



City and County of Swansea

Minutes of the **Local Pension Board**

Committee Room 5 - Guildhall, Swansea

Thursday, 28 March 2019 at 10.00 am

Present: Councillor Alan Lockyer (Chair) Presided

Employer Representatives

T M White

Local Pension Board Member Representatives

I Guy Neath Port Talbot County Borough Council

Officer(s)

Karen Cobb	Senior Accountant
Jeffrey Dong	Interim Deputy Chief Finance Officer and Deputy S151 Officer.
Carolyn Isaac	Lawyer
Jeremy Parkhouse	Democratic Services Officer

Apologies for Absence

Employer Representatives

D Mackerras

Local Pension Board Member Representatives

D White - UNISON

58 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: -

I Guy – Agenda as a whole – Member of Local Government Pension Scheme – personal.

Councillor A Lockyer – Agenda as a whole – Member of Local Government Pension Scheme – personal. My wife and son are also Members of the Local Government Pension Scheme – personal.

Councillor T M White – Agenda as a whole – Member of Local Government Pension Scheme – personal.

Officers:

K Cobb, J Dong, C Isaac and J Parkhouse declared personal interests as members of the Local Government Pension Scheme.

59 Minutes.

Resolved that the Minutes of the Local Pension Board meetings held on 5 November 2018 and 24 January 2019 be signed and approved as correct records.

Minute No.36 - ISA 260 Report – It was noted that the Interim Deputy Section 151 Officer and Ian Guy, LGPS Member Representative, would progress the newsletter to highlight death grant nominations to Fund Members.

60 Internal Controls Report.

The Interim Deputy Section 151 Officer provided a “for information” report to inform Pension Fund Committee of reportable items contained within the internal controls reports of appointed fund managers.

The summary of exceptions for the last calendar year was attached at Appendix 1 for the City & County of Swansea’s appointed fund managers and custodian.

It was added that there were no real areas of concern.

The Board queried Information Technology access and the information provided at Appendix 1 was highlighted, which gave assurances that the area was being tested.

61 Administering Authority Discretions.

The Interim Deputy Section 151 Officer presented a ‘for information’ report which noted the approved discretions available to the City & County of Swansea Administering Authority under the relevant Local Government Pension Scheme Regulations. This was to ensure compliance with the Local Government Pension Scheme Regulations.

A list of all the discretions that the Administering Authority exercises, or chooses not to exercise was provided at Appendix A. Discretions that were new or had been reviewed as a result of the implementation of revisions, were emboldened for ease of reference.

It was added that not all discretions needed to be published. However, it was the intention, for reasons of transparency, to publish the decisions taken in relation to all the available discretions. The discretions would be published on the Pension Fund’s website and would be circulated to Employer’s participating in the Fund.

Furthermore, whilst the list of discretions outlined the general position, the Council had to consider every application on its merit and it may depart from the list in extraordinary or justifiable circumstances.

The Regulations also required the Employers, who participated in the Local Government Pension Scheme (LGPS) to formulate, publish and review areas of the Scheme where they may exercise their discretion. The Pension Section was actively working with Employers to ensure compliance.

The Board discussed the following: -

- the definition of 'employed in connection with' and
- whether sub-contractors were affected;
- The variations for Members withdrawing benefits on compassionate grounds, Authority procedures dealing with requests and the possibility of expanding the wording.

Resolved that: -

- 1) The contents of the report be noted;
- 2) The Interim Deputy Section 151 Officer considers expanding the wording in respect of Members withdrawing benefits on compassionate grounds.

62 Admission Body Application - Parkwood Leisure.

The Interim Deputy Section 151 Officer presented a 'for information' report which noted the approval of the admission body application for Parkwood Group to ensure compliance with the Local Government Pension Scheme Regulations 2013 (as amended).

It was outlined that following a procurement exercise undertaken by the Authority, Parkwood Group were awarded the contract to run Plantasia. They were responsible for the operation of the leisure facility and this included the day to day operation, staffing, customer service, health and safety and marketing of the facilities. It had been determined that these services satisfied the criteria required for admitted body status under LGPS Regulations. The contract for services commenced on the 1st February 2019.

It was added that under the contract conditions, the current workforce were transferred under TUPE arrangements from the current employer, the City & County of Swansea to Parkwood Group. In order to preserve the pension rights of the transferred staff, Parkwood Group were granted Admitted Body status to the City & County of Swansea Pension Fund and that the admission agreement was granted on a closed scheme basis, to include only the named staff in schedule 1 of the admission agreement.

63 Breaches Report.

The Interim Deputy Section 151 Officer presented a 'for information' report which presented any breaches which had occurred in the period in accordance with the Reporting Breaches Policy.

Appendix A provided the details of breaches that occurred since the previous Local Pension Board meeting in November 2018. The details of the breaches and the actions taken by the Management were highlighted.

64 City & County of Swansea Business Plan 2019/20.

The Interim Deputy Section 151 Officer presented a 'for information' report on the City & County of Swansea Pension Fund Annual Business Plan 2019/20 to provide a working framework for the Pension Fund's programme of work for 2019/20. The Business Plan for 2018/19 was attached at Appendix 1.

65 Minister for Housing Communities and Local Government (MHCLG) Draft Guidance on Asset Pooling.

The Interim Deputy Section 151 Officer presented a 'for information' report which noted the joint response of City & County of Swansea Pension Fund and the Wales Pension Partnership Response to the MHCLG Consultation on LGPS Asset Pooling.

The draft Ministry of Housing, Communities and Local Government (MHCLG) guidance on some pooling principles circulated for consultation was provided at Appendix 1.

It was added that the appointed consultants of the Pension Fund who advised a large number of LGPS funds, had appraised the guidance, made some observations and provided feedback to their clients. This was provided at Appendix 2. Appendix 3 provided the first draft response to the consultation on draft pooling guidance. A late submission from Gwynedd County Council was also reported.

The Board discussed the draft response in detail and suggested amendments / additions were outlined.

Resolved that: -

- 1) The contents of the report be noted;
- 2) The Interim Deputy Section 151 Officer submits an amended response as discussed at the Board meeting.

66 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)

67 Wales Pension Partnership Update.

The Interim Deputy Section 151 Officer provided a “for information” report which outlined the progress of the Wales Pension Partnership asset pooling.

Attached at Appendix 1 was the progress and update report provided by the Wales Pension Partnership (WPP) to the Minister for Housing, Communities and Local Government (MCHLG), in October 2018.

68 Wales Pension Partnership Stock Lending Policy.

The Interim Deputy Section 151 Officer presented a report which noted the Wales Pension Partnership Stock lending programme.

It was outlined that the City & County of Swansea Pension Fund had previously approved a stock Lending policy within its portfolio with a view to enhancing investment income. With the planned transition (of the majority) of listed assets into the Wales Pension Partnership (WPP) ACS Pool, it was necessary to formulate and approve a Stock Lending Policy / Programme for the Wales Pension Partnership.

The benefits of stock lending were highlighted at Appendix 1. Appendix 2 provided the proposed stock lending programme for the Wales Pension Partnership.

69 Wales Pension Partnership - Tranche 3 Fixed Income.

The Interim Deputy Section 151 Officer presented a report which noted the tranche 3 (fixed income) sub funds structure of the Wales Pension Partnership (WPP).

It was explained that the Tranche 3 sub funds were scheduled to be the active fixed income sub funds. After many months of sub fund design and consideration by the 8 member funds, in conjunction with their advisors Russell, had developed the structure recommended for approval. Appendix 1 provided the proposed sub fund structure for the Tranche 3, fixed income.

70 Investment Consultant Quarterly Report.

A ‘for information’ report was provided which outlined the quarterly investment and the market update of Hymans Robertson, the appointed investment consultants to the fund, including an update paper on the equity protection programme.

Appendix 1 provided the investment strategy implementation paper, Appendix 2 the Equity Protection Update and Appendix 3 the quarterly investment report from Hymans Robertson.

71 Equity Protection - Manager Selection.

The Interim Deputy Section 151 Officer presented a 'for information' report which noted the appointment of the equity protection manager.

It was outlined that the Pension Fund Committee had approved a programme of de-risking within its equity markets portfolio at its investment strategy review in March 2018. The strategic aim of the de-risking programme was to reduce equity exposure whilst increasing diversification into growth real assets (property, private equity and infrastructure).

The Committee approved (September 2018) the implementation of an equity protection programme on the portion of the portfolio which was to be disinvested from equities (to be re-invested into real assets). As a continuation of this process, the Committee appointed an Equity Protection Manager.

The meeting ended at 12.05 pm

Chair