



## Report of the Section 151 Officer

Pension Fund Committee 15 March 2022

### Role of Pension Fund Committee Chair

|                                    |  |
|------------------------------------|--|
| <b>Purpose:</b>                    | To recognise the increased breadth and scope of the role of chair of the Pension Fund Committee and make commensurate recommendations for appropriate remuneration in line with that responsibility and to be consistent with its partner funds in The Wales Pension Partnership (WPP) and other Committee Chair roles within The Council .  |
| <b>Consultation:</b>               | Legal, and Finance   |
| <b>Recommendation:</b>             | It is recommended that Pension Fund Committee approves the following recommendations and forwards the report and recommendation to Council for approval :<br><br><ol style="list-style-type: none"><li>1) recognises the increased scope and breadth of responsibility of the role of The Pension Fund Committee Chair;</li><li>2) approves the recommendation to pay, at its discretion, the equivalent of an Independent Remuneration Panel for Wales (IRPW) senior salary for a Committee Chair to the Pension Fund Committee Chair with the additional sums (over and above basic salary) to be met by the Pension Fund as outlined in 6.1 of this report.</li></ol> |
| <b>Report Author:</b>              | Jeff Dong  |
| <b>Finance Officer:</b>            | Ben Smith  |
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- 1 The Local Government Pension Scheme (LGPS)**
  - 1.1 The Local Government Pension Scheme (LGPS) is a defined benefit pension scheme for local government (and affiliated employers who provide appropriate services as defined by statute) workers in England and Wales. Benefits are guaranteed by Statute and determined by the member's career average salary for service since April 2014 or their final salary (for service before April 2014).

- 1.2 Employees make contributions on a sliding scale in accordance with their salary, and employers make pension contributions dictated by triennial actuarial valuation. It has over 5.9m members through 15,700 employers and collective assets of approximately £300bn nationally. It is administered via 89 separate schemes managed by the 87 Administering Authorities which are recognised within the Statutory Instrument.
- 1.3 There is a lot of misconception about the LGPS and its place amongst other public sector schemes. It is the only major public sector scheme which is a **funded** scheme, as opposed to the other public sector schemes like the Civil Service, NHS, Police etc. which are all **unfunded**, and pay as you go schemes. This makes it the most cost effective public sector pension provision. The LGPS provides pensions for workers like school break time assistants, social care workers, refuse collectors, social workers, non-teaching staff in schools, road maintenance workers as well as managers, chief officers and elected members (only in Wales) in local government .
- 1.4 Over two thirds of the LGPS membership are women members, many of whom only work(ed) part-time. In Swansea, the average pension in payment is approx. £5k a year which is subject to taxation in the normal way.

## 2 **The City & County of Swansea Pension Fund**

- 2.1 Swansea Council is the appointed Administering Authority ( by statute) for the City & County of Swansea Pension Scheme. The primary objective of the Administering Authority is to pay members' pensions as they fall due and collect contributions from members and employers.

The City & County of Swansea Pension Fund (@31/3/21) has approx :

- 47,000 members
  - 21, 000 active members ( still working and contributing to their pension)
  - 15,000 pensioners ( members (or their dependants) drawing their pension)
  - 11,000 deferred ( members who have left employment of a Swansea LGPS employer but yet to draw pension)
- 25 employers including some of the following larger employers:
  - Swansea Council
  - Neath Port Talbot Council
  - Gower College
  - University of Wales Trinity St. David
  - Neath Port Talbot College Group
  - Tai Tarian Housing
  - Pobl Group
  - Community Councils
- £2.9bn of assets (Feb 2022)

### **3 Governance**

#### **3.1 The Pension Fund Committee**

The Council has delegated governance of the Pension Fund to the Pension Fund Committee, which is constituted under section 101 of the Local Government Act 1972 with associated decision making powers.

#### **3.2 The Pension Fund Committee currently is comprised of :**

- Cllr Clive Lloyd, Chairman
- Cllr Phil Downing, Deputy Chairman
- Cllr Jan Curtice
- Cllr Mike Lewis
- Cllr Will Thomas
- Cllr Gareth Sullivan
- Cllr Peter Rees large employer co-opted member ( Neath Port Talbot County Borough Council)
- Cllr Alan Lockyer ( Neath Port Talbot Borough Council) , observer member acting in his role as the Chairman of The Local Pension Board representing members

#### **3.3 Membership of the Pension Fund Committee is subject to a comprehensive programme of trustee training to achieve the statutory minimum level of skills and knowledge with which members can discharge their responsibilities. Continuous and ongoing training, skills and knowledge attainment are a statutory requirement of the role.**

### **4 The Increasing Demands and Complexity of The Role Of Chair of The Pension Fund Committee**

#### **4.1 During the last 20 years, the role of Chair of The Pension Fund Committee has increased in its demand and complexity as illustrated below:**

- Asset values have grown from £500m to £2.9bn
- Achieved >100% funding for the first time in 2019.
- Asset classes invested in have grown from **3** ( equities, bonds, cash ) to **11** ( equities, bonds, cash, property, private equity, infrastructure, private debt, hedge funds, affordable housing, renewables, timberland)
- **3** Investment Managers are now **23** Investment Managers
- The Wales Pension Partnership (WPP)- a collaborative arrangement with the other 7 LGPS in Wales to pool and collectively invest its assets as directed by HM Government.
- the chair is also required to be a member of the Joint Governance Committee (JGC) of the WPP and required to attend quarterly meetings, training, and ad hoc meetings as required.
- Introduction by HM Government of 2 new additional variations of the LGPS scheme in 2008 and 2014 to administer and monitor and ensure compliance with
  - Approving Administering Authority Discretions
  - 6 new employers admitted
  - New Pensions Regulator reporting/compliance
  - Competition and Markets Authority Reporting/compliance
  - The National LGPS Scheme Advisory Board ( Cllr Lloyd is currently

the Welsh LGA Representative) – this is the interface between the scheme stakeholders and HM Government Ministers responsible for Pensions and Government Civil Servants, helping to shape current and future pensions policy whilst looking after the interests of the LGPS

- Approving/considering Responsible Investment Policies
- Approving/considering Environmental, Social Governance Policies
- Approving/considering Net Zero Carbon Targets
- Approving/considering response to Judicial Reviews/Legal Recourse in respect of scheme administration: Mc Cloud, GMP Reconciliation.
- Increased scrutiny of how the assets are invested and meeting lobbyists/campaign groups
- Membership of professional bodies:
  - Pensions, Lifetime Savings Association (PLSA)
  - Local Authority Pension Fund Forum (LAPFF)

## 5 Independent Remuneration Panel For Wales (IRPW)

5.1 The Independent Remuneration Panel for Wales outlines that a Group A Principal Authority like Swansea Council can ONLY pay 19 senior salaries from its general fund. These paid senior roles can include:

- Leader
- Deputy Leader
- Executive Board Member
- Committee Chair
- Presiding Member
- Leader of the Largest Opposition Group
- Leader of other Opposition Group

5.2 Swansea Council is one of a small number of Councils in Wales that still retains both Housing (11 Councils) and Pension Fund (8 Councils) responsibilities

5.3 Currently the Pension Fund Committee Chair of The City & County of Swansea Pension Fund does **NOT** receive a senior salary

5.4 An analysis of the other 7 Pension Fund Administering Authorities in Wales, namely the other 7 constituent authorities of The Wales Pension Partnership shows the following remuneration for their Pension Fund Chair role:

- 1) 3 authorities ( Cardiff ,Carmarthenshire, RCT) pay the Pension Fund Committee Chair a senior salary from the general fund as per Independent Remuneration Panel for Wales guidelines in respect of their roles on the Executive Board of their respective Councils.
- 2) 4 authorities ( Powys, Flintshire, Gwynedd, Torfaen) at the discretion of each Council/Pension Fund Committee pay the equivalent of a senior salary with the additional element being directly funded by the Pension Fund in each case and outside of the IRPW limits

## **6 Conclusion**

- 6.1 In recognition of the marked increased breadth and scope of the responsibilities of the role of Chairman of the Pension Fund Committee as outlined in 4.1 and to be consistent with the other 7 Administering Authorities in Wales, it is recommended that Committee/Council approves at its discretion, the payment of the equivalent of an IRPW senior salary for a Committee Chair to the Pension Fund Committee Chair with the additional sums (over and above basic salary) to be met by the Pension Fund as outlined in 8.1 commencing financial year 2021/22. This discretionary payment shall NOT be payable should the postholder already be in receipt of a senior salary as defined by IRPW.
- 6.2 As confirmed in an e-mail from the IRPW on 2/3/22, the payment identified in 6.1 does not form part of the IRPW allocation of 19 senior salary posts for Swansea Council as it shall be paid by the Pension Fund, however for quantum and periodic increases, the payment shall mirror that scheme.
- 6.3 The Pension Fund Committee considered the recommendation in 6.1 at its meeting of the 15<sup>th</sup> March 2022.

## **7 Legal Implications**

- 7.1 The current legislative framework for the pension fund investments carried out by Administering Authorities is set by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The law governing pensions is a complex and specialist area. National Government guidance indicates that the pooling of LGPS assets is permissible under current law.
- 7.2 The Inter-Authority Agreement has been approved and signed by all 8 Local Authorities.
- 7.3 The Pension Fund Committee Terms of Reference and Scheme of Delegation sets out the Committee's responsibility for the strategic governance of the Pension Fund.
- 7.4 The Council may approve at its discretion the award as outlined in 6.1. The IRPW has confirmed in an e-mail of the 2/3/22 that this payment ( by the Pension Fund) at the discretion of Council does NOT fall within the remit of IRPW, and is a matter for the Council/Pension Fund to determine.

## **8 Financial Implications**

- 8.1 The costs of awarding the equivalent of a committee chair senior salary to the Pension Fund Committee Chair is £8,793 plus 30% on-costs (approximately £11,500) p.a. charged to the Pension Fund, to be increased periodically in line with IRPW guidelines

## **9 Integrated Impact Assessment Implications**

- 9.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to their own needs.

9.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

9.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

9.4 An integrated impact assessment screening has been undertaken and it concludes that there are no equality impact implications arising from this report.

**Background Papers:** None.

**Appendix A:**  
Integrated Impact Assessment Screening Form

**Integrated Impact Assessment Screening Form**

**Please ensure that you refer to the Screening Form Guidance while completing this form.**

**Which service area and directorate are you from?**

Service Area: Finance & Delivery

Directorate: Resources

**Q1 (a) What are you screening for relevance?**

- New and revised policies, practices or procedures
- X Service review, re-organisation or service changes/reductions, which affect the wider community, service users and/or staff
- Efficiency or saving proposals
- Setting budget allocations for new financial year and strategic financial planning
- New project proposals affecting staff, communities or accessibility to the built environment, e.g., new construction work or adaptations to existing buildings, moving to on-line services, changing location
- Large Scale Public Events
- Local implementation of National Strategy/Plans/Legislation
- Strategic directive and intent, including those developed at Regional Partnership Boards and Public Services Board, which impact on a public bodies functions
- Medium to long term plans (for example, corporate plans, development plans, service delivery and improvement plans)
- Setting objectives (for example, well-being objectives, equality objectives, Welsh language strategy)
- Major procurement and commissioning decisions
- Decisions that affect the ability (including external partners) to offer Welsh language opportunities and services

**(b) Please name and fully describe initiative here:**

**Pension Fund Committee Chair Role**

The report recommends paying the Pension Fund Committee Chair, the equivalent of a IRPW senior salary for a committee chair in line with other LGPS in Wales.

**Q2 What is the potential impact on the following: the impacts below could be positive (+) or negative (-)**

|                                     | High Impact              |                          | Medium Impact            |                          | Low Impact                 |                          | Needs further investigation |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------|--------------------------|-----------------------------|
|                                     | +                        | -                        | +                        | -                        | +                          | -                        |                             |
| Children/young people (0-18)        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>    |
| Older people (50+)                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>    |
| Any other age group                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>    |
| Future Generations (yet to be born) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>    |
| Disability                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>    |
| Race (including refugees)           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>    |
| Asylum seekers                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>    |

|                              |                          |                          |                          |                          |   |                          |                          |                          |
|------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---|--------------------------|--------------------------|--------------------------|
| Gypsies & travellers         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Religion or (non-)belief     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Sex                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Sexual Orientation           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Gender reassignment          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Welsh Language               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Poverty/social exclusion     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Carers (inc. young carers)   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Community cohesion           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Marriage & civil partnership | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Pregnancy and maternity      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Q3 What involvement has taken place/will you undertake e.g. engagement/consultation/co-productive approaches? Please provide details below – either of your activities or your reasons for not undertaking involvement**

Does not affect the wider community, only affects the current/future chair post holder (1 FTE)

**Q4 Have you considered the Well-being of Future Generations Act (Wales) 2015 in the development of this initiative:**

- a) Overall does the initiative support our Corporate Plan’s Well-being Objectives when considered together?  
Yes  No
- b) Does the initiative consider maximising contribution to each of the seven national well-being goals?  
Yes  No
- c) Does the initiative apply each of the five ways of working?  
Yes  No
- d) Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?  
Yes  No

**Q5 What is the potential risk of the initiative? (Consider the following impacts – equality, socio-economic, environmental, cultural, legal, financial, political, media, public perception etc...)**

High risk

Medium risk

Low risk

**Q6 Will this initiative have an impact (however minor) on any other Council service?**

Yes  No x If yes, please provide details below



This initiative will have no impact on any other service

**Q7 What is the cumulative impact of this proposal on people and/or communities when considering all the impacts identified within the screening and any other key decisions affecting similar groups/ service users made by the organisation?**

*(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact/poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)*

There is no cumulative of this proposal on people or communities

**Q8 Please describe the outcome of your screening below:**

- **Summary of impacts identified and mitigation needed (Q2)**
- **Summary of involvement (Q3)**
- **WFG considerations (Q4)**
- **Any risks identified (Q5)**
- **Cumulative impact (Q7)**

The report outlines a proposal affecting only 1 individual at a time with a very prescribed remit with minimal impact on others as assessed by this process

(NB: This summary paragraph should be used in the relevant section of corporate report)

Full IIA to be completed

Do not complete IIA – please ensure you have provided the relevant information above to support this outcome

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email.

|   |
|---|
| <b>Screening completed by:</b>                        |
| <b>Name:</b> Jeff Dong                                |
| <b>Job title:</b> Deputy Chief Finance Officer        |
| <b>Date:</b> 3/3/22                                   |
| <b>Approval by Head of Service:</b>                   |
| <b>Name:</b> Ben Smith                                |
| <b>Position:</b> Chief Finance Officer (S151 Officer) |
| <b>Date:</b> 3/3/22                                   |

Please return the completed form to [accesstoservices@swansea.gov.uk](mailto:accesstoservices@swansea.gov.uk)