



## City and County of Swansea

### Notice of Meeting

You are invited to attend a Meeting of the

## Local Pension Board

**At:** Multi-Location Meeting - Lilian Hopkin Room, Guildhall / MS Teams

**On:** Wednesday, 10 April 2024

**Time:** 10.00 am

**Chair:** Ian Guy

**Membership:**

**Employer Representatives**

C R Doyle and S A Knoyle

**Local Pension Board Members**

R Broad and R Thomas

**Watch Online:** <http://tiny.cc/LPB104>

---

### Agenda

	Page No.
<b>1 Apologies for Absence.</b>	
<b>2 Disclosures of Personal and Prejudicial Interests.</b> <a href="http://www.swansea.gov.uk/DisclosuresofInterests">www.swansea.gov.uk/DisclosuresofInterests</a>	
<b>3 Minutes.</b> To approve & sign the Minutes of the previous meeting(s) as a correct record.	<b>1 - 4</b>
<b>Report(s) of the Section 151 Officer: -</b>	
<b>4 Internal Audit Reports - Pension Fund Investments and Pension Fund Administration. (For Information)</b>	<b>5 - 19</b>
<b>5 Wales Pension Partnership Business Plan 2024-27. (For Information)</b>	<b>20 - 37</b>
<b>6 Breaches Report. (For Information)</b>	<b>38 - 56</b>
<b>7 City &amp; County of Swansea Pension Fund Business Plan 2024/25. (For Information)</b>	<b>57 - 75</b>
<b>8 Exclusion of the Public.</b>	<b>76 - 79</b>

**Report(s) of the Section 151 Officer: -**

<b>9</b>	<b>Investment Strategy Structuring Implementation. (For Information)</b>	<b>80 - 169</b>
<b>10</b>	<b>Wales Pension Partnership Update. (For Information)</b>	<b>170 - 182</b>
<b>11</b>	<b>Wales Pension Partnership (WPP) - Operator Procurement Recommendation Report. (For Information)</b>	<b>183 - 193</b>
<b>12</b>	<b>Investment Summary. (For Information)</b>	<b>194 - 196</b>
<b>13</b>	<b>Investment Consultant's Reports. (For Information)</b>	<b>197 - 217</b>
<b>14</b>	<b>Responsible Investment Policy. (For Information)</b>	<b>218 - 252</b>

**Next Meeting:** To Be Confirmed.

*Huw Evans*

**Huw Evans**  
**Head of Democratic Services**  
**Wednesday, 3 April 2024**

---

**Contact: Democratic Services: - 636923**

# Agenda Item 3



City and County of Swansea

City and County of Swansea

## Minutes of the **Local Pension Board**

Multi-Location Meeting - Gloucester Room, Guildhall / MS

Teams

Friday, 5 January 2024 at 10.30 am

**Present:** I Guy (Chair) Presided

### **Employer Representatives**

S A Knoyle

C R Doyle

### **Officer(s)**

Jeffrey Dong

Deputy Chief Finance Officer / Deputy Section 151 Officer.

Karen Cobb

Investment & Accounting Manager

Jeremy Parkhouse

Democratic Services Officer

Melissa Perry

Solicitor

### **Apologies for Absence**

#### ***Local Pension Board Member Representatives***

R Broad

---

## **25 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 C R Doyle, Councillor S A Knoyle and Ian Guy declared personal interests in the agenda as a whole.

Karen Cobb, Jeff Dong, Jeremy Parkhouse and Melissa Perry declared personal interests in the agenda as a whole.

## **26 Minutes.**

**Resolved** that the Minutes of the Local Pension Board meeting held on 25 October and 29 November 2023 be approved and signed as correct records.

## **27 Detailed Audit Plan - City and County of Swansea.**

Jeff Dong, Deputy Chief Finance Officer / Deputy S151 Officer presented the Audit Wales 2023 Audit Plan – City and County of Swansea Pension Fund.

The report outlined the work Audit Wales would plan to undertake during 2023 to discharge its statutory responsibilities as external auditor and to fulfil its obligations under the Code of Audit Practice to examine and certify whether the Pension Fund accounting statements were 'true and fair'.

The purpose of the plan was to set out the proposed work, when it would be undertaken, how much it would cost and who would undertake it. It was added that there had been no limitations imposed on the auditors in planning the scope of the audit.

The plan also outlined the financial statements materiality, audit of pension fund accounts, the significant financial statements risks, other areas of focus, statutory audit functions, audit fee, audit team, timetable and audit quality.

Appendix 1 provided the key changes to ISA315 and the potential impact on the Council.

## **28 ISA 260 Report - City and County of Swansea Pension Fund.**

The Deputy Chief Finance Officer / Deputy Section 151 Officer presented, on behalf of Audit Wales, the ISA 260 Audit of Accounts Report – City and County of Swansea Pension Fund which summarised the main findings from the audit of the 2022-23 accounts.

It was added that Audit Wales intended to issue an unqualified audit opinion on this year's accounts once the Council had provided a Letter of Representation based on Appendix 1. The proposed Audit report was provided at Appendix 2.

There were no misstatements identified in the accounts which remained uncorrected. It was explained that details of the misstatements corrected by Management were minor amendments of a presentational nature and had no impact on the net expenditure or net assets of the Pension Fund. There were no other significant issues arising.

It was added that during the 2021-22 audit, Audit Wales identified one good practice issue which resulted in a recommendation being reported in the 2021-22 Audit of Accounts report. Audit Wales had followed up on the implementation of this recommendation and noted that it had been implemented as set out in Appendix 3. They had not identified any further recommendations for the Pension Fund during the course of the 2022-23 audit.

The Chair praised Jeff Dong, Deputy Chief Finance Officer / Deputy S151 Officer, Karen Cobb, Accounting and Investment Manager and Finance Department staff for all their work.

**29 City & County of Swansea Pension Fund Annual Report and Statement of Accounts 2022/23.**

The Deputy Chief Finance Officer / Deputy Section 151 Officer provided a 'for information' report on the annual report & statement of accounts for the City & County of Swansea Pension Fund 2022/23.

It was outlined that the City & County of Swansea Pension Fund had always produced separate statement of accounts and annual report in respect of the financial year in question, which were subject to public audit. However in consultation with Audit Wales, it had been determined to consolidate both documents into one and streamline the production / audit process.

It was added that Officers presented the draft Annual Report and Statement of Accounts 2022/23 at the Local Pension Board in July 2023 and Appendix 1 provided the final version, which was the subject of the ISA 260 report with audit opinion and audit findings presented by Audit Wales.

The staff within the Finance Department were thanked and congratulated for their work and commitment.

**30 Wales Pension Partnership (WPP) Annual Report 2022/23.**

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report to update the Pension Fund Committee on the progress and work of the Wales Pension Partnership (WPP).

Appendix 1 provided the quarterly progress and update report provided by Wales Pension Partnership host authority, Carmarthenshire Council and the WPP Business Plan Q1 2023-24 Review.

**31 Breaches Report.**

The Deputy Chief Finance Officer / Deputy S151 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 had occurred since the previous Pension Fund Committee in October 2023. The details of the breaches and the actions taken by Management were noted.

**32 Exclusion of the Public.**

The Board 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 Board 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)**

**33 Investment Strategy Implementation Update.**

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report which provided an update on the progress of the continuation of the asset re-allocation (de-risking) programme from equities into yielding assets which were contributory to net zero objectives.

**34 Wales Pension Partnership - Progress Update.**

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report to update the Pension Fund Committee on the progress and work of the Wales Pension Partnership (WPP).

**35 Quarterly Investment Monitoring Report.**

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report which provided the quarterly investment and market update to the fund.

**36 Investment Strategy Review.**

The Deputy Chief Finance Officer / Deputy S151 Officer presented 'for information' the City and County of Swansea Pension Fund 2023 Investment Strategy Review.

**37 Net Zero Journey Plan.**

The Deputy Chief Finance Officer / Deputy S151 Officer presented 'for information' the City and County of Swansea Pension Fund Net Zero Journey Plan.

**38 Investment Summary.**

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report which presented the asset valuation and investment performance for the quarter, year and 3 years ended 30 September 2023.

The meeting ended at 11.50 a.m.

**Chair**

# Agenda Item 4



## Report of the Section 151 Officer

Local Pension Board – 10 April 2024

### Internal Audit Reports – Pension Fund Investments and Pension Fund Administration

<b>Purpose:</b>	To present the findings of the Internal Audit Reports on Pension Fund Investments and Pension Fund Administration <ul style="list-style-type: none"><li>- Internal Audit Report - Pension Fund Investments (Appendix 1)</li><li>- Internal Audit Report - Pension Fund Administration (Appendix 2)</li></ul>
<b>Consultation:</b>	Legal, and Finance
<b>Report Author:</b>	Jeff Dong
<b>Finance Officer:</b>	Jeff Dong
<b>Legal Officer:</b>	Stephanie Williams
<b>Access to Services Officer:</b>	N/A
<b>For information</b>	

#### 1. Introduction

- 1.1 The Pension Fund Committee annually receive the report of the findings of the statutory appointed external auditor ( Audit Wales) to the Pension Fund outlining their findings in relation to the financial statements and annual report of the fund.
- 1.2 As part of their audit work, Audit Wales reference and rely on to a greater or lesser extent on the audit and assurance findings and work undertaken by Swansea Council's ( as Administering Authority) Internal Audit Section who regularly review and test the systems of control in place.

## **2. Internal Audit Reports**

- 2.1 As part of the cyclical internal controls assurance and reporting, Swansea Council Internal Audit Section undertakes an internal control systems audit covering Pension Fund Investments and Pensions Administration. Their work entails undertaking routine testing of the systems of financial and management control in these areas of work of the pension fund.
- 2.2 The levels of assurance arising from the work from both audits was ‘High’ . The Internal Audit Report- Pension Fund Investments is attached at Appendix 1 and The Internal Audit Report – Pension Administration is attached at Appendix 2.

## **3. Legal Implications**

- 3.1 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.
- 3.2 The Pension Fund Committee Terms of Reference and Scheme of Delegation sets out the Committees responsibility for the strategic governance of the Pension Fund.

## **4. Financial Implications**

- 4.1 There are no direct financial implications arising from this report.

## **5. Integrated Impact Assessment Implications**

- 5.1 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.
- 5.2 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'.

- 5.3 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.
- 5.4 There are no equality impact implications arising from this report.

**Background Papers:** None.

**Appendices:**

- Appendix 1 – Internal Audit Report Pension Fund Investments  
Appendix 2 – Internal Audit Report Pension Fund Administration



**Final Internal Audit Report  
Financial Services**

**Pension Fund Investments 2023/24**

**1. Introduction**

- 1.1 A review has recently been completed of Pension Fund Investments undertaken by the Treasury Management Team.
- 1.2 The audit examined the procedures in place and included detailed testing in the following areas:
- Investment Management
  - Review of Pension Fund Managers
  - Fund Managers Agreements
  - Fund Managers Invoices
  - Monitoring of Fees (deducted directly from the Fund)
- 1.3 The objectives of the audit were to ensure that material business risks have been identified and that the controls in place are adequate for the purpose of minimising business risk and are operating in practice.
- 1.4 The service was last audited during 2021/22 when there were no recommendations and the opinion rating awarded was 'High'.
- 1.5 Work carried out and detailed findings are recorded below and any recommendations arising are included in the attached Management Action Plan.

**2. Work Done / Findings**

- 2.1.1 The Council is the Administering Authority of the Swansea Pension Fund. Contributions to the fund include Swansea Council employees, along with a number of external bodies such as Neath Port Talbot County Borough Council, Tai Tarian and Gower College.
- 2.1.2 The Council has delegated the investment management of the Pension Scheme to the Pension Fund Committee, which comprises of six Swansea Councillors and one Neath Port Talbot Councillor. We were informed that the Committee members have all undertaken extensive training and receive advice from the Deputy Chief Finance Officer, the investment consultants and the Actuary. It was confirmed that the Pension Fund Committee meets quarterly.
- 2.1.3 The Investment Policy for the Pension Fund is included in the City and County of Swansea Investment Strategy Statement 2022/23.

2.1.4 In April 2016, the Local Government Pension Scheme Advisory Board was established as a statutory body to encourage best practice, increase transparency and co-ordinate technical and statutory issues at a national level. Each Pension Fund is required to have a Pension Board working to nationally set guidance. The Swansea Pension Board currently has four employer representatives, from Swansea Council and Neath Port Talbot CBC, and three union representatives. The Board ensures that the Pension Fund complies with the relevant laws and regulations, along with the requirements of the Pensions Regulator.

2.1.5 Wales Audit Office carries out an annual audit of the Pension Fund and investments. It was noted that there were no matters to consider or bring to the attention of the public and therefore no requirement for a report to be issued for the 2022-23 audit, under Section 22 of the Public Audit (Wales) Act 2004. The Notice of Completion and findings were presented to the Pension Fund Committee in November 2023.

### **2.2 Review of Pension Fund Managers**

2.2.1 The Pension Fund Committee are presented with reports on the fund managers' performance. Also, reports are presented by the investment consultant and the Deputy Chief Finance Officer. An update on the Wales Pension Partnership is also provided by the Deputy Chief Finance Officer.

2.2.2 Fund managers are invited to make a presentation to the Pension Fund Committee meeting on a rotational/required basis, so that all are seen regularly. Questions in relation to the content of the presentation are asked by the Committee members and responses provided accordingly.

### **2.3 Fund Manager Agreements**

2.3.1 The signed fund managers' agreements are retained by the Treasury Management Team. A sample of five agreements were selected for testing to ensure that copies of the agreements were available. All testing proved satisfactory.

### **2.4 Fund Manager Invoices**

2.4.1 Our enquiries revealed that some fund managers invoice their agreed management fees on a quarterly basis and these invoices are checked for accuracy and authorised by the Treasury Management Team.

2.4.2 A sample of five invoices was selected for testing. It was confirmed that all the invoices had been charged correctly, were properly authorised and the ledger had been updated.

### **2.5 Monitoring of Fees (deducted directly from Fund)**

2.5.1 The fund managers that do not submit quarterly invoices deduct the fees directly from the investment fund. At year end, the Treasury Management Team raise journals to adjust the Pension Fund balances on the ledger to reflect the charges deducted.

- 2.5.2 A sample of five journals was selected for testing, to ensure that the fees had been checked for accuracy, and that the journals had correctly been updated in the ledger. All testing was satisfactory.

### **3. Conclusion**

- 3.1 The Internal Audit Section operates a system of Assurance levels which gives a formal opinion of the achievement of the service's/system's control objectives. The Assurance levels vary over four categories: 'High', 'Substantial', 'Moderate' and 'Limited'.
- 3.2 Based on the audit testing undertaken, all the areas reviewed proved satisfactory, resulting in no recommendations being made.
- 3.3 As a result, an Assurance Level of **'High'** has been given. This indicates that 'there is a sound system of internal control designed to achieve the system objectives and the controls are being consistently applied.'
- 3.4 The basis for each of the Assurance levels is noted in **Appendix 1**.
- 3.5 This audit was conducted in conformance with the Public Sector Internal Audit Standards.

Appendix 1**Classification of Audit Recommendations**

<b>Recommendation</b>	<b>Description</b>
High Risk	Action by the client that we consider <b>essential</b> to ensure that the service / system is not exposed to <b>major risks</b> .
Medium Risk	Action by the client that we consider <b>necessary</b> to ensure that the service / system is not exposed to <b>significant risks</b> .
Low Risk	Action by the client that we consider <b>advisable</b> to ensure that the service / system is not exposed to <b>minor risks</b> .
Good Practice	Action by the client where we consider <b>no risks</b> exist but would result in better quality, value for money etc.

**Audit Assurance Levels**

<b>Assurance Level</b>	<b>Basis</b>	<b>Description</b>
High Assurance	Recommendations for ineffective controls affecting the material areas of the service are not High or Medium Risk. Any recommendations are mainly Good Practice with few Low Risk recommendations.	There is a sound system of internal control designed to achieve the system objectives and the controls are being consistently applied.
Substantial Assurance	Recommendations for ineffective controls affecting the material areas of the service are not High Risk. Occasional Medium Risk recommendations allowed provided all others are Low Risk or Good Practice.	There is a sound system of internal control but there is some scope for improvement as the ineffective controls may put the system objectives at risk.
Moderate Assurance	Recommendations for ineffective controls affecting the material areas of the service are at least Medium Risk.	The ineffective controls represent a significant risk to the achievement of system objectives.
Limited Assurance	Recommendations for ineffective controls affecting the material areas of the service are High Risk.	The ineffective controls represent unacceptable risk to the achievement of the system objectives.



## Internal Audit Report

### Financial Services

## Pensions Administration 2023/24

### 1 Introduction

- 1.1 An audit has been completed reviewing the administration of the Local Government Pension Scheme (LGPS) undertaken by the Swansea Pension Section in Financial Services.
- 1.2 The Swansea Pension Fund serves employees of Swansea Council, along with a number of local external organisations.
- 1.3 Testing was undertaken to examine the controls and procedures associated with the following areas:
  - Parameters
  - Contributions Received
  - New Joiners
  - AVCs and APCs
  - Transfer Values In
  - Transfer Values Out
  - New Pensioners
  - Deferred Pensioners
  - Continuing Pensioners
  - Child Pensioners
  - Administration
  - Systems
  - Continuing Entitlement
  - GDPR and Data Retention
- 1.4 The objectives of the audit were to ensure that material business risks have been identified and that the controls in place are adequate for the purpose of minimising business risk and are operating in practice.
- 1.5 Pensions Administration was last audited during 2021/22 where there was one recommendation, and the opinion rating was 'High'.
- 1.6 Detailed findings are recorded below and the recommendations arising are included in the attached Management Action Plan.

## 2 Findings / Work Done

### 2.1 Parameters

2.1.1 Testing was carried out to ensure that the LGPS employee banding rates were correctly input into the Payroll System. This was found to be satisfactory. It was also confirmed that the employer rates agreed to those stated in the Actuarial Certificate dated March 2023.

2.1.2 The interest rate used and input into the Altair Pensions system is the Bank of England Bank Rate plus 1%. It was identified that the interest rates input since November 2022 were incorrect and did not include the additional 1%. This was rectified during the audit, and it was confirmed that no calculations had been affected.

### 2.2 Contributions Received

2.2.1 The Treasury Section is responsible for keeping records of all contributions received from the admitted bodies via an ongoing reconciliation. They are also responsible for checking that all employee and employer contributions have been paid at the correct rates.

2.2.2 They undertake monthly sample checking of the deductions made from employees of admitted bodies. A review confirmed that all admitted bodies had been subject to sample checking.

2.2.3 Furthermore, they carry out checks to ensure employer contributions received from each admitted body agree to the amount stated in the Actuarial Certificate. It was confirmed that these checks were also being undertaken.

2.2.4 It was found that data from the admitted bodies is reconciled to the General Ledger and the Altair Pensions system by the Treasury Section. All admitted bodies are required to submit annual returns stating their total contribution paid and this is reconciled to the data held by the Section.

### 2.3 New Joiners

2.3.1 A sample of ten new members joining the scheme was reviewed to ensure that the requirements for joining the scheme were met, appropriate documentation was held and that their contribution rates were correct. This test proved satisfactory.

### 2.4 Additional Voluntary Contributions (AVC's) and Additional Pension Contributions (APC's)

## Appendix 2

2.4.1 A sample of ten members who had elected to pay a new AVC was tested to ensure that there was evidence that the employee had authorised the deduction, the total amount of pension contributions was within the legislative guidelines and the correct amount was being deducted from their payslips. This was found to be satisfactory for all members tested.

2.4.2 A further sample of ten members who had made regular APC payments was tested to confirm there was evidence that the employee had authorised the deduction, the total amount of pension contributions was within the legislative guidelines and the correct amount had been deducted from their payslips. It was found that APC documentation is managed via the Service Centre Helpdesk and uploaded onto Fusion. We established that for two members (NI Numbers WK579992C and JX496590C) no APC application forms were available for inspection.

### 2.5 Transfer Values In

2.5.1 Testing was carried out on five employees who transferred into the Pension Fund in the last 12 months, to ensure that a calculation of the transfer value had been completed and authorised by two members of staff in the Pensions Section. Testing also took place to confirm that the transfer value had been received, banked, and recorded on the ledger by the Treasury Section. Both these tests proved satisfactory.

### 2.6 Transfer Values Out

2.6.1 A sample of five employees who were transferring their benefit out of the Pension Fund was reviewed to ensure the transfer calculation had been checked and approved by a Senior Officer in Pensions, certified by an authorised signatory in the Treasury Section and that there was confirmation of the employees' date of birth recorded on the Altair Pensions system. These checks were all found to be satisfactory.

### 2.7 New Pensioners

2.7.1 A sample of ten new pensioners was selected and their records checked to ensure:

- a) A Leaver form (or equivalent) was present.
- b) The pension due had been calculated by a Pensions Assistant and checked by a Senior Pensions Assistant.
- c) A copy of a birth certificate or passport was present.

All testing proved to be satisfactory.

2.7.2 In addition to the above, we also reviewed the lump sum paid and confirmed the following:

- a) The lump sum had been calculated by a Pensions Officer and checked by a Senior member of Pensions.



- b) The lump sum payments agreed to the ledger and payslips for all individuals tested.

### 2.8 Deferred Pensioners

- 2.8.1 Testing was carried out on ten members who had left the scheme, but whose benefits had been deferred. It was found that all employees had been a member of the scheme for at least three months and therefore benefits had been correctly deferred.
- 2.8.2 Further checks confirmed deferred benefits had been increased in line with the pension income review for all members selected.
- 2.8.3 Our enquiries revealed that the Pensions Section run reports regularly to identify deferred pensioners who are approaching the eligible age and eligibility letters are sent out advising the benefit payable.

### 2.9 Continuing Pensioners

- 2.9.1 The testing of ten current pensioners was undertaken to ensure the rate currently being paid was correct and in line with the 10.1% increase awarded in April 2023. This was found to be satisfactory.
- 2.9.2 A sample of ten active members of the Pension Fund was checked to ensure that the pension increase had been implemented correctly for their CARE contributions. It was found for all ten active members the rate had been applied correctly.

### 2.10 Child Pensioners

- 2.10.1 A sample of ten individuals receiving a "Child Pension" was reviewed to ensure that application forms, official documentation to evidence the date of birth and adequate proof of continuing education or ongoing ill-health for recipients over the age of 18 had been received. All testing proved satisfactory.

### 2.11 Administration

- 2.11.1 It was established that a Training Pack is issued to all members in the Pensions Section and any changes to legislation or working practices are communicated to staff when they occur.
- 2.11.2 It was found that there were sufficient processes in place to ensure that tasks are followed up and monitored via the Altair Pensions system for each user. Also, performance reports are produced and reviewed monthly by Senior members of the Pensions Section.

### 2.12 Systems

- 2.12.1 We were informed that the Altair Pensions system requires users to change their passwords every two months.
- 2.12.2 It was established that the Swansea Pension Fund is a hosted client with Heywoods. The overnight back-up is carried out by the Heywoods Data Centre.
- 2.12.3 A Business Continuity Plan was last reviewed and updated in February 2020 and is currently under review again.

### 2.13 Continuing Entitlement

- 2.13.1 We were told that the Accountancy Section monitor un-presented pension cheques. The arrangements in place were reviewed and found to be satisfactory.
- 2.13.2 It was confirmed that the Pensions Section compares data from the Altair Pensions system to the Payroll System monthly to ensure that they reconcile.
- 2.13.3 The Pensions Section review the continued eligibility where third tier ill health retirement occurs.
- 2.13.4 Pensioners' whose payments have been suspended are reviewed annually. We were told that investigations are undertaken by officers in the Pensions Section to establish if they have passed away, but this can sometimes prove inconclusive, and therefore the suspension continues. We were told that the Payroll Section will send out life certificates for any that are identified.

### 2.14 GDPR and Data Retention

- 2.14.1 Employees' GDPR mandatory training and the retention of physical/electronic records were discussed with the Service Manager and the following was confirmed:
  - a) All staff in the team, apart from one member of staff who is off on long term sick, had completed the mandatory GDPR training provided by the Council in the last two years.
  - b) We were informed that no records are held outside of the formal retention period.

### 3 Conclusion

- 3.1 The Internal Audit Section operates a system of Assurance levels which gives a formal opinion of the achievement of the service's/system's control objectives. The Assurance levels vary over four categories: 'High', 'Substantial', 'Moderate' and 'Limited'.
- 3.2 Recommendations arising from this review are detailed in the attached Management Action Plan. Each recommendation has been prioritised according to perceived risk – High, Medium, Low and Good Practice. The overall Assurance level is based on the recommendations made in the report.
- 3.3 The description of each type of recommendation and the basis for each of the Assurance levels is noted in **Appendix 1**.
- 3.4 Based on the audit testing undertaken, it was found that almost all procedures were operating satisfactorily with only a small number where improvement is required.
- 3.5 As a result, an Assurance Level of '**High**' has been given. This indicates that 'there is a sound system of internal control designed to achieve the system objectives and the controls are being consistently applied.'
- 3.6 We will contact you in due course to confirm that you have implemented the agreed recommendations.
- 3.7 This audit was conducted in conformance with the Public Sector Internal Audit Standards.

## Classification of Audit Recommendations

Recommendation	Description
High Risk	Action by the client that we consider <b>essential</b> to ensure that the service / system is not exposed to <b>major risks</b> .
Medium Risk	Action by the client that we consider <b>necessary</b> to ensure that the service / system is not exposed to <b>significant risks</b> .
Low Risk	Action by the client that we consider <b>advisable</b> to ensure that the service / system is not exposed to <b>minor risks</b> .
Good Practice	Action by the client where we consider <b>no risks</b> exist but would result in better quality, value for money etc.

## Audit Assurance Levels

Assurance Level	Basis	Description
High Assurance	Recommendations for ineffective controls affecting the material areas of the service are not High or Medium Risk. Any recommendations are mainly Good Practice with few Low-Risk recommendations.	There is a sound system of internal control designed to achieve the system objectives and the controls are being consistently applied.
Substantial Assurance	Recommendations for ineffective controls affecting the material areas of the service are not High Risk. Occasional Medium Risk recommendations allowed provided all others are Low Risk or Good Practice.	There is a sound system of internal control but there is some scope for improvement as the ineffective controls may put the system objectives at risk.
Moderate Assurance	Recommendations for ineffective controls affecting the material areas of the service are at least Medium Risk.	The ineffective controls represent a significant risk to the achievement of system objectives.
Limited Assurance	Recommendations for ineffective controls affecting the material areas of the service are High Risk.	The ineffective controls represent unacceptable risk to the achievement of the system objectives.

**SWANSEA COUNCIL  
MANAGEMENT ACTION PLAN  
PENSIONS ADMINISTRATION 2023/24**

REPORT REF	RECOMMENDATION	CLASS (HR; MR; LR; GP)	AGREED ACTION/ COMMENTS	RESPONSIBILITY FOR IMPLEMENTATION	IMPLEMENTATION DATE
<b>Parameters</b>					
2.1.2	Care should be taken when loading figures and values into the parameters of the Altair Pensions System.	LR	Agreed – staff members to be reminded of the importance of accuracy of data upload	Claire Elliott	Feb 2024
<b>Additional Voluntary Contributions (AVCs) and Additional Pension Contributions (APCs)</b>					
2.4.2	A reminder to be issued to the Payroll Section stating that all APC Applications should be retained and uploaded to Fusion.	LR	Agreed – to ensure completeness of process a request will be submitted to the Service Centre Helpdesk requesting a copy of any APC application forms completed by LGPS members in respect of periods of lost pensions resulting from a period of authorised unpaid leave. This will allow us to record this information on the member record as a period of authorised unpaid leave bought back by the member.	Claire Elliott	Feb 2024

# Agenda Item 5



## Report of the Section 151 Officer

Local Pension Board – 10 April 2024

### Wales Pension Partnership Business Plan 2024-27

<b>Purpose:</b>	To present the Local Pension Board on the progress and work of the Wales Pension Partnership (WPP)
<b>Consultation:</b>	Legal, and Finance
<b>Finance Officer:</b>	Jeff Dong
<b>Legal Officer:</b>	Stephanie Williams
<b>Access to Services Officer:</b>	N/A
<b>For information</b>	

#### 1. Wales Pension Partnership Business Plan 2024-27

1.1 Attached at Appendix 1 is the WPP Business Plan 2024-27.

#### 2. Legal Implications

2.1 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.

The Inter-Authority Agreement has been approved and signed by all 8 Local Authorities.

2.2 The Pension Fund Committee Terms of Reference and Scheme of Delegation sets out the Committees responsibility for the strategic governance of the Pension Fund.

#### 2.3 Financial Implications

There are no financial implications arising directly from this report.

### **3. Integrated Impact Assessment Implications**

3.1 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.

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'.

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.

There are no equality impact implications arising from this report.

**Background Papers:** None.

**Appendices:** Appendix 1 – WPP Business Plan 2024-2027



# Wales Pension Partnership Business Plan 2024-2027





# Contents

Introduction	3
About the Wales Pension Partnership	3
Governance	4
Risk Management	6
Objectives	7
Beliefs	8
Policies	9
Work Plan	10
Training Plan	12
Budget	13
Investments & Performance	14
Contact Details	16

# Introduction

This is the business plan for the Wales Pension Partnership ('WPP'), the business plan details the WPP's priorities and areas of focus for, 2024/25, 2025/26 and 2026/27. The business plan is constantly monitored and is formally reviewed and agreed every year. The purpose of the business plan is to:

- Explain the background and governance structure of the WPP
- Outline the priorities and objectives of the WPP over the next three years
- Outline the financial budget for the relevant Business Plan period
- Summarise the WPP's Investments & Performance Objectives

## About the Wales Pension Partnership

Established in 2017, the WPP is a collaboration of the eight LGPS funds (Constituent Authorities) covering the whole of Wales and is one of eight national Local Government Pension pools. We have a long, successful history of collaboration, including examples that pre-date the Government's pooling initiative. We are proud of our unique identity as a Pool – our Constituent Authorities represent and span the entirety of Wales. Being democratically accountable means, we provide the best of strong public sector governance and transparency.

Our operating model is designed to be flexible and deliver value for money. We appointed an external fund Operator and make use of external advisers to bring best of breed expertise to support the running of the Pool, this includes Hymans Robertson who have been appointed as the WPP's Oversight Advisor. The Operator is Waystone Management (UK) Limited (Waystone) and they have partnered with Russell Investments to deliver effective investment management solutions with the aim of achieving strong net of fee performance for all the Constituent Authorities. We have a shared vision and agreement on the means and pace at which this vision will be achieved. The eight LGPS Funds (Constituent Authorities) of the Wales Pension Partnership are:



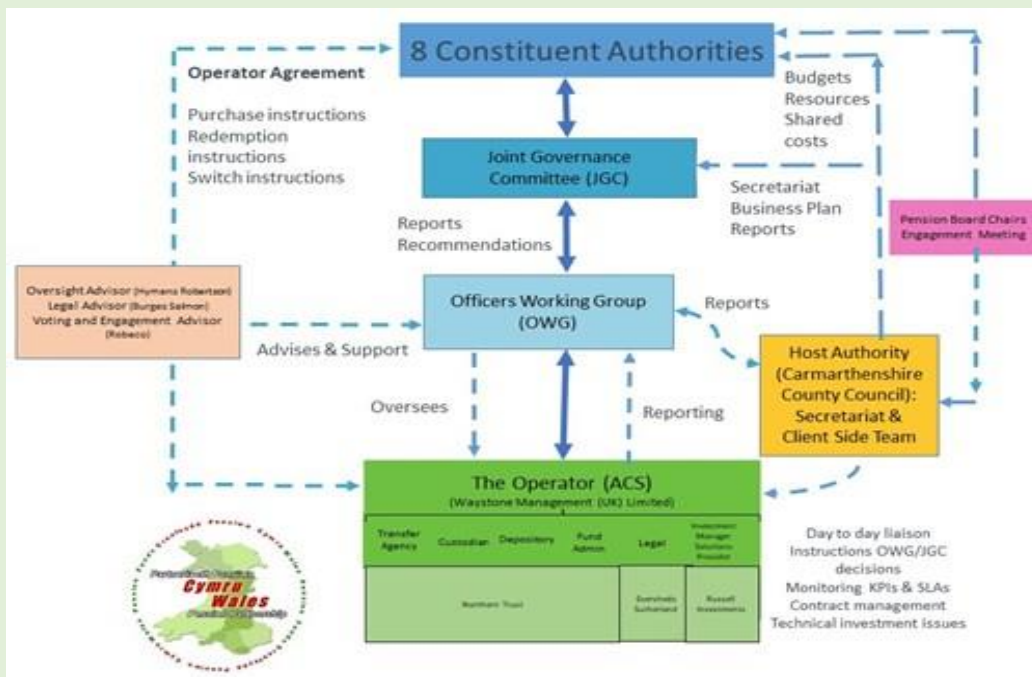
# Governance

The WPP is responsible for ensuring that its business is conducted in accordance with regulation and guidance. We must also ensure that: public money is safeguarded and properly accounted for, used economically, efficiently and effectively to ensure value for money. We also strive for continuous improvement and to conform with industry best practice.

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA), which defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers. The IAA includes a Scheme of Delegation outlining the decision-making process, taking into account the relevant legislation. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure, which has been designed to:



The diagram below shows WPP's governance structure:



The Constituent Authorities sit at the top of the WPP's governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving this Business Plan, which outlines the WPP's budget and workplan, as well as its beliefs and objectives. The Constituent Authorities are heavily involved in all aspects of the WPP's governance structure, while the WPP's Joint Governance Committee and Officers Working Group are comprised respectively of elected councillors, scheme member representative and officer representatives from the Constituent Authorities.

The WPP believes in being open and transparent as well as regularly engaging with its key stakeholders. As such the WPP ensures the meetings of the Joint Governance Committee are accessible to the public via a live webcast stream. Meeting papers are also made publicly available. Local Pension Board engagement days are also held regularly as a means of fostering stakeholder engagement. The WPP recognises the importance of all of its stakeholders to reflect this the WPP has put in place an Engagement Protocol Framework, this is carried out via the following engagement mechanisms:

Engagement mechanisms and Frequency:

- |   |                |
|---|----------------|
| • Strategic Relationship Review meeting | Bi-Annual      |
| • JGC Engagement                        | Quarterly      |
| • Manager Performance Meetings/ Calls   | Quarterly      |
| • Training Events                       | Quarterly      |
| • OWG Engagement                        | Quarterly      |
| • Bi-weekly meetings                    | Every 2 weeks  |
| • Pension Fund Committees               | Annual         |
| • Manager Engagement Days               | Annual         |
| • Member Communications                 | Annual         |
| • Pension Board Engagement              | Every 6 months |
| • Engagement via the website & LinkedIn | Continuous     |

# Risk Management

The Wales Pension Partnership ('WPP') recognises that it faces numerous risks which, if left unmanaged, can limit the WPP's ability to meet its objectives and to act in the best interest of its stakeholders and beneficiaries. However, the WPP also understands that some risks cannot be fully mitigated and that in these instances' risks need to be embraced through active and effective management.

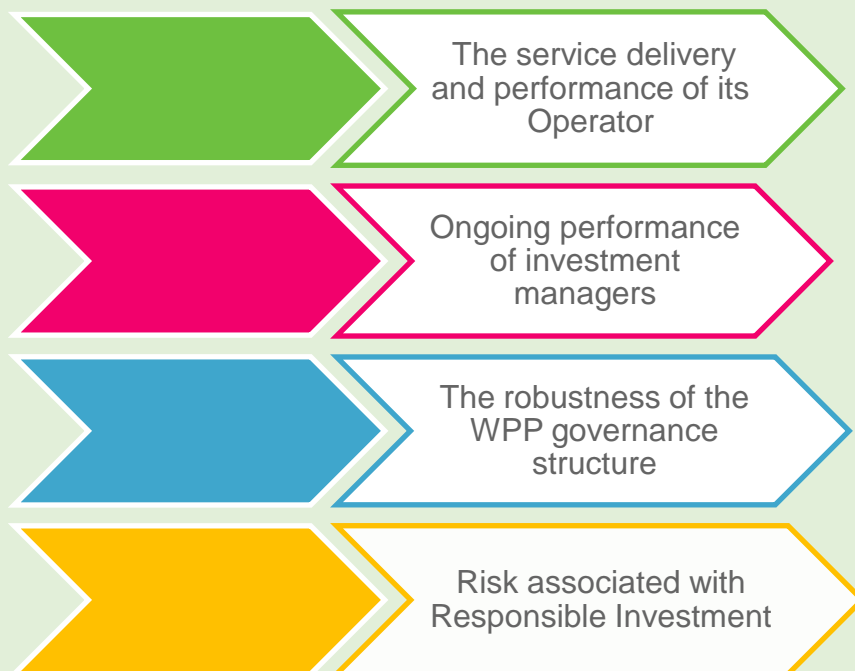
Risk management is a critical element of WPP's commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy. This strategy will be embedded into the WPP's governance framework to ensure better decision-making, improved outcomes for stakeholders and greater efficiency.

The WPP's risk strategy seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP believes that risks are fluid in nature and that the severity and probability of risks can change rapidly and without warning. To reflect this belief, the WPP's Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders.

To deliver on its objectives, the WPP needs to carry out activities or seize opportunities that subject it to risk. The extent to which the WPP is able to effectively balance risk and return will depend on the success of its Risk Policy. It is critical that prior to making decisions the WPP understands the associated risks and considers the means by which these risks could be managed.

The greatest risk to the WPP's continued operation is its ability to deliver on its primary objectives. The WPP's Business Plan is an additional means through which the WPP will give special recognition to risks that pose a material threat to the delivery of its objectives and the actions required to manage these risks.

During the course of this business plan the WPP will seek to develop mechanisms, frameworks and process for managing the following key risks:



# Objectives

The WPP is proud to represent the eight Constituent Authorities and recognises its duty to ensure the needs and requirements of all stakeholders are met. The WPP, through consultation with all eight Constituent Authorities, has formulated a list of primary objectives these can be summarised as follows:

- To provide pooling arrangements which allow individual funds to implement their own investment strategies (where practical)
- To achieve material cost savings for participating funds while improving or maintaining investment performance after fees
- To put in place robust governance arrangements to oversee the Pool's activities.
- To work closely with other pools in order to explore the benefits that all stakeholders in Wales might obtain from wider pooling solutions or potential direct investments
- To deliver an investment framework that achieves the best outcomes for its key stakeholders; the Constituent Authorities. The Constituent Authorities will be able to use this framework to deliver the best outcomes for their Scheme Members & Employers
- To embed the delivery of long-term, sustainable investment outcomes into decision making, through capital allocation, the ongoing scrutiny of asset managers, and the exercise of the rights and responsibilities that arise as asset owners.

The eight Constituent Authorities recognise that their strength derives from their shared beliefs and their ability to work together to deliver on their unified objectives for the benefit of all WPP stakeholders.

# Beliefs

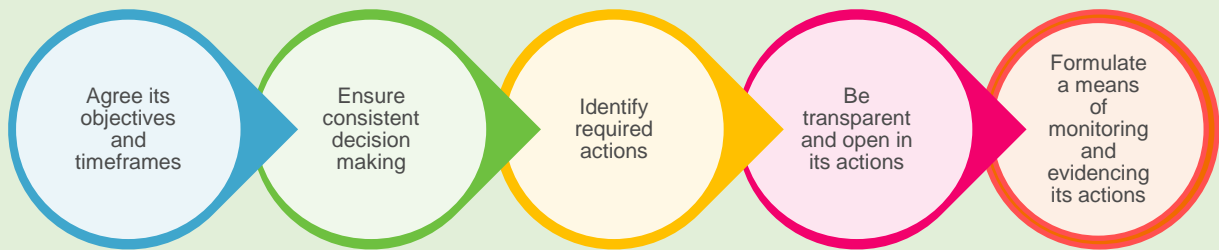
The WPP's Beliefs reflect the collaborative nature and shared values of the Constituent Authorities, they are as follows:

- The WPP's role is to facilitate and provide an investment pooling platform through which the interests of the Constituent Authorities can be implemented
- Good governance should lead to superior outcomes for the WPP's stakeholders
- Internal collaboration between the Host and Constituent Authorities is critical to achieving the WPP's objectives. External collaboration may also be beneficial in delivering cost savings and better outcomes for stakeholders
- Responsible Investment and effective Climate Risk mitigation strategies, alongside consideration and evidential management of broader Environmental, Social and Governance issues, should result in better outcomes for the WPP's stakeholders
- Effective internal and external communication is vital to achieving the WPP's objectives
- External suppliers can be a cost-effective means of enhancing the WPP's resources, capabilities and expertise
- Fee and cost transparency will aid decision making and improve stakeholder outcomes
- Continuous learning, innovation and development will help the WPP and its Constituent Authorities to evolve
- Flexible approach to the WPP pool structure and implementation methods will enable the WPP pool to adapt in future and continue to meet the needs of its stakeholders.

The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies.

# Policies

The WPP believes that good governance should lead to superior outcomes for the WPP's stakeholders. In recognition of this belief, the WPP, in consultation with the Constituent Authorities, has developed a robust governance structure and framework and a set of governing policies. In all instances the WPP's policies and procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities. The WPP understands the importance of formulating and codifying its policies and procedures. This process allows the WPP and the Constituent Authorities, to:



The WPP's key policies, registers and plans are listed below and can be found on the WPP website.



The WPP's policies are reviewed on a regular basis and the WPP will continually assess whether any additional policies, registers or plans are required. The policies play a vital role in the WPP's governance arrangements and have been formulated with the sole purpose of providing a codified framework which will ensure that the WPP achieves its objectives in an effective and transparent means.



# Work Plan

The table below shows key priorities and objectives that the WPP aims to complete over the next three years. The workplan has been broken down into a number of key sections which are all vital to the continued success of the WPP

- **Governance** - The WPP believes that good governance leads to better outcomes for its stakeholders, as such it will further develop its governance framework and carry out ongoing reviews of its existing governance documents and structure.
- **Ongoing Sub-Fund development** – To date the WPP has pooled c70% of its assets and a number of other sub funds are in the process of being developed. The WPP will continue to consult with the Constituent Authorities to ensure that all suitable assets are pooled.
- **Operator Services** - The Operator, alongside the third parties that it employs on behalf of the WPP, are critical to the ongoing activities of the WPP, therefore service delivery of the Operator and third-party suppliers are crucial. The current operator contract comes to an end in December 2024 and the procurement process for the new operator contract is underway.
- **Investments and Reporting** - The WPP recognises the importance of ensuring that existing investment solutions remain optimal and aligned to Constituent Authority requirements, while also delivering the investment return expectations of the Constituent Authorities. The WPP will continue to deliver on its reporting requirements covering areas such as investment performance, risk, Stewardship activities, Responsible Investment and Climate, and will develop further reporting, as and when required.
- **Communication and Training** - The WPP wants to ensure that internal stakeholders and external parties are aware of the WPP's progress and publishes numerous report and updates to ensure that it proactively communicates its progress to stakeholders. These can all be found on the WPP website.
- **Resources, Budget and Fees** - The WPP recognises that insufficient resources pose a significant risk to its ability to deliver an investment framework that achieves the best outcomes for its key stakeholders, the WPP carries out a number of reviews to guarantee that it has suitable resources to deliver on this commitment.

Work to be completed	2024 - 2025	2025 - 2026	2026 - 2027
<b>Governance</b>			
Oversight Advisor procurement process	✓		
Voting & Engagement Service provider procurement process	✓		
Legal Services provider procurement process		✓	
Annual review of WPP's policies and plans	✓	✓	✓
Quarterly reviews of the Risk Register	✓	✓	✓
Respond to any pooling related consultations and carry out any necessary changes as a result of consultation outcomes	✓	✓	✓
<b>Ongoing Sub-Fund development</b>			
Launch the real estate investment programmes	✓		
Launch additional Private Market vintages	✓	✓	✓

Consideration of WPP's Levelling up / impact requirements	✓	✓	✓
Consultation with CAs on need for further Sub-Funds, review and develop, as required	✓	✓	✓
Consideration of Local Investment opportunities	✓	✓	✓
<b>Operator Services</b>			
Complete Operator contract procurement process and implement new operator contract	✓		
Operator and Sub-Fund governance Oversight	✓	✓	✓
<b>Investments and Reporting</b>			
Develop & Implement Private Markets reporting	✓		
Climate-related / TCFD reporting	✓	✓	✓
Stewardship Code reporting	✓	✓	✓
Consider additional reporting that demonstrates WPP's commitment to Responsible Investment	✓	✓	✓
On-going Sub-Fund responsible investment and climate risk performance reporting, scrutiny and challenge	✓	✓	✓
Annual performance review of WPP Sub-Funds	✓	✓	✓
Review of Russell Investment's service delivery in delivering WPP's objectives across Sub-Funds	✓		
On-going engagement with Constituent Authorities regarding ESG / RI standards and their climate ambitions	✓	✓	✓
<b>Communication and Training</b>			
Formulation of WPP's Annual Responsible Investment Progress Report	✓	✓	✓
Formulation of WPP's Annual Training Plan	✓	✓	✓
Formulation of WPP's Annual Update	✓	✓	✓
Formulation of WPP's Annual Report	✓	✓	✓
<b>Resources, Budget and Fees</b>			
Annual review of resources and capacity	✓	✓	✓
Formulation of Annual WPP Budget	✓	✓	✓
Review and Monitoring of Operator / external provider fees	✓	✓	✓

# Training Plan

It is best practice for WPP personnel to have appropriate knowledge and understanding of:

- the regulations and markets relating to pensions;
- the pooling of Local Authority Pension Schemes; and
- relevant investment opportunities.

The WPP's training plan is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities.

WPP personnel should obtain a degree of knowledge and understanding that ensures they are able to carry out their duties associated with the WPP. WPP personnel should also be aware of the WPP's framework, beliefs, policies, governance matrix, the decision-making process and decision logging process.

To aid WPP personnel, the Host Authority will arrange quarterly training sessions which will cover major areas such as investments, administration, regulation requirements, government guidance and market developments. The WPP's training events will primarily focus on meeting the training needs of members of the OWG and JGC, however Constituent Authorities are encouraged to invite Pension Committee Members, as well as Pension Board Representatives if they believe that the training would be beneficial to these individuals.

We have set out below a list of training topics which the Host Authority will arrange training for during the 2024/25 financial year. WPP's training topics are based on current WPP topical priorities and from an analysis of the WPP training requirements questionnaire/ assessment responses, completed by members of the Joint Governance Committee ('JGC') and Officers Working Group ('OWG').

Product Knowledge and Cyber Security:

- WPP Pooled Investments
- Overview of cyber security and consideration for WPP

Policies:

- Responsible Investment Policy
- Climate Risk Policy
- Stewardship Policy

Responsible Investment (RI):

- Net Zero journey planning
- Climate Metrics

Market Understanding & Regulatory Requirements:

- Progress of other LGPS pools & Collaboration Opportunities
- Any new regulatory / guidance developments

# Budget

The table below outlines the WPP's budget for the next three years.

	Forecast 2023-24 outturn	2024-25	2025-26	2026-27
	£'000	£'000	£'000	£'000
Host Authority *	173	231	239	245
External Advisors *	1,559	1,411	1,435	1,541
<b>TOTAL to be recharged</b>	<b>1,732</b>	<b>1,642</b>	<b>1,674</b>	<b>1,786</b>
Operator **	36,079	40,734	45,705	50,231
Allocator **	1,796	7,006	7,016	7,302
<b>TOTAL to be deducted from the NAV</b>	<b>37,875</b>	<b>47,740</b>	<b>52,721</b>	<b>57,533</b>

*\*Host Authority and External Advisor costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.*

*\*\*Operator / Allocator Services costs are based on each Constituent Authority's percentage share of WPP assets and are deducted directly from the Net Asset Value (NAV) of the Constituent Authority's assets.*

# Investments & Performance

The WPP's Constituent Authorities have total assets of circa £22.5bn (as at 31 March 2023). The Constituent Authorities' passive investments are effectively within the Pool but are held by the respective WPP authorities in the form of insurance policies.

The Officers Working Group receives quarterly, six monthly and annual performance reports, the group reviews and challenges the performance of Investment Managers on behalf of the WPP. The WPP hosts annual manager engagement days, which are used to challenge managers and to facilitate engagement with Constituent Authority Pension Committee and Board Members and the WPP's Investment Managers. The Constituent Authorities also carry out their own analysis of WPP's investment performance at local level, this will include manager attendance at Pension Committees. Below we outline the WPP's existing Sub-Funds.

## Equity Sub-Funds



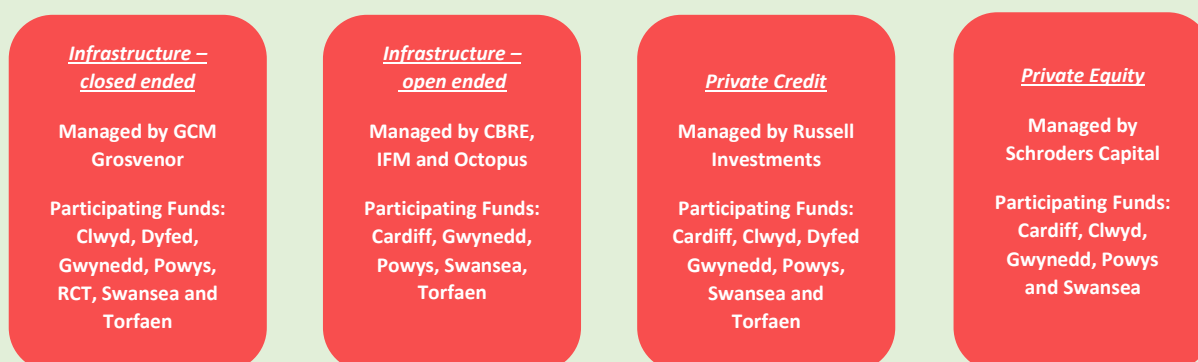
Sub Fund	Performance Benchmark	Participating Funds	Underlying Investment Managers	Launch Date
Global Growth	MSCI ACWI ND	RCT, Dyfed, Gwynedd, Cardiff and Powys	Baillie Gifford, Veritas and Pzena	Feb 19
Global Opportunities	MSCI ACWI ND	Swansea, Torfaen, Gwynedd, RCT and Cardiff	Morgan Stanley, Numeric, Sanders, Jacobs Levy, SW Mitchell, Nissay, Intermede and Oaktree	Feb 19
UK Opportunities	FTSE All Share	Cardiff and Torfaen	Baillie Gifford, Ninety-One, J O Hambro, Liontrust and Fidelity	Sept 19
Emerging Markets	MSCI Emerging Markets ND +1.5%	Cardiff, Clwyd, Gwynedd, Powys and Torfaen	Artisan, Bin Yuan, Barrow Hanley, Axiom, Numeric and Oaktree	Oct 21
Sustainable Active Equity	MSCI ACWI ND	Cardiff, Clwyd, Dyfed, Gwynedd, Powys, RCT, Swansea and Torfaen	Sparinvest, Mirova, Neuberger Berman, Wellington and Artemis	June 23

## Fixed Income Sub-Funds



Sub Fund	Performance Benchmark	Participating Funds	Underlying Investment Managers	Launch Date
Global Credit	Bloomberg Barclays Global Aggregate Credit Index (GBP Hedged)	Cardiff, Dyfed, Gwynedd, Powys and Torfaen	Western, Metlife, Fidelity and Robeco	July 20
Global Government	FTSE WGBI Index (GBP Hedged)	Cardiff and Torfaen	Bluebay and Colchester	July 20
Multi-Asset Credit	3 Month GBP SONIA plus 4%	Cardiff, Clwyd, Gwynedd, Powys, and Swansea	ICG, Man GLG, BlueBay, Barings and Voya	July 20
Absolute Return Bond Fund	3 Month GBP SONIA plus 2%	Gwynedd, Powys and Swansea	Wellington, Aegon and Insight	Sept 20
UK Credit Fund	ICE BofA ML Eur-Stg plus 0.65%	RCT	Fidelity	July 20

## Private Markets



# Contact Details

If you require further information about anything in or related to this business plan, please contact the Wales Pension Partnership:

Postal Address - Wales Pension Partnership

Carmarthenshire County Council

Treasury & Pension Investments Section

County Hall

Carmarthen

SA31 1JP

E-mail - [WalesPensionPartnership@carmarthenshire.gov.uk](mailto:WalesPensionPartnership@carmarthenshire.gov.uk)

Telephone - (01267) 224136

Further information on the WPP and ongoing updates on the WPP's progress can be found on the website and LinkedIn page.

The website can be found here:

<https://www.walespensionpartnership.org/>



# Agenda Item 6



## Report of the Section 151 Officer

Local Pension Board – 10 April 2024

### Breaches Report

<b>Purpose:</b>	The report presents any breaches which have occurred in the period in accordance with the Reporting Breaches Policy.
<b>Report Author:</b>	Claire Elliott
<b>Finance Officer:</b>	Jeff Dong
<b>Legal Officer:</b>	Stephanie Williams
<b>Access to Services Officer:</b>	N/A
<b>For Information</b>	

#### 1. Introduction

- 1.1 The Reporting Breaches policy was adopted with effect from 9 March 2017.
- 1.2 The policy requires a report to be presented to the Pension Board and Pension Fund Committee on a quarterly basis, highlighting any new breaches which have arisen since the previous meeting and setting out:
  - all breaches, including those reported to The Pensions Regulator and those unreported, with the associated dates
  - in relation to each breach, details of what action was taken and the result of any action (where not confidential)
  - any future actions for the prevention of the breach in question being repeated
- 1.3 Following the introduction of GDPR requirements and the requirements to report any breaches to the Information Officer and ICO, if required, it has been determined good practice and transparent to also include GDPR breaches also within this report.

#### 2. Breaches

- 2.1 Under the policy, breaches of the law are required to be reported to the Pensions Regulator where there is reasonable cause to believe that:
  - A legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with



- The failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions.
- 2.2 The Breaches Report is attached at Appendix A and the following further information is provided.
- 2.3 Under the LGPS regulations, interest is paid on retirement lump sum payments if the payment is made more than one month after retirement and calculated at one per cent above the base rate on a day to day basis from the due date of payment and compounded with three-monthly rests.
- 2.4 Since the last report in November 2023, 56% of retirement lumps sums have not been paid within the benchmark (it should be noted that 100% of payments were made within 1 month when all documentation was received). The % of non-payment of retirement lump sums within the specified benchmark was due to the members not returning completed pension election forms within a timely manner. Communication sent to members at time of retirement has been reviewed to ensure that the importance of timely return of required documents is highlighted and reminder triggers put in place.
- 2.5 The basic objective of the General Data Protection Regulation (GDPR) is to enforce stronger data security and privacy rules among organisations when it comes to protecting an individual's personal data. The UK legislation is the Data Protection Act 2018 and mirrors many key principles of the Data Protection Act 1998. Where a breach of a member's personal data happens (a breach of personal data means that a security breach has taken place leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to personal data, transmitted, stored or otherwise processed. [GDPR Article 4(12)]), the Pension Fund (who complies with Swansea Council GDPR Principles) has an obligation to undertake a full investigation within the initial 72-hours of acknowledging a data breach. When the Fund becomes aware of a breach, the appropriate investigation takes place within the stipulated timeframe and the findings presented to the Data Breach Panel for review. The requirements presented for improved working practices by the Data Breach Panel the Fund has incorporated within the day-to-day working practices. There has been no GDPR breach since last reporting date.
- 2.6 The Fund requires that employers pay employee and employer contributions to the Fund on a monthly basis and no later than the 19<sup>th</sup> of the month after which the contributions have been deducted. There have been a single instance during the reporting period where breaches have occurred. In this case, Treasury Management staff have written to the employers to request payment and provide a reminder of the responsibilities to submit on time.
- 2.7 With regards to performance data in respect of processing refunds, in most cases, the sums are quite small, and the problem is locating the member/former member to process the refund, quite often they may have moved address or even passed away.

### **3. Integrated Impact Assessment Implications**

3.1 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.

3.2 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'.

3.3 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.

3.4 There are no equality impact implications arising from this report.

### **4. Legal Implications**

4.1 Where breaches have occurred, the legal implications are outlined in Code of Practice no.14 and GDPR legislation.

### **5. Financial Implications**

5.1 Minimal loss of investment income and a possible penalty charge from TPR.

**Background papers:** None.

#### **Appendices:**

Appendix A: Breaches Register.

**City and County of Swansea Breaches Register - Appendix A: Breaches Register**

Date	Category (e.g. administration, contributions, funding)	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported / Not reported (with justification if not reported and dates)	Outcome of report and/or investigations	New Breach (since last report)
July – August 2022	Administration	Frozen refunds unclaimed for this period equates to 84.37% .... This equates to a monetary value of £12,043.54	Regulations state, no further interest will accrue on or after 5-year anniversary. Should the member enter re-employment membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above	High % due to member not making a positive election to claim refund	Information has been recorded within the breach register	Members are written to 3 months prior to the date of their 5-year anniversary from date of leaving	

			Regulation has been amended to support this. <b>Awaiting confirmation of Regulatory change; going forward there will be no further requirement to report non-payment of refunds as the 5-year anniversary ruling will be removed</b>				
July – August 2022	GDPR	No breaches to report					
July – August 2022	Contributions		Loss of investment returns	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has passed	
September – October 2022	Administration	14.29% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 100% was paid	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due	% due to a delay with the return of the completed pension options (total number 3)		The Fund continues to remind its members of the importance of returning pension option forms in a timely manner	

		within 1 month of receipt of member option return	date, under the 2013 LGPS regulations				
September – October 2022	Administration	Frozen refunds unclaimed for this period is 89.19% .... This equates to a monetary value of £14,786.48	Regulations state, no further interest will accrue on or after 5-year anniversary. Should the member enter re-employment membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this. <b>Awaiting</b>	High % due to member not making a positive election to claim refund	Information has been recorded within the breach register	Members are written to 3 months prior to the date of their 5-year anniversary from date of leaving	

			<b>confirmation of Regulatory change; going forward there will be no further requirement to report non-payment of refunds as the 5-year anniversary ruling will be removed</b>				
September – October 2022	GDPR	No breaches to report					
September – October 2022	Contributions	2 Employers have not paid contributions within required timescale – see below for detail	Loss of investment returns	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has passed	
November 2022 – February 2023	Administration	28.17% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 100% was paid within 1 month of receipt of member option return	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS regulations	% due to a delay with the return of the completed pension options/late provision of pensionable pay figures by the members employer		The Fund continues to remind its members/employers of the importance of returning pension option forms/final pensionable pay figures in a timely manner	
November	Administration	Frozen refunds	Regulations	High % due to	Information has	Members are	

<p>2022 – February 2023</p>		<p>unclaimed for this period is 37.10% .... This equates to a monetary value of £11,337.43</p>	<p>state, no further interest will accrue on or after 5-year anniversary. Should the member enter re-employment membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this. <b>Awaiting confirmation of Regulatory change; going forward there will be no</b></p>	<p>member not making a positive election to claim refund</p>	<p>been recorded within the breach register</p>	<p>written to 3 months prior to the date of their 5-year anniversary from date of leaving</p>	
-----------------------------	--	--	--	--	---	---	--

			<b>further requirement to report non-payment of refunds as the 5-year anniversary ruling will be removed</b>				
November 2022 – February 2023	GDPR	No breaches to report					
November 2022 – February 2023	Contributions	2	2 Employers have not paid contributions within required timescale – see below for detail	Loss of investment returns		Employers are contacted as soon as the deadline for submission of contributions has passed	
March 2023 – June 2023	Administration	17.77% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 100% was paid within 1 month of receipt of member option return	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS regulations	% due to a delay with the return of the completed pension options/late provision of pensionable pay figures by the members employer		The Fund continues to remind its members/employers of the importance of returning pension option forms/final pensionable pay figures in a timely manner	
March 2023 – June 2023	Administration	Frozen refunds unclaimed for this period is 91.03% .... This equates to a	Regulations state, no further interest will accrue on or after 5-year	High % due to member not making a positive election to claim refund	Information has been recorded within the breach register	Members are written to 3 months prior to the date of their 5-year anniversary from	



		monetary value of £20,258	anniversary. Should the member enter re-employment membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this. <b>Awaiting confirmation of Regulatory change; going forward there will be no further requirement to report non-payment of</b>			date of leaving	
--	--	---------------------------	--	--	--	-----------------	--

			<b>refunds as the 5-year anniversary ruling will be removed</b>				
March 2023 – June 2023	GDPR	No breaches to report					
March 2023 – June 2023	Contributions	3	3 Employers have not paid contributions within required timescale – see below for detail	Loss of investment returns		Employers are contacted as soon as the deadline for submission of contributions has passed	
July – August 2023	Administration	4.55% (1 in total) of retirement lump sums not paid within 1 month of normal retirement. 100% of lump sum payments were made within 2-months of early retirement. 100% of lump sum payments were processed within 1 month of receipt of fully completed pension options	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS regulations.	% due to a delay with the provision of final pensionable pay figures by the members employer. As a result of this completed pension options were received outside of the 1-month timeframe by a matter of days.		The Fund continues to remind its employers of the importance of providing final pensionable pay figures in a timely manner.	
July – August 2023	Administration	Frozen refunds unclaimed for this period is	Regulations state, no further interest will	High % due to member not making a positive	Information has been recorded within the	Members are written to 3 months prior to the date of	

		83.87% .... This equates to a monetary value of £14,390.73	accrue on or after 5-year anniversary. Should the member enter re-employment membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this. <b>Awaiting confirmation of Regulatory change; going forward there will be no further requirement to</b>	election to claim a refund of pension contributions within the 5-year timeframe	breach register	their 5-year anniversary from date of leaving	
--	--	--	--	---	-----------------	---	--

			<b>report non-payment of refunds as the 5-year anniversary ruling will be removed</b>				
July – August 2023	GDPR	A possible data breach was investigated and recorded during the month of August	Data breach happened because a staff member failed to complete a process in its entirety.	Training procedures are in place for all tasks actioned. In this instance a staff member updated a members address on our database however during the process the member status i.e. a pensioner member was not identified. The training procedure clearly states that when a member status is listed as a pensioner member, we are obliged to inform Pension Payroll of this change. Unfortunately, the final stage of the process was not adhered to which resulted in three separate hardcopy correspondence	The breach was reported to a Data Protection Officer for Swansea Council for consideration. Following a review of all of the information presented it was determined that the data breach did not reach the threshold for reporting to the ICO. The judgement is based on the risk to the data subject being minimal	Recommendation received from the DPO was to remind staff members of the process guidelines documented with the Change of Address procedure.	

				containing being sent to the members previous address.			
July – August 2023	Contributions	2	2 Employers have not paid contributions within required timescale – see below for detail	Loss of investment returns		Employers are contacted as soon as the deadline for submission of contributions has passed	
Sept – October 2023	Administration	16% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 100% was paid within 1 month of receipt of member option return	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS regulations	% due to a delay with the return of the completed pension options by the member, disinvestment of AVC pot and / or late provision of final pensionable pay details by employer (total number 4)		The Fund continues to remind its members of the importance of returning pension option forms in a timely manner, reminding employers of their KPI requirements to provide final pensionable pay figures. Delay with the disinvestment of AVC monies due to the crossover with the final AVC payment.	
Sept – October 2023	Administration	Frozen refunds unclaimed for this period is 71.70% .... This equates to a monetary value of £4,213.84	Regulations state, no further interest will accrue on or after 5-year anniversary. Should the member enter re-employment	High % due to member not making a positive election to claim refund	Information has been recorded within the breach register	Members are written to 3 months prior to the date of their 5-year anniversary from date of leaving. Member coms has been revised with extra emphasis	

			<p>membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this.</p> <p><b>Awaiting confirmation of Regulatory change; going forward there will be no further requirement to report non-payment of refunds as the 5-year anniversary ruling will be</b></p>			<p>placed on tax implications i.e. 40% taxation to be applied to net value of refund of contributions as payment is deemed to be an unauthorised payment by HMRC.</p>	
--	--	--	--	--	--	---	--

			<b>removed</b>				
April – October 2023	Administration	Swansea Council have not provided an i-Connect file since March 2023.	As an Administering Authority the Fund has failed to meet its commitment in terms of member engagement. This applied to all new starters and those members who have left employment during this period. Total number of members affected was approx. 1,200.  The Fund failed to comply with the KPI's published within the Pension Admin Strategy in terms of member engagement.	Non provision of i-Connect file is resulting from the failure to export accurate data following the instal of a new payroll system.	Information has been recorded within the breach register	New starters were set-up manually on the Pension database and a pension welcome pack issued.  Members who have left employment were issued with options pertaining to the membership vesting period i.e. refund of contributions / deferred benefits.  Due to the volume of cases a number of staff worked one weekend to deal with the backlog of caseloads as this would have encroached on their day-to-day workload.	
Sept – October 2023	GDPR	No breaches to report					
Sept – October 23	Contributions	2	2 Employers have not paid	Loss of investment returns		Employers are contacted as soon	

			contributions within required timescale – see below for detail			as the deadline for submission of contributions has passed	
Nov 2023 – Feb 2024	Administration	56% of retirement lump sums not paid within 1 month of normal retirement & 16.07% of retirement lump sums not paid within 2 months of early retirement; 100% was paid within 1 month of receipt of member option return	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS regulations.	% due to issues with i-Connect File from Swansea Council, a delay with the return of the completed pension options by the member and a % of deferred benefits being put into payment.		The Fund continues to remind its members of the importance of returning pension option forms in a timely manner, reminding employers of their KPI requirements to provide final pensionable pay figures. Due to issues with Swansea Council i-Connect file starters are being set-up on the system manually and leaver information is being actioned from a spreadsheet provided by SC Payroll. There is an expectation that the ongoing I-Connect issues will soon be resolved.	✓
Nov 2023 – Feb 2024	Administration	Frozen refunds unclaimed for this period is 76.74% .... This equates to a	Regulations state, no further interest will accrue on or after 5-year	High % due to member not making a positive election to claim refund	Information has been recorded within the breach register	Members are written to 3 months prior to the date of their 5-year anniversary from	✓



		monetary value of £16,600.35	anniversary. Should the member enter re-employment membership cannot be aggregated, the member will not be able to transfer the benefit out and if a refund is claimed there will be tax implications as this is deemed to be an unauthorised payment. The above is subject to change and we are waiting for confirmation that the above Regulation has been amended to support this. <b>Awaiting confirmation of Regulatory change; going forward there will be no further requirement to report non-payment of</b>			date of leaving. Member coms has been revised with extra emphasis placed on tax implications i.e. 40% taxation to be applied to net value of refund of contributions as payment is deemed to be an unauthorised payment by HMRC.	
--	--	------------------------------	--	--	--	--	--

			<b>refunds as the 5-year anniversary ruling will be removed</b>				
Nov 2023 – Feb 2024	GDPR	No breaches to report					✓
Dec 23 – Feb 24	Contributions	4 Employers made late payments	Employers have not paid contributions within required timescale – see below for detail	Loss of investment returns		Employers are contacted as soon as the deadline for submission of contributions has passed	✓

✓ New breaches since the previous meeting

Page 56

The details of the late Contributors :

No. of Contributors	Due Date	Date Paid	No of Months	Amount £	Organisation Type	Reason
8	19th Feb	20th Feb	1	4,948.39	Community Council	Processing error
1	19th Dec 19th Jan	28th Dec 1st Feb	2	643.80 643.80	Small Admitted Body	Processing error
498	19th Nov 19th Feb	20th Nov 20th Feb	2	264,596.50 277,055.99	College	Staff – long term sick leave
8	19th Jan	31st Jan	1	4,147.26	Community Council	Processing error

# Agenda Item 7



## Report of the Section 151 Officer

Local Pension Board – 10 April 2024

### City & County of Swansea Pension Fund Business Plan 2024/25

<b>Purpose:</b>	To inform the Local Pension Board of the working framework for the Pension Fund's programme of work for 2024/25  Included in the Business Plan 2024/25 : <ul style="list-style-type: none"><li>- The City &amp; County of Swansea Pension Fund Annual Business Plan 2024/25.</li><li>- Risk Register 2024/25.</li><li>- Asset Allocation.</li><li>- Budget 2024/25.</li></ul>
<b>Consultation:</b>	Legal, Finance and Access to Services
<b>Report Author:</b>	Jeff Dong
<b>Finance Officer:</b>	Jeff Dong
<b>Legal Officer:</b>	Stephanie Williams
<b>Access to Services Officer:</b>	Rhian Millar
<b>For information</b>	

#### **Business Plan 2024/25**

##### **1. Background**

1.1 In line with best practice, the Pension Fund produces a business plan, risk register, budget and asset allocation to inform its work programme for the forthcoming 12-month period. The business plan, budget, risk register, asset allocation for 2024/25 is attached at Appendix 1,2,3 and 4.

##### **2. Legal Implications**

2.1 The relevant legal provisions and guidance are set out in the Appendix

### **3. Financial Implications**

3.1 There are no financial implications arising from this report

### **4. Integrated Impact Assessment Implications**

4.1 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.

4.1 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'.

4.2 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.

4.3 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.

#### **Appendices:**

Appendix 1- Business Plan 2024/25.

Appendix 2 – Risk Register.

Appendix 3 – Asset Allocation.

Appendix 4 – Budget.

# **CITY AND COUNTY OF SWANSEA**



## **Pension Fund**

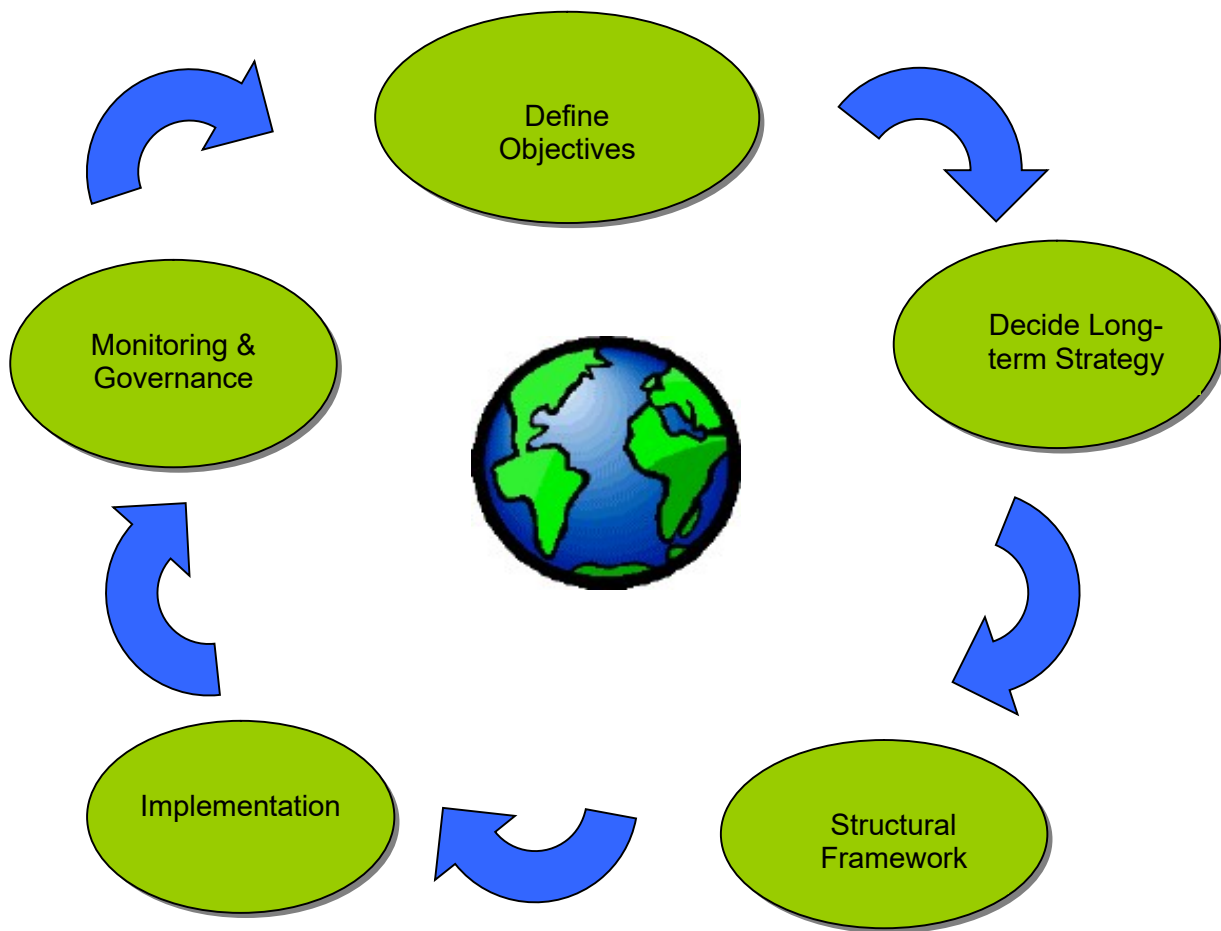
### **Annual Business Plan 2024/25**

# Local Government Pension Scheme City & County of Swansea

## Business Plan

### 1. Decision-making Framework

The Pension Fund Committee have the delegated responsibility to manage the investment arrangements of the Fund to meet the overall investment objectives identified in the Statement of Investment Principles. Investment decisions are taken by the Committee as advised by the Deputy S151 Officer and professional external investment consultants. The Pension Fund Committee use the following framework to formulate their policy in all aspects relating to the management of the Fund's assets.



This Plan relates to the management of the Fund's assets over the medium-term/long term, with a detailed plan of objectives to be addressed in the next twelve months.

## 2. Summary of Investment Arrangements

The primary investment objectives of the Pension Fund Committee as stated in the Investment Strategy Statement are:

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. This funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

The Committee aims to fund the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed in accordance with scheme regulations but will take account of future salary and/or inflation increases.

The Committee has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

It is intended that the Fund's investment strategy will be reviewed approximately every three years and as appropriate in the interim.

The Fund's investment strategy was last reviewed during 2023. A full analysis including both a quantitative (using asset liability modelling) and qualitative analysis was undertaken. This approach helps to ensure that the investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners, deferreds and active members), together with the level of surplus or deficit (relative to the funding basis used). Importantly the review in 2023 incorporates how the fund intends to meet its 2037 carbon net zero objectives in its revised investment strategy. Details of the assumptions used in the quantitative analysis was considered prior to the Committee agreeing any strategic changes.

The Committee monitors investment strategy on an ongoing basis, focusing on factors including, but not limited to:

- Suitability, given the Fund's level of funding and liability profile
- The level of expected risk
- Outlook for asset returns

The Committee also monitors the Fund's actual allocation on a regular basis to ensure it does not notably deviate from the target allocation and is considering a formal rebalancing framework alongside potential changes to the Fund's longer term strategic

asset allocation, however it is recognised that as it transitions to the yielding asset portfolio there shall be periods of variation and deviation.

Performance of the investment managers are collated by PIRC on a whole LGPS basis, this service shall be reviewed on an All Wales basis in due course. Performance of the managers are considered by the Pension Fund Committee on a quarterly basis, with reports and analysis being provided by Hymans.

Each of the external managers provides quarterly reports on performance and makes presentations to Committee as and when required.

### **3. Issues addressed in year to 31 March 2024**

In the last twelve months the Pension Fund Committee has addressed the following investment issues:

#### *a. Objectives*

- The fund reviewed its objectives and shall present them in the revised Investment Strategy Statement

#### *b. Investment Strategy*

The Pension Fund Committee monitored its investment strategy and asset allocation as outlined in The Investment Strategy paper previously, providing an update on progress re. the de-risking strategy and formulating its plan to achieve its net zero by 2037 ambitions. It has also committed significant capital to renewable energy (solar and wind) and timberland and agriculture during the year. It has also committed to investing in residential housing with funds committing to endeavour identifying opportunities in the Swansea area and is currently evaluating a number of local levelling up opportunities

#### *c. Structural Framework*

The Wales Pension Partnership (WPP) has successfully transitioned its active global equities assets (including Swansea) into the WPP ACS. The successful transition of Swansea's active £121m fixed income assets took place in Sep 2020. Work is ongoing in relation to the private market assets in the portfolio with a timetable for implementation to be agreed in 2023/24.

#### *d. Implementation*

- Produced annual report and statement of accounts 2021/22
- Held Annual General Consultative Meeting
- Transitioned active bonds into WPP active fixed income sub funds
- Implemented Swansea specific low carbon overlay re. WPP Global equity assets
- Implemented Equity Protection proxy programme (trade finance)
- Implemented Timberland and Agriculture allocation
- Implemented triennial valuation
- Held employee roadshows



#### *e. Monitoring & Governance*

During the year, the Pension Fund Committee has held quarterly monitoring meetings with reports from the investment consultant and officers in hybrid manner

Similarly, The Local Pension Board has held quarterly hybrid meetings (reviewing the work of the pension fund committee

The Joint Governance Committee (JGC) of the WPP has also met 4 times during the year virtually.

A consultation meeting to consider the 2021/22 Annual Report and Statement of Accounts was held, to which all employing bodies and trade unions were invited.

The Pension Admin Manager held several meetings for employers and members in order to explain the implementation of new regulations, share best practice and improve data submission portals and preparatory work ahead of the triennial valuation 2022 and other changes amongst other administration issues.

#### *f. Environmental, Social, Governance (ESG)*

The Pension Fund Committee has formally adopted and approved its Responsible Investment Policy and Environmental, Social Governance (ESG) Policy. The Fund has successfully transitioned £0.5bn of assets into the Blackrock low carbon fund and was recognised in its responsible investment approach by winning the LAPF Best Approach to Sustainable Investment Approach Award 2019. It has also lobbied and worked with peers in WPP to implement carbon reduction programmes in its portfolios. Consequently, the WPP has submitted its prospectus for the carbon reduction overlay for the WPP Global equities opportunities fund to the FCA for consideration. Swansea is currently also concluding due diligence on a number of impact investments including renewable power ( solar and wind) and affordable/community housing. The fund also was shortlisted for the LAPF Awards in 2020 for best investment innovation ( equity protection) and best approach for sustainable investment ( carbon reduction overlay).

### **4. The Business Plan**

#### *a. Objectives*

The Investment Objectives, Strategy and Risk Profile shall be considered when reviewing the Investment Strategy Statement and when considering the revision of the funding strategy statement that was adopted for the 2019 valuation.

#### *b. Investment Strategy*

The solvency level of the Fund continues to be carefully monitored and following the Triennial Valuation 2022 has achieved 100% funding whilst reducing assumption risk and discount rate and reducing the recovery period The ongoing uncertainty for the world economies and recovery from the effects of the global Covid 19 pandemic/Ukraine crisis and global inflation means that Pension Fund Committee members shall continuously

review the funding level. The strategy will be regularly reviewed to seek to reduce the risk within the portfolio in light of recent gains.

Particular areas to be addressed are as follows:

- Review the effectiveness of the implemented structure of the fund
- Review de-risking strategy
- Review the profile of the Equity protection programme
- Review asset allocation and new asset classes
- Review risk parameters
- Re- balance more efficiently
- Review appropriate fund benchmarks

#### *c. Structural Framework*

The structural framework of the investment management arrangements of the fund has been materially changed by the establishment of the WPP. The joint governance committee has met 4 times during the year and has engaged formally with the chairs of the 8 local Pension Boards and has held a number of joint training sessions during the year.

#### *d. Implementation & Risk Management*

The Committee shall implement decisions taken in respect of the strategy described above and has identified and shall monitor risks identified in Appendix 2 in the Pension Fund Risk Register. A programme to reduce risk in the equity portfolio as the fund reallocates to a variety of yielding real assets was the implementation of an equity protection programme, the progress of which has been reported regularly since inception. The programme has now matured and due to unattractive pricing a proxy programme of trade finance has been implemented to provide the uncorrelated compensating returns whilst the real assets portfolio is deployed.

#### *e. Monitoring & Governance*

The Governance arrangements of the CCS pension fund have been formally reviewed in line with regulations and the Council's constitution has been amended to reflect the same, with the Pension Fund Committee having governance responsibilities for the pension fund and the Local Pension Board providing the oversight and assistance to the Pension Fund Committee to discharge its role.

The Pension Fund Committee will continue to consider issues arising from all the guidance for investment decision making and further improve compliance where required. The Pension Fund Committee awaits the outcome of the scheme governance review guidance due to be published by the scheme advisory board (SAB).

The Chairman (or his nominated Deputy) of the Pension Fund Committee shall be the Swansea representative on the Joint Governance Committee of the Wales Pension Partnership. Following the considerable support of the Chairman of the Pension Fund Committee, the JGC of the WPP has approved the appointment of a Scheme Member Representative of the JGC.

An Annual Consultative Meeting with stakeholders was held to consider the 2021/22 Annual Report and receive and consider the Triennial Valuation Results 2022.

Further open meetings for employers shall be arranged as required to consider revisions to the scheme and the impact of Mc Cloud remedy impact and will consult on further dialogue with DLHC in relation to structural reform of the LGPS.

#### *f. Trustee/Officer Training*

The Deputy S151 Officer and advisors will continue to identify suitable Trustee training opportunities as outlined in the Trustee Training plan and in tandem with the WPP training plan, striving to ensure Trustees are appropriately equipped to discharge their role.

Since the publication of the CIPFA skills and knowledge framework and TPR toolkit , there is a continuing requirement for Pension Fund Committee Trustees to demonstrate acceptable levels of competency to discharge their roles.

The Trustees, in turn are to ensure their own training requirements are being met and are asked to make themselves available for training when required.

Similarly officers are required to demonstrate competency and experience in discharging their roles and the Deputy S151 Officer shall continue to identify training opportunities for the officers of the fund.

The appointed investment consultant, Hymans launched the LGPS National Knowledge Assessment (NKA) self-assessment toolkit to gauge the level of competency of both Committees and Boards. Both members of the Committee and Local Pension Board have undertaken the assessment, and the results and feedback shall inform the items identified for training. The Training Plan Report 2023/24 is also being considered on this agenda.

## **5. Business Plan Timetable**

The following table in Appendix 1 sets out the progress achieved against the 2023/24 business plan and sets out the broad Pension Fund Committee business plan over the next twelve months for 2024/25, the document is a dynamic document which is subject to review during the year. The business plan also includes a projected budget for the forthcoming year in respect of the main areas of income and expenditure and in Appendix 3. Appendix 2 outlines the high-level risk register.

The action plan shall, where appropriate, forms the basis of the agenda items at the Pension Fund Committee meetings.

Review of 2023/24 Business Plan Targets to year ended 31<sup>st</sup> March 2024

Action	Description	Time-scale	Primary Responsibility	Status
1	Formulate Annual Business Plan for 2023/24	Mar 2023	Deputy S 151 Officer	Achieved
2	Implement 2022 Triennial Valuation	April 2023	Deputy S 151 Officer /actuary	Achieved
3	Undertake formal Review of Investment Strategy Statement	April 2023- Nov 2023	Deputy S 151 Officer /investment consultant	Achieved
4	Start Preparatory work to Implement Pensions Dashboard	Jun 2023	Deputy S 151 Officer	Deferred until after valuation
5	Implement revised pension SORP and CIPFA guidance in producing annual report and statement of a/cs	June 2023	Deputy S 151 Officer	Achieved
6	Finalise GMP reconciliation	Apr 2024	Deputy S 151 Officer	Not achieved /ongoing target completion date April 2024
7	Monitor LGPS Regulation Changes and provide response to consultation where necessary to DLHC	MHCLG timetable	Deputy S 151 Officer	Achieved
8	Implement Mc Cloud Remedy	2023/24	Deputy S 151 Officer	Ongoing as operational impact of remedy is appraised and developed with software providers
9	Support the WPP Investment project ( procurement, governance & oversight arrangements, prospectus design, sub fund design, tax, transition management)	Continuous	Deputy S 151 Officer	Achieved & Ongoing
10	Consider and approve Pension Fund Accounts and	November	Deputy S 151 Officer	Achieved

	Annual Report and progress through external audit process	2023		
11	Review performance of WPP fund managers and Swansea fund managers ,	July 2023 September 2023 Dec 2023 March 2024	Deputy S 151 Officer	Ongoing
12	Continue to implement the fund's ESG Policy in respect of reduced carbon exposure and responsible investments	2023/24	Deputy S 151 Officer	Achieved and ongoing
13	Annual consultative meeting with employers re. annual report	November 2023	Deputy S 151 Officer	Achieved Nov 2021
14	Receive presentations from Fund Managers/WPP ACS Operator/advisors	July 2023 September 2023 December 2023 March 2024	Deputy S 151 Officer	Achieved
15	Implement any amendments as a result of revised regulations	MHCLG Timetable	Deputy S 151 Officer	Achieved
16	Review Pension Administration Strategy/Discretions to ensure compliance with legislation	Nov 2023	Deputy S 151 Officer	Achieved
17	Review Communication Strategy to ensure fit for purpose and compliance with regulations	Nov 2023	Deputy S 151 Officer	Achieved
18	Implement training plan as a result of the knowledge and skills assessment of pension fund committee and local pension board members via	July 2023	Deputy S 151 Officer	Partly Achieved – continues in 2024/25

	National knowledge assessment (NKA)			
19	Review Governance arrangements pending issuance of SAB guidance	Dec 2023	Deputy S 151 Officer	Ongoing
20	Develop Roadmap to Net Zero for the Investment Portfolio	Ongoing	Deputy S 151 Officer/Investment Consultant	Net Zero implementation plan approved Nov 2023
21	Review Investment consultant contract	Jun 2023	Deputy S 151 Officer	Not achieved - March 2024

### Business Plan 2024/25 to Year Ending 31 March 2025

Action	Description	Time-scale	Primary Responsibility
1	Formulate Annual Business Plan for 2024/25	Mar 2024	Deputy S 151 Officer
2		April 2023	Deputy S 151 Officer /actuary
3	Undertake formal Review of Investment Strategy Statement	April 2024- Nov 2024	Deputy S 151 Officer /investment consultant
4	Continue Preparatory work to Implement Pensions Dashboard	2024	Deputy S 151 Officer
5	Implement revised pension SORP and CIPFA guidance in producing annual report and statement of a/cs	June – Sep 2024	Deputy S 151 Officer
6	Finalise GMP reconciliation	Apr 2024	Deputy S 151 Officer
7	Monitor LGPS Regulation Changes and provide response to consultation where necessary to DLHC	MHCLG timetable	Deputy S 151 Officer
8	Implement Mc Cloud Remedy	2024/25	Deputy S 151 Officer
9	Support the WPP Investment project (procurement, governance & oversight arrangements, prospectus design, sub fund design, tax, transition management)	Continuous	Deputy S 151 Officer
10	Consider and approve Pension Fund Accounts and Annual Report and progress through external audit process	November 2024	Deputy S 151 Officer

11	Review performance of WPP fund managers and Swansea fund managers,	July 2024 September 2024 Dec 2024 March 2025	Deputy S 151 Officer
12	Continue to implement the fund's ESG Policy in respect of reduced carbon exposure and responsible investments	2024/25	Deputy S 151 Officer
13	Annual consultative meeting with employers re. annual report	November 2024	Deputy S 151 Officer
14	Receive presentations from Fund Managers/WPP ACS Operator/advisors	July 2024 September 2024 December 2024 March 2025	Deputy S 151 Officer
15	Implement any amendments as a result of revised regulations	MHCLG Timetable	Deputy S 151 Officer
16	Review Pension Administration Strategy/Discretions to ensure compliance with legislation	Nov 2024	Deputy S 151 Officer
17	Review Communication Strategy to ensure fit for purpose and compliance with regulations	Nov 2024	Deputy S 151 Officer
18	Implement training plan as a result of the knowledge and skills assessment of pension fund committee and local pension board members via National knowledge assessment (NKA)	July 2024	Deputy S 151 Officer
19	Review Governance arrangements pending issuance of SAB guidance	Dec 2024	Deputy S 151 Officer
20	Undertake cyber security 'wargame' testing	Ongoing 2024/25	Deputy S 151 Officer/Investment Consultant
21	Implement revised investment strategy 2023	2024	Deputy S 151 Officer

## City &amp; County of Swansea Pension Fund Risk Register 2024/25

Risk	Existing control measures /new control measures	Impact	Likelihood	Assigned	Date	Risk status
<b>CCSPF1- Failure to comply with LGPS Regulation</b>  <b>If there is failure to comply with regulation, there would be adverse audit opinion and loss of trust from employers within scheme</b>	<ul style="list-style-type: none"> <li>Well trained staff</li> <li>CPD</li> <li>Pensions Officer Group</li> <li>Society of Welsh Treasurers</li> <li>Internal/external audit regime</li> </ul>	High	Low	JD	2024/25	Green
<b>CCSPF2 – Failure to process accurate pension benefits in a timely manner</b>  <b>If a pension benefit is paid incorrectly there could be a cost to the fund or penalty imposed for lateness of payment</b>	<ul style="list-style-type: none"> <li>Well trained staff</li> <li>Established procedure with imbedded checks and segregation of duties in place</li> <li>Regular KPI monitoring</li> <li>Use of market leading software Altair</li> <li>NFI checks</li> <li>Atmos checks</li> <li>GDPR</li> </ul>	High	Low	JD	2024/25	Green
<b>CCS PF3- Failure to collect and account for full receipt of contributions from employers and employees on time</b>  <b>If there is a failure to collect appropriate contributions there may be a rise in employers contributions and an adverse impact on cashflow and the ability to pay benefits and adverse audit opinion</b>	<ul style="list-style-type: none"> <li>Contribution timetable/monitoring procedure</li> <li>Administering Authority agreement</li> <li>Escalation and fines for non compliance</li> <li>Internal audit</li> </ul>	High	Low	JD	2024/25	Green
<b>CCS PF4 – Failure to keep pension records up to date</b> <b>If pension records are not up to</b>	<ul style="list-style-type: none"> <li>Administering Authority agreement with employers to ensure timely passing of</li> </ul>	High	Medium	JD	2024/25	Amber



<p>date, a wrong benefit may be calculated and paid</p>	<p>information</p> <ul style="list-style-type: none"> <li>• Data accuracy checks undertaken</li> <li>• Data validation on Altair system</li> <li>• Periodic data validation by scheme actuary/NFI</li> <li>•</li> </ul>					
<p><b>CCSPF 5 Failure to hold personal data securely</b></p> <p>If there is breach of data there is a risk to the individual's details and loss of trust in the Authority</p>	<ul style="list-style-type: none"> <li>• Compliance with GDPR</li> <li>• Business Continuity plan</li> <li>• IT Security Policy</li> <li>• Systems and pension payroll audit annually</li> </ul>	High	Low	JD	2024/25	Green
<p><b>CCSPF6 Loss of funds through fraud or misappropriation by Administrative staff</b></p> <p>If funds are lost through fraud or misappropriation by Administrative staff could lead to increase in employer contributions</p>	<ul style="list-style-type: none"> <li>• Segregation of duties</li> <li>• Clear roles and responsibilities and schemes of delegation</li> <li>• Internal external audit</li> </ul>	High	Low	LM	2024/25	Green
<p><b>CCSPF7 – Loss funds through fraud or misappropriation in investment related functions</b></p> <p>If funds are lost through fraud or misappropriation in investment related functions could lead to increase in employer contributions</p>	<ul style="list-style-type: none"> <li>• Segregation of duties</li> <li>• Clear roles and responsibilities and schemes of delegation</li> <li>• Internal/external audit</li> <li>• Regulatory control reports by external fund managers, custodians, fund administrators</li> <li>• FCA registration</li> <li>• Due diligence upon appointment</li> </ul>	High	Low	JD	2024/25	Green
<p><b>CCSPF8- Liquidity/cashflow risks – insufficient liquid assets with which to meet liabilities as they fall due</b></p> <p>If levels of liquidity are insufficient then pension payments may not be able to be met</p>	<ul style="list-style-type: none"> <li>• Weekly pension fund cash investments monitoring</li> <li>• SIP allocation to liquid assets</li> </ul>	High	Low	JD	2024/25	Green

<b>CCSPF 9- Volatility in employer contribution rates due to decrease/increase in valuation of assets/liabilities</b>	<ul style="list-style-type: none"> <li>Engage with expert actuary to make appropriate assumptions and employ suitable mechanisms to mitigate unaffordable rises</li> <li>Regular monitoring of investment manager performance</li> <li>Diversified investment asset allocation</li> </ul>	High	Medium	JD	2024/25	Amber
<b>CCSPF10- Prolonged failure of investment managers to achieve their objective returns</b>	<ul style="list-style-type: none"> <li>Regular investment monitoring by officers</li> <li>Regular presentation to pension fund committee</li> <li>Ability to sack managers</li> <li>Diversified investment strategy with a number of different managers</li> </ul>	Medium	Medium	JD	2024/25	Green/Amber
<b>CCSPF11- Price Risk- the volatility of the price of the quoted investments held exposes the fund to the risk of price movements in the market</b>	<ul style="list-style-type: none"> <li>A comprehensive diversified investment approach is adopted</li> </ul>	High	Low	JD	2024/25	Green
<b>CCSPF 12- Interest rate risk- The risk of exposure to significant interest rate rises</b>	<ul style="list-style-type: none"> <li>A comprehensive diversified investment approach is adopted</li> </ul>	Medium	Low	JD	2024/25	Green
<b>CCSPF 13 Discount Rate Risk- Volatility in the discount rate used inflates the level of liabilities to be paid</b>	<ul style="list-style-type: none"> <li>Engage professionally qualified actuary who can mitigate the effects of abnormal discount rates</li> </ul>	High	Medium	JD	2024/25	Amber
<b>CCSPF 14 Foreign Exchange Risk- The risk of fluctuation the value of foreign currencies ( the fund holds foreign investments whilst its liabilities are payable in sterling)</b>	<ul style="list-style-type: none"> <li>A comprehensive diversified investment approach is adopted</li> <li>Good cashflow management</li> </ul>	High	Low	JD	2024/25	Green

<b>CCSPF 15 – having suitably trained/experienced staff</b>	<ul style="list-style-type: none"> <li>• Training, development and succession planning</li> </ul>	High	Medium	JD	2024/25	Amber
<b>CCPF 16- Having suitably trained knowledgeable Pension Fund Committee Members/Local Pension Board Members</b>	<ul style="list-style-type: none"> <li>• CIPFA Knowledge and Skills framework</li> <li>• TPR Toolkit</li> <li>• Training Plan</li> <li>• Professional Advisors/Officers advising</li> </ul>	High	Low	JD	2024/25	Green
<b>CCSPF 17- Having adequate cyber security to protect members’ data and ability to continue to pay benefits</b>	<ul style="list-style-type: none"> <li>• Comprehensive firewall and cyber security systems used by the Admin Authority and hosted system providers</li> <li>• Cyber security audit</li> </ul>	High	Low	JD	2024/25	Green
<b>CCSPF 18 -</b>						

Target Asset Allocation –

APPENDIX 3

Asset Class	Target Asset Allocation			Benchmark	Performance target
		Passive	Active		
Global Equities	49% +/- 5%	✓	✓		
Global Fixed Interest	9% +/- 5%	✓	✓		
Property incl residential	10% +/- 5%		✓		
Hedge Funds	0% +/- 2%				
Private Equity	10% +/- 5%		✓		
Infrastructure	8% +/- 5%		✓		
Private Debt	5% +/-1%		✓		
Natural capital	5% +/-1%		✓		
Trade Finance	3% +/-1%		✓		
Cash	1% +/- 5%	-			
In house and FM Cash					
Global Bond Funds					
<b>TOTAL</b>	<b>100%</b>	<b>23%</b>	<b>77%</b>	<b>100%</b>	

	Actual 2022/23	Probable 2023/24	Estimate 2024/25
<b>Membership Numbers</b>			
Contributors	22,699	23,054	23,400
Pensioners	14,737	15,141	15,545
Deferred	12,390	12,238	12,400
	<b>49,826</b>	<b>50,433</b>	<b>51,345</b>
	Actual 2022/23 £'000	Probable 2023/24 £'000	Estimate 2024/25 £'000
<b>Income</b>			
Employer Contributions	95,666	88,728	89,000
Employee Contributions	23,915	25,907	26,000
Transfers In	4,179	5,400	4,500
Other Income	14	150	150
Investment Income	32,230	27,000	27,000
	<b>156,004</b>	<b>147,185</b>	<b>146,650</b>
<b>Expenditure</b>			
Pensions Payable	75,861	84,585	90,400
Lump Sum Benefits	16,115	19,000	17,000
Death Grants	2,416	1,800	2,000
Refunds	248	184	200
Transfers Out	4,230	8,000	5,000
	<b>98,870</b>	<b>113,569</b>	<b>114,600</b>
<b>Administrative Expenses</b>			
Support Services	798	800	800
Actuarial Fees	122	80	120
Consultancy Service	253	178	180
External Audit Fees	51	51	51
Performance Monitoring Fees	9	10	10
Printing & Publications	15	18	18
Software Licences	338	350	350
Membership Fees	25	32	32
Legal Fees	21	22	15
Other	211	220	220
Pension Fund Committee	1	2	2
Pension Board	1	2	2
Training	10	10	15
Wales Pension Partnership Fees	158	217	205
	<b>2,013</b>	<b>1,992</b>	<b>2,020</b>
<b>Investment Expenses</b>			
Management Fees	6,978	9,000	10,000
Performance Fees	2,537	4,000	5,000
Custody Fees	302	321	400
Transaction Costs	2,277	2,500	3,000
	<b>12,094</b>	<b>15,821</b>	<b>18,400</b>

# Agenda Item 8



## Report of the Chief Legal Officer

Local Pension Board – 10 April 2024

### Exclusion of the Public

<b>Purpose:</b>	To consider whether the Public should be excluded from the following items of business.	
<b>Policy Framework:</b>	None.	
<b>Consultation:</b>	Legal.	
<b>Recommendation(s):</b>	It is recommended that:	
<b>1)</b>	The public be excluded from the meeting during consideration of the following item(s) of business on the grounds that it / they involve(s) the likely disclosure of exempt information as set out in the Paragraphs listed below of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007 subject to the Public Interest Test (where appropriate) being applied.	
	<b>Item No's.</b>	<b>Relevant Paragraphs in Schedule 12A</b>
	9-14	14
<b>Report Author:</b>	Democratic Services	
<b>Finance Officer:</b>	Not Applicable	
<b>Legal Officer:</b>	Tracey Meredith – Chief Legal Officer (Monitoring Officer)	

#### 1. Introduction

- 1.1 Section 100A (4) of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, allows a Principal Council to pass a resolution excluding the public from a meeting during an item of business.
- 1.2 Such a resolution is dependant on whether it is likely, in view of the nature of the business to be transacted or the nature of the proceedings that if members of the public were present during that item there would be disclosure to them of exempt information, as defined in section 100I of the Local Government Act 1972.

## **2. Exclusion of the Public / Public Interest Test**

- 2.1 In order to comply with the above mentioned legislation, Cabinet will be 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 Paragraphs of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.
- 2.2 Information which falls within paragraphs 12 to 15, 17 and 18 of Schedule 12A of the Local Government Act 1972 as amended is exempt information if and so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
- 2.3 The specific Exclusion Paragraphs and the Public Interest Tests to be applied are listed in **Appendix A**.
- 2.4 Where paragraph 16 of the Schedule 12A applies there is no public interest test. Councillors are able to consider whether they wish to waive their legal privilege in the information, however, given that this may place the Council in a position of risk, it is not something that should be done as a matter of routine.

## **3. Financial Implications**

- 3.1 There are no financial implications associated with this report.

## **4. Legal Implications**

- 4.1 The legislative provisions are set out in the report.
- 4.2 Councillors must consider with regard to each item of business set out in paragraph 2 of this report the following matters:
  - 4.2.1 Whether in relation to that item of business the information is capable of being exempt information, because it falls into one of the paragraphs set out in Schedule 12A of the Local Government Act 1972 as amended and reproduced in Appendix A to this report.
  - 4.2.2 If the information does fall within one or more of paragraphs 12 to 15, 17 and 18 of Schedule 12A of the Local Government Act 1972 as amended, the public interest test as set out in paragraph 2.2 of this report.
  - 4.2.3 If the information falls within paragraph 16 of Schedule 12A of the Local Government Act 1972 in considering whether to exclude the public members are not required to apply the public interest test but must consider whether they wish to waive their privilege in relation to that item for any reason.

**Background Papers:** None.

**Appendices:** Appendix A – Public Interest Test.

## Public Interest Test

No.	Relevant Paragraphs in Schedule 12A
<b>12</b>	<b>Information relating to a particular individual.</b>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 12 should apply. Their view on the public interest test was that to make this information public would disclose personal data relating to an individual in contravention of the principles of the Data Protection Act. Because of this and since there did not appear to be an overwhelming public interest in requiring the disclosure of personal data they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
<b>13</b>	<b>Information which is likely to reveal the identity of an individual.</b>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 13 should apply. Their view on the public interest test was that the individual involved was entitled to privacy and that there was no overriding public interest which required the disclosure of the individual's identity. On that basis they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
<b>14</b>	<b>Information relating to the financial or business affairs of any particular person (including the authority holding that information).</b>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 14 should apply. Their view on the public interest test was that:</p> <ul style="list-style-type: none"> <li>a) Whilst they were mindful of the need to ensure the transparency and accountability of public authority for decisions taken by them in relation to the spending of public money, the right of a third party to the privacy of their financial / business affairs outweighed the need for that information to be made public; or</li> <li>b) Disclosure of the information would give an unfair advantage to tenderers for commercial contracts.</li> </ul> <p>This information is not affected by any other statutory provision which requires the information to be publicly registered.</p> <p>On that basis they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>



No.	Relevant Paragraphs in Schedule 12A
15	<p><b>Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.</b></p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 15 should apply. Their view on the public interest test was that whilst they are mindful of the need to ensure that transparency and accountability of public authority for decisions taken by them they were satisfied that in this case disclosure of the information would prejudice the discussion in relation to labour relations to the disadvantage of the authority and inhabitants of its area. On that basis they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
16	<p><b>Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.</b></p>
	<p>No public interest test.</p>
17	<p><b>Information which reveals that the authority proposes:</b>  <b>(a) To give under any enactment a notice under or by virtue of which requirements are imposed on a person; or</b>  <b>(b) To make an order or direction under any enactment.</b></p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 17 should apply. Their view on the public interest test was that the authority's statutory powers could be rendered ineffective or less effective were there to be advanced knowledge of its intention/the proper exercise of the Council's statutory power could be prejudiced by the public discussion or speculation on the matter to the detriment of the authority and the inhabitants of its area. On that basis they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
18	<p><b>Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime</b></p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 18 should apply. Their view on the public interest test was that the authority's statutory powers could be rendered ineffective or less effective were there to be advanced knowledge of its intention/the proper exercise of the Council's statutory power could be prejudiced by public discussion or speculation on the matter to the detriment of the authority and the inhabitants of its area. On that basis they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>

# Agenda Item 9

By virtue of paragraph(s) 14 of Schedule 12A  
of the Local Government Act 1972  
as amended by the Local Government (Access to  
Information) (Variation) (Wales) Order 2007.

Document is Restricted

By virtue of paragraph(s) 14 of Schedule 12A  
of the Local Government Act 1972  
as amended by the Local Government (Access to  
Information) (Variation) (Wales) Order 2007.

Document is Restricted

By virtue of paragraph(s) 14 of Schedule 12A  
of the Local Government Act 1972  
as amended by the Local Government (Access to  
Information) (Variation) (Wales) Order 2007.

Document is Restricted

# Agenda Item 10

By virtue of paragraph(s) 14 of Schedule 12A  
of the Local Government Act 1972  
as amended by the Local Government (Access to  
Information) (Variation) (Wales) Order 2007.

Document is Restricted

By virtue of paragraph(s) 14 of Schedule 12A  
of the Local Government Act 1972  
as amended by the Local Government (Access to  
Information) (Variation) (Wales) Order 2007.

Document is Restricted

By virtue of paragraph(s) 14 of Schedule 12A  
of the Local Government Act 1972  
as amended by the Local Government (Access to  
Information) (Variation) (Wales) Order 2007.

Document is Restricted

# Agenda Item 11

By virtue of paragraph(s) 14 of Schedule 12A  
of the Local Government Act 1972  
as amended by the Local Government (Access to  
Information) (Variation) (Wales) Order 2007.

Document is Restricted



By virtue of paragraph(s) 14 of Schedule 12A  
of the Local Government Act 1972  
as amended by the Local Government (Access to  
Information) (Variation) (Wales) Order 2007.

Document is Restricted

# Agenda Item 12

By virtue of paragraph(s) 14 of Schedule 12A  
of the Local Government Act 1972  
as amended by the Local Government (Access to  
Information) (Variation) (Wales) Order 2007.

Document is Restricted

By virtue of paragraph(s) 14 of Schedule 12A  
of the Local Government Act 1972  
as amended by the Local Government (Access to  
Information) (Variation) (Wales) Order 2007.

Document is Restricted

# Agenda Item 13

By virtue of paragraph(s) 14 of Schedule 12A  
of the Local Government Act 1972  
as amended by the Local Government (Access to  
Information) (Variation) (Wales) Order 2007.

Document is Restricted

By virtue of paragraph(s) 14 of Schedule 12A  
of the Local Government Act 1972  
as amended by the Local Government (Access to  
Information) (Variation) (Wales) Order 2007.

Document is Restricted

# Agenda Item 14

By virtue of paragraph(s) 14 of Schedule 12A  
of the Local Government Act 1972  
as amended by the Local Government (Access to  
Information) (Variation) (Wales) Order 2007.

Document is Restricted

By virtue of paragraph(s) 14 of Schedule 12A  
of the Local Government Act 1972  
as amended by the Local Government (Access to  
Information) (Variation) (Wales) Order 2007.

Document is Restricted