



City and County of Swansea

Minutes of the **Local Pension Board**

Committee Room 5, Guildhall, Swansea

Tuesday, 5 September 2017 at 10.00 am

Present:

Employer Representatives:

J Andrew - Director of Finance NPT Homes

Councillor T M White – City & County of Swansea

Councillor A Lockyer – Neath Port Talbot County Borough Council

Local Pension Board Member Representatives:

I Guy - Neath Port Talbot County Borough Council

A Thomas - City & County of Swansea

Officer(s)

Jeffrey Dong

Chief Treasury & Technical Officer

Lynne Miller

Principal Pensions Manager

Ben Smith

Section 151 Officer

Stephanie Williams

Principal Lawyer

Apologies for Absence

Local Pension Board Member Representative(s): A Chaves

1 To Elect a Chair for the 2017-2018 Municipal Year.

Resolved that Mr Ian Guy be elected Chair for the 2017-2018 Municipal Year.

(Mr Ian Guy Presided)

2 To Elect a Vice-Chair for the 2017-2018 Municipal Year.

Resolved that John Andrew be elected Vice-Chair for the 2017-2018 Municipal Year.

3 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: -

Board Members:

J Andrew – Agenda as a whole – Member of Local Government Pension Scheme – personal.

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

Councillor A R Lockyer – Agenda as a whole – Member of Local Government Pension Scheme – personal.

A Thomas – Agenda as a whole – Member of Local Government Pension Scheme – personal.

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

Officers:

J Dong – Agenda as a whole – Member of Local Government Pension Scheme – personal.

L Miller – Agenda as a whole – Member of Local Government Pension Scheme – personal.

J Parkhouse – Agenda as a whole – Member of Local Government Pension Scheme – personal.

B Smith – Agenda as a whole – Member of Local Government Pension Scheme – personal.

S Williams – Agenda as a whole – Member of Local Government Pension Scheme – personal.

4 Minutes.

Resolved that the Minutes of the Local Pension Board held on 23 March 2017 be signed and approved as a correct record.

5 Draft Statement of Accounts 2016/17.

The Chief Treasury and Technical Officer presented the draft statement of accounts for the City & County of Swansea Pension Fund.

It was explained that the accounts formed a distinct and separate component of the Statement of Accounts of the City & County of Swansea as a whole. The Wales Audit Office had commenced their audit of the Pension Fund Draft Statement of Accounts 2016/17 in line with their audit plan presented to Pension Fund Committee earlier in the year. Their report would be presented to Pension Fund Committee on the 14th September 2017.

The Pension Fund Statement of Accounts 2016/17 was attached at Appendix 1 of the report.

The Committee asked questions / commented in relation to the impact of Brexit upon the fund, contributions made by Admitted Bodies, interest on investment income, investment management expenses and oversight / governance costs.

Resolved that the Draft Statement of Accounts 2016/17 be noted.

6 Wales Pension Partnership - Update.

The Chief Treasury and Technical Officer presented a 'for information' report that informed the Pension Fund Committee on the progress of the All Wales Investment Pool.

Appendix 1 of the report contained an updated timetable and progress update produced by the Wales Pension Partnership's Advisors, Hymans Robertson.

It was added that the Joint Governance Committee (JCG) had its first formal meeting on 29 June 2017. The remit of the JCG was set out in the IAA. The JCG would oversee the procurement process for the Operator and the formal Joint Committee would make the final recommendation to appoint the bidder who best meets the specification criteria.

The Investment Practitioners Group and Officer Working Group (OWG) had been working in consultation with Hymans Robertson and the appointed legal advisors Burges Salmon, in formulating and finalising the procurement process and documentation. The final Invitation to tender (ITT) was issued in June 2017. The evaluation has been ongoing since receipt of tenders in July 2017. The OWG is scheduled to make the recommendation to appoint an operator to the JCG in September 2017. However, the timetable may be subject to delay. The decision would then be approved by each Pension Fund Committee.

7 Training Plan.

The Chief Treasury and Technical Officer presented a report that sought to determine an annual training programme for the Local Pension Board.

It was outlined that the Local Pension Board had undertaken the following training in the last 12 months:

LGA Trustee Fundamentals days 1-3, Triennial Valuation Training and CIPFA Governance Update Training.

The following training was recommended: -

LGA Trustee Fundamental days 1-3 (for Local Pension Board members who missed the previous session), CIPFA Local Pension

Board member training, regulated investment vehicle training, investment beliefs and ESG training and transition management training.

Resolved that the training identified in paragraph 3.1 of the report for the City & County of Swansea Local Pension Board, be approved and any training outside the budget of the Board be approved by the Section 151 Officer.

8 MIFID II.

The Chief Treasury and Technical Officer presented a 'for information' report that informed the Local Pension Board on MIFID II and its potential impact on the LGPS nationally and locally.

The potential Impact on the LGPS, the proposed assessment required and the way forward were outlined. The Local Government Association response was provided at Appendix 1.

9 LGPS Code of Cost Transparency.

The Chief Treasury and Technical Officer presented a 'for information' report that informed the Local Pension Board on the new voluntary code of conduct on cost transparency in the fund management industry.

Attached at Appendix 1 was the Code of Conduct for Cost Transparency. It was recognised that the template for completion had only been developed for equity mandates at this stage and the templates for other asset classes were being developed. However, it was intended to engage the appointed equity managers and (other asset class managers as the templates became available) to sign up to the voluntary code. It was noted that this should become a requisite of any future appointments to the fund or the Wales Pension Partnership Pool.

The Board asked questions regarding the Wales Pension Partnership signing up to the code and prospects for recovering costs.

10 Breaches.

The Chief Treasury and Technical Officer presented a 'for information' report that informed the Local Pension Board of any breaches that had occurred in the Pension Fund in accordance with the Reporting Breaches Policy.

The Breaches Report was attached at Appendix A. Further information was provided in respect of retirement lump sum payments, an indicative allocation to Global Equities, employers not paying contributions within the required timescale and the failure by one employer (Gwrp Gwalia) to submit data to the Pension Fund by 30 April in order for the end-of-year reconciliation of contributions and pay to be added to members' records.

The Board discussed the Breaches report and discussed the options available to address the breaches.

11 Infrastructure Manager Appointment.

The Chief Treasury and Technical Officer presented a 'for information' report that updated the Local Pension Board on the appointment of a core infrastructure manager.

The Board were advised that following a presentation and evaluation exercise, the Pension Fund Committee selected First State who were appointed as the core infrastructure manager for the City & County of Swansea Pension Fund.

12 GMP Reconciliations Report.

The Principal Pensions Manager presented a 'for information' report which informed the Board that an exercise was being undertaken to consider the options available to complete the GMP reconciliation exercise within the required timescales.

It was highlighted that the reconciliation exercise had been resource intensive and the potential risk to the Pension Fund was outlined if the work was not completed by the required deadline. The Fund had therefore signed up to the National LGPS Framework to obtain information about the options available, which included consultancy support and the procurement of the services of a field expert, to complete the exercise within the limited timescale remaining.

The consideration of the options was ongoing and a further report would be presented at the earliest opportunity.

13 Outgoing Chair.

The Chair thanked the outgoing Chair, Councillor A Lockyer for his work during the previous Municipal Year and for strengthening the links between the Board and the Pension Fund Committee.

14 Lynne Miller - Principal Pensions Manager.

The Chair announced that this was the final meeting for Lynne Miller, Principal Pensions Manager, who was retiring at the end of September 2017. He thanked her for her work and commitment and on behalf of the Local Pension Board, wished her a healthy and happy retirement.

The meeting ended at 11.55 am

Chair