the law to the Pensions Regulator (tPR).

Some of the key legal provisions were included at Appendix A, an example of a breach register was included at Appendix B and guidance to traffic light framework were provided at Appendix C. A report recording breaches would be presented to the Pension Board and Pension Fund Committee on a quarterly basis.

The Committee discussed the information contained within the report.

RESOLVED that the Policy be approved.

45 **BUSINESS PLAN 2017/18.**

The Chief Treasury and Technical Officer presented a report which sought to provide a working framework for the Pension Fund's programme of work for 2017/18. The Business Plan for 2017/18 was attached at Appendix 1.

RESOLVED that: -

- 1) The Annual Business Plan 2017/18 is noted and approved;
- 2) The timescale and responsibility for key action points throughout the year be noted.

46 **WALES INVESTMENT POOL - INTER AUTHORITY AGREEMENT & JOINT GOVERNANCE COMMITTEE.**

The Chief Treasury and Technical Officer presented a 'for information' report that provided at Appendix 1 the Council Report of 23 February 2017, which approved the Inter Authority Agreement, Host Authority and establishment of Joint Governance Committee.

47 **CLIMATE CHANGE & CARBON INVESTMENT POLICY - AN UPDATE.**

The Chief Treasury and Technical Officer presented a 'for information' report which updated the Committee on the previous recommendation to commission a portfolio analysis with a view to formulating a carbon investment policy.

48 **DRAFT INVESTMENT STRATEGY STATEMENT 2017.**

49 **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)

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

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 31 December 2016 of the two independent investment advisors, Mr Noel Mills and Mr Valentine Furniss. Mr Furniss also circulated an investment snapshot to cover the period 31 December 2016 to 9 March 2017.

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.

51 **INVESTMENT SUMMARY.**

The Chief Treasury and Technical Officer provided a “for information” report which presented at Appendix 1 the quarterly investment summaries for the Pension Fund for the quarter, year and three years ended 31 December 2016.

52 **PRESENTATIONS OF THE FUND MANAGERS: -**

- 1) A joint presentation was made by Peter Hunt, Funmi Osiyemi and John Ware of Blackrock
- 2) A joint presentation was made by Katie Jupp and Christoph Englisch of Entrust Permal.

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 12.40 pm

CHAIR