



Dinas a Sir Abertawe

Hysbysiad o Gyfarfod

Fe'ch gwahoddir i gyfarfod

Y Bwrdd Pensiwn Lleol

Lleoliad: Ystafell Bwyllgor 5 - Neuadd y Ddinas, Abertawe

Dyddiad: Dydd Gwener, 5 Ionawr 2018

Amser: 10.00 am

Cadeirydd: Mr Ian Guy

Aelodaeth:

Cynrychiolwyr Cyflogwr:

Y Cynghorydd T M White (Dinas a Sir Abertawe), Y Cynghorydd Alan Lockyer (Cyngor Bwrdeistref Sirol Castell-nedd Port Talbot), J Andrew (Cyfarwyddwr Cyllid Cartrefi CNPT).

Cynrychiolwyr Aelodau'r Bwrdd Pensiwn Lleol:

A Chaves & A Thomas.

Agenda

Rhif y Dudalen.

- | | | |
|----------|--|----------------|
| 1 | Ymddiheuriadau am absenoldeb. | |
| 2 | Datgeliadau o fuddiannau personol a rhagfarnol.
www.abertawe.gov.uk/DatgeliadauBuddiannau | |
| 3 | Cofnodion.
Cymeradwyo a llofnodi, fel cofnod cywir, gofnodion y cyfarfod(ydd) blaenorol. | 1 - 5 |
| 4 | Adroddiad(au) Swyddog Adran 151. | |
| a | Adroddiad am Doriadau. | 6 - 10 |
| b | Partneriaeth Pensiwn Cymru - Y Diweddaraf am Gynnydd. | 11 - 25 |
| c | Y Diweddaraf am y Strategaeth Weinyddol - Drafft. | 26 - 51 |
| 5 | Gwahardd y Cyhoedd. | 52 - 55 |
| 6 | Adroddiad(au) Swyddog Adran 151. | |
| a | Partneriaeth Pensiwn Cymru - Argymhelliad i Benodi Gweithredwr Cynllun Cytundebol Awdurdodedig. | 56 - 73 |
| 7 | Adroddiad yr Ymgynghorydd Buddsoddi. | |
| a | Creodaau Buddsoddi. | 74 - 79 |
| b | Materion Amgylcheddol, Cymdeithasol a Llywodraethu. | 80 - 85 |

Cyfarfod nesaf: Dydd Iau, 29 Mawrth 2018 ar 10.00 am

Huw Evans

Huw Evans

Pennaeth Gwasanaethau Democrataidd

Dydd Mawrth, 19 Rhagfyr 2017

Cyswllt: Gwasanaethau Democrataidd: - 636923

Agenda Item 3



City and County of Swansea

Minutes of the **Local Pension Board**

Committee Room 6, Guildhall, Swansea

Thursday, 28 September 2017 at 10.00 am

Present: I Guy (Chair) Presided

Employer Representatives:

J Andrew - Director of Finance Tai Tarian
Councillor T M White – City & County of Swansea

Local Pension Board Member Representatives:

A Chaves - Neath Port Talbot County Borough
Council
A Thomas – City & County of Swansea

Officer(s)

Karen Cobb	Senior Accountant
Jeffrey Dong	Chief Treasury & Technical Officer / Deputy Section 151 Officer
Jeremy Parkhouse	Democratic Services Officer
David Williams	Financial Audit Team Leader
Stephanie Williams	Principal Lawyer

Apologies for Absence

Employer Representative(s): Alan Lockyer

15 Disclosures of Personal and Prejudicial Interests.

Board Members:

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

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

I Guy – 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:

K Cobb – Agenda as a whole – Member of Local Government Pension Scheme – personal.

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

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

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

16 Minutes.

Resolved that the Minutes of the Local Pension Board held on 5 September 2017 be signed and approved as a correct record, subject to the following amendment: -

Change references to John Andrew representing NPT Homes to Tai Tarian.

Noted the comments of the Board in relation to Minute No.46 - LGPS Code of Cost Transparency.

17 ISA 260 Report.

David Williams, Financial Team Leader, Wales Audit Office (WAO) presented a report that set out for consideration the matters arising from the audit of the financial statements of the Pension Fund for 2016-2017 which required reporting under ISA 260.

It was the Auditor General's intention to issue an unqualified report on the Pension Fund's 2016-17 financial statements once the Authority have provided the Wales Audit Office with a Letter of Representation based on that set out in Appendix 1.

The proposed audit report was set out in Appendix 2. The Pension Fund was included within the Council's main financial statements and therefore the opinion shown was that proposed for the Council's main financial statements incorporating the Pension Fund.

It was outlined that there were misstatements that had been corrected by management, which the WAO considered should be drawn to the attention of the Authority due to the relevance to the Council's responsibilities over the financial reporting process. They were set out with explanations at Appendix 3. These amendments had no impact on the Fund Account but the value of investments in the Net Assets Statement was increased by £2.3 million. It should be noted that with the increased use of estimates – there will be more required amendments post audit period in the coming years.

There were also a number of other presentational amendments made to the draft financial statements arising from the audit. The recommendations arising from the financial audit work were set out at Appendix 4. Management had responded to them and the WAO would follow up progress during next year's audit. Where any actions were outstanding, they would continue to monitor progress and report it in next year's report.

The Board discussed the accelerated timescales being introduced to close the accounts and the implications of this change, particularly upon valuations and estimates.

The Chair congratulated and thanked the staff involved for their work and commitment.

Resolved that the contents of the report be noted.

18 Annual Report 2016/17.

The Chief Treasury and Technical Officer / Deputy Section 151 Officer presented 'for information' the Annual Report for the City & County of Swansea Pension Fund for 2016/17.

The Wales Audit Office had audited the Pension Fund Annual Report 2016/17 in line with their audit plan presented to Pension Fund Committee earlier in the year. The City & County of Swansea Pension Fund Annual Report 2016/17 was provided at Appendix 1.

The Board discussed the following: -

- Actuarial assumptions / discount rates;
- Governance Framework and adopting best practice;
- Use of online facilities by Scheme Members;
- Compliance regulations imposed, transparency and cost benefit analysis;
- Trust in the Scheme by its members;
- Benchmarking schemes throughout England and Wales and the implications of the Benchmarking provider withdrawing their service.

19 Breaches Report.

The Chief Treasury and Technical Officer / Deputy Section 151 Officer presented a 'for information' report which presented any breaches that had occurred in the period, in accordance with the Reporting Breaches Policy.

The Breaches Report was attached at Appendix A.

The Board discussed the options available in order to assist regular offenders and avoid future breaches.

20 MIFID II.

The Chief Treasury and Technical Officer / Deputy Section 151 Officer presented a 'for information' report to note the opting up of the City & County of Swansea Pension Fund to Professional Investor status under MIFID II.

The potential impact on the LGPS, the proposed assessment required and the way forward were outlined.

21 Corporate Class Actions Monitoring Service.

The Chief Treasury and Technical Officer // Deputy Section 151 Officer presented a 'for information' report to note the decision of the Pension Fund Committee to appoint a US Legal Advisor outlined in paragraph 4.1 to monitor opportunities to recover losses as a result of violation of US Securities laws.

22 GMP Reconciliation Exercise.

The Chief Treasury and Technical Officer / Deputy Section 151 Officer presented a 'for information' report on the Fund's current position with regard to GMP reconciliation and note the procedure required to complete the GMP Reconciliation exercise within the timescale available.

A briefing report had been provided at the last meeting to update the Committee on the current position regarding the GMP Reconciliation exercise, which was included as Appendix A. The original report to the Committee on 12 March 2015 was outlined at Appendix B.

23 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)

24 GMP Reconciliation Exercise.

The Chief Treasury and Technical Officer / Deputy Section 151 Officer provided a 'for information' report informing the Board of the appointment of a supplier to complete the GMP Reconciliation exercise within the timescale available.

An amendment to paragraph 5.1 was noted.

25 Wales Pension Partnership, Investment Pooling - An Update.

The Chief Treasury and Technical Officer / Deputy Section 151 Officer provided a 'for information' which updated the Committee on the progress of the Wales Pension Partnership.

He reported on the background to the item, provided details in relation to the submission in respect of the 8 Welsh Pension Funds and outlined the interim Governance and procurement process that had taken place to date.

An updated timetable and progress update produced by the Wales Pension Partnership's Advisors, Hymans Robertson was outlined in Appendix 1.

26 Next Meeting.

It was requested that the next scheduled meeting be moved from 14 December 2017 to an alternative date.

Resolved that the Democratic Services Officer circulates alternative dates to the Board for agreement.

The meeting ended at 11.25 am

Chair

Agenda Item 4a



Report of the Section 151 Officer

Local Pension Board – 5 January 2018

Breaches Report

Purpose: The report presents any breaches which have occurred in the period in accordance with the Reporting Breaches Policy.

Report Author: Jeff Dong- Chief Treasury & Technical Officer

Finance Officer: Jeff Dong - Chief Treasury & Technical Officer

Legal Officer: Stephanie Williams – Principal Lawyer

Access to Services Officer: N/A

For Information

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

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 on 28th Sep 2017, 52.28% of retirement lumps sums have not been paid within the benchmark; however, further investigation has ascertained that, in the main, the late payments were as a result of members not returning the appropriate paperwork in order to make payment. Communication sent to members at time of retirement has been reviewed to ensure that the importance of timely return of required documents is highlighted.
- 2.5 The Fund requires that employers pay employee and employer contributions to the Fund on a monthly basis and no later than the 19th of the month after which the contributions have been deducted. There have been a number of instances during the reporting period where breaches have occurred. In each case, Treasury Management staff have written to the employers to request payment and provide a reminder of the responsibilities to submit on time.

3. Equality and Engagement Implications

N/A

4 Legal Implications

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

5. Financial Implications

- 5.1 Loss of investment returns and a possible penalty charge from TPR.

Background papers: None

Appendices:

Appendix A: Breaches Report

City and County of Swansea Breach Register

Appendix A

City and County of Swansea Breach Register

Page 8

Date	Category (e.g. administration, contributions, funding, investment, criminal activity)	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)
Mar 2017	Investment asset allocation	The Investment Strategy Statement outlines an indicative allocation of 34% +/- 5% to Global Equities. At 31 st March 2017, the allocation was 43%	There is resulting over allocation to global equities	<p>The asset class in question returned 33% during the year which has caused the uplift in valuation- the best performing asset class during the year.</p> <p>There is a planned investment review for 2017/18 which shall review asset allocations on a long term basis</p>	Noting the volatility of asset values and the pending asset allocation review, it is determined imprudent to incur material transaction costs to address the allocation imbalance. A longer term allocation shall be derived from the pending investment review.	Allocations shall be reviewed as part of the investment review	
Mar – Jun 2017	Administration	20.37% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early	The administering authority has accrued interest payments on the retirement lump sums under the	This was due to members not returning relevant documentation in a timely manner	.		

		retirement	2013 LGPS regulations				
Mar – Jun 2017	Contributions	Employers have not paid contributions within required timescale	Loss of investment returns	Employers are contacted once breach has occurred			
30/04/2017	Administration	Gwrp Gwalia did not submit their annual return for year-end reconciliation until 22/06/2017 when it should have been provided by 30/04/2017	Delay in year-end reconciliation exercise and possibility of failure to issue Annual Benefit Statements to Gwrp Gwalia members	Regular contact maintained with employer throughout the delay. Recommended move to monthly returns via i-Connect		Recommended move to monthly returns via i-Connect	
Jul - Aug 2017	Administration	32.71% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement	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	This was due to members not returning relevant documentation in a timely manner		Communication to members regarding retirement options reviewed to ensure the importance of returning documents in a timely manner is emphasised	
Jul - Aug 2017	Contributions	2 Employers have not paid contributions within required timescale	Loss of investment income	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has	

						passed	
Sept – Nov 2017	Administration	52.28% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 6.60% was not 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	This was mainly due to members not returning relevant documentation in a timely manner		Communication to members regarding retirement options reviewed to ensure the importance of returning documents in a timely manner is emphasised	✓
Sept – Nov 2017	Contributions	2 Employers have not paid contributions within required timescale	Loss of investment income	Employers are contacted once breach has occurred		Employers are contacted as soon as the deadline for submission of contributions has passed	✓

*New breaches since the previous meeting should be highlighted

Agenda Item 4b



Report of the Section 151 Officer

Local Pension Board 5th Jan 2018

Wales Pension Partnership Investment Pooling- An Update

Purpose:	To update The Local Pension Board on the progress of the Wales Pension Partnership
Consultation:	Legal, and Finance
Report Author:	Jeff Dong Chief Treasury & Technical Officer
Finance Officer:	Jeff Dong Chief Treasury & Technical Officer
Legal Officer:	Stephanie Williams
Access to Services Officer:	N/A

FOR INFORMATION

1 Background

- 1.1 In the July Budget 2015, the Chancellor announced the Government's intention to work with Local Government Pension Scheme (the Scheme) administering authorities to ensure that they pool investments to significantly reduce costs while maintaining overall investment performance. Authorities are now invited to submit proposals for pooling which the Government will assess against the criteria in this document. The Chancellor has announced that the pools should take the form of up to six British Wealth Funds, each with assets of at least £25bn, which are able to invest in infrastructure and drive local growth.
- 1.2 In December 2015, the Government issued its criteria and guidance for what it expected to see addressed in its received proposals from LGPS funds in respect of their pooling proposals. This was considered by pension fund committee at its Dec 2015 meeting.

- 1.3 Following extensive work by the SWT Pensions Sub Group and their appointed advisors, Hymans Robertson, a joint submission has been formulated in respect of the 8 Welsh Pension Funds. The Pension Fund Committee Deputy Chairman has been involved at 2 Chairs meeting to agree the same and the Pension Fund Committee received a formal presentation of the final submission on the 4th July 2016.

2 Submission in respect of the 8 Welsh Pension Funds

- 2.1 The submission in respect of the 8 Welsh Pension Funds to create a Wales Investment Pool was approved by Pension Fund Committee on the 4th July 2016.

- 2.2 The Pool will not be a merger of the eight funds. Each fund will retain its distinct identity and the administering authorities will remain responsible for complying with the LGPS regulations and pensions legislation in respect of their members. Annual Statements of Accounts and triennial Actuarial valuations will still be prepared for each individual pension fund and each fund will determine its own funding strategy. The Pool will have a limited remit and its objectives, as set out in the submission document, will be:

- 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

3 Governance and Procurement Progress

- 3.1 The Wales Investment Pool proposal includes the establishment of a Joint Governance Committee comprising elected members from each administering authority, supported by an Officer Working Group. It is also proposed to appoint a Financial Conduct Authority (FCA) regulated Operator to supply the necessary infrastructure for establishing a pooling vehicle and to manage the Pool on behalf of the eight funds.

- 3.2 Following extensive work by the Authorities, a legally binding Inter-Authority Agreement (incorporating the Terms of Reference for the Joint Committee), the specification of the services to be provided by the Operator and the role of the Officer Working Group has now been signed by all 8 funds. Consideration is also being given to the needs of the Pool for specialist legal and investment advice. The OWG have been working in consultation with Hymans Robertson and the appointed legal advisors Burges Salmon in formulating and finalising the procurement process and documentation.

- 3.3 The Joint Governance Committee had its first formal meeting on June 29th 2017. The remit of the JCG is set out in the IAA. The JCG has overseen the procurement process for the Operator.
- 3.4 Following the conclusion of the evaluation phase of the procurement, The JCG has considered the evaluation report and has approved the recommendation to appoint the bidder at its meeting of the 7th November 2017. This recommendation shall now be considered by the 8 Welsh Administering Authorities. (Report to follow later on this agenda)
- 3.5 The DCLG have also requested an update on the status of the project and as such, the WPP have completed the required 'questionnaire' providing a status update. The submitted DCLG update and latest timetable is attached at Appendix 1.

4 Legal Implications

- 4.1 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.

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

5 Financial Implications

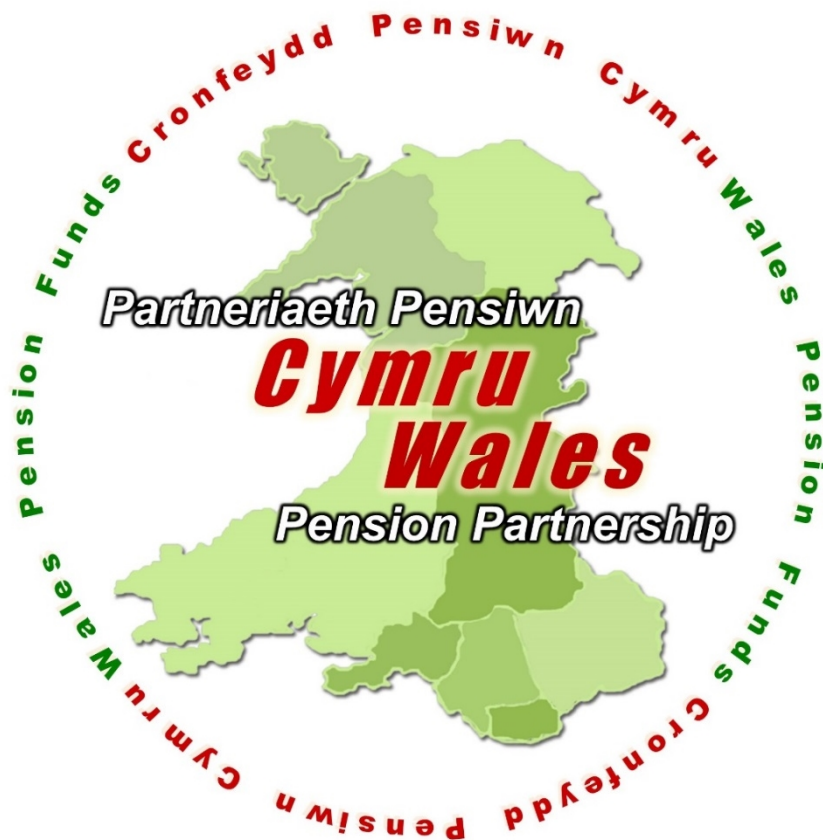
- 5.1 Financial implications are indicated within the submission.

6 Equality Impact Assessment Implications

- 6.1 There are no equality implications arising from this report.

Background Papers: None.

Appendices: Appendix 1 - Wales
Pension Partnership Local Government
Pension Scheme Pooling: Progress Report
– October 2017



**Wales Pension
Partnership
Local Government Pension Scheme Pooling:
Progress Report - October 2017**

Pool: Wales

Date: 20 October 2017

Criterion A: Scale

For pools in development

- **Scale – please state the estimated total value of assets included in your transition plan for investment through the pool structure, with date of estimate**
- **Assets outside the pool - please state the estimated total value of assets to be invested outside of the pool structure by participating funds**

In our final submission to DCLG in July 2016, we stated that the ambition for the Wales Pool was to create appropriate vehicles for collective investment for all participating funds across all asset classes in time. We can confirm that remains our intention.

The total value of assets of the participating funds referred to in that proposal, valued as at March 2015, was £12.8bn. The total value of assets as at 30 June 2017 was £16.3bn.

There are a significant number of passively managed investments held by the funds in the form of insurance policies. We regard these assets as forming part of the Pool. The selection exercise for a single manager was carried out on a collective basis in order to derive maximum fee savings from the scale of assets, and the monitoring of the manager and any future retender will be the responsibility of the Joint Governance Committee (JGC). It may not be feasible for these investments to be transferred into the pooled vehicles managed by the third party operator as the individual funds will remain beneficiaries of the relevant policies and changing from a life policy vehicle may create additional tax-payer costs without any benefit to justify the change. However, the JGC will review the position on a regular basis.

The funds also have a number of illiquid investments with fixed term lives. It would be very costly to exit from such investments before the planned realisation of the underlying assets. The intention is that the operator will make available pooled vehicles to allow new commitments to be made on a collective basis to illiquid asset classes such as private equity and infrastructure. As the current illiquid investments mature and capital is returned to investors, they will be replaced by new commitments through the new pooled vehicles. These new investments will all form part of the Pool. The JGC may also explore the potential for the operator to carry out due diligence monitoring on the current illiquid investments until they mature.

In addition, the Clwyd Pension Fund has a Liability Matching mandate and a Managed Account Platform, comprising assets in total of approximately

£500m. Although the Clwyd Fund ISS states that it is committed to investing all assets through the Pool where pooling objectives are met, for these bespoke mandates, it will depend on the capabilities of the appointed operator to accommodate these mandates within the Pool.

Progress towards go live by April 2018

- **please provide an updated high level project plan to achieve delivery by April 2018 including progress with operator procurement/build, design of sub funds, recruitment of core team, appointment of depository and FCA authorization**
- **please identify risks or issues which may delay delivery by April 2018, and any plans to mitigate risks and/or manage issues**

We remain on track to have the Wales Pool operational by April 2018. By end 2017 the operator will be appointed and the host authority / client side function in place to manage the operator contract. The application for FCA authorisation of an ACS for the sole use of the All Wales pool will be in train early in 2018 and in excess of £3bn of passive investments is already under pool governance ahead of the government target date of April 2018. The exact date of authorisation of the ACS will depend on turnaround time by the FCA.

As part of this update we have provided a high level summary of progress (appendices A).

Progress with operator procurement

There was a high level of market interest with eight bidders submitting selection questionnaire responses. From this six bidders were invited to tender, with four actually tendering.

The evaluation process began mid-July with bidder clarification presentations taking place late August. In order to finalise the evaluation, further clarification responses were required resulting in an extension to the original evaluation timetable.

The tender evaluation was completed in September. An Operator selection report explaining the evaluation result has been drafted by the Officer Working Group and its legal advisors. This will be presented to the JGC at its next meeting. The final decision on the operator to be appointed is expected to be made by the JGC in November 2017. Individual Administering Authorities will then need to obtain their own local approval to accept the recommendation on operator appointment and enter into the contract. The formal contract is expected to be concluded mid-end December.

Recruitment of core team

This is not applicable to the All Wales Pool since it will use a third party contractor to provide Operator Services.

However, recognising that this is a complex, high value contract it is important to have a “client side” function in place to manage the operator contract.

Carmarthenshire has assumed its responsibilities acting as the “host authority”. It will provide secretariat services and technical support to the Pool’s JGC and OWG. It will also provide the “client side” team dealing with the third party operator and ensuring the operator meets the performance requirements and service level standards specified in the contractual terms.

Design of sub-funds

A provisional outline of the likely fund range was developed and shared with bidders to inform their tenders and allow for transparent assessment of likely set-up costs.

Under the operator contract, it is the responsibility of the operator to advise the Wales pool on the detail of the sub-funds to be made available in the first phase in 2018, including mandate specification and choice of the starting line up of investment managers. This will be the first task of the Operator upon appointment.

In order to accelerate this process, the officers of the administering authorities will commence work in November on sub-fund design and specification. This will enable the operator to hit the ground running and prepare the initial ACA authorisation application as soon as possible after its appointment. (The initial application for ACS authorisation can be submitted before all of the investment managers are confirmed by the operator.)

Appointment of depositary

The contractor appointed as operator is responsible for appointment of a depositary and other service providers including investment managers.

FCA authorisation

The contractor appointed as operator will be responsible for establishing and obtaining authorisation for an ACS for the sole use of the Wales Pool.

Applications by the operator to establish the ACS and first tranche of sub-funds are expected to be submitted as soon as possible after the appointment of the operator (see above). This is currently expected to be early 2018.

Transition of assets

Detailed planning of the proposed transfers of assets into the pool will also begin once the operator appointment has been finalised in December.

Risks to delivery, risk mitigation and risk management

This is a very complex project and the first procurement of services of this kind. The contract for operator services is a long term commitment with significant costs.

Our over-riding priority is to execute the procurement safely and well. We have therefore taken slightly longer than originally anticipated to define the service required, design and execute the procurement process and draft the supporting legal documentation.

However, our original plan contained contingency that means we are still on track to meet the government target date for implementation (see above).

Some risks to the delivery timescale include:

Description of Risk	Wales Pool Response	Current status
1. Risk of few suitable bidders or incomplete understanding of the required services.	This was dealt with by comprehensive engagement and dialogue with the market prior to commencement of the formal procurement process to: a) raise awareness of the procurement; b) understand capabilities of potential bidders; and c) share information on the requirements of the Funds in Wales.	This risk has been managed successfully and is now closed
2. Risk of delays in implementation due to local elections affecting the membership of the Joint Governance Committee.	This was mitigated by the Chairmen initially delegating authority to the Treasurers and Officer Working Group to proceed with the final stages of the procurement exercise during purdah. The JGC has met and is now well established.	This risk has been managed successfully and is now closed
3. Risk of challenge to the procurement process or outcome.	This is being mitigated by using external legal advisers (Burgess Salmon) with experience in fund management and procurement to design and manage the procurement and evaluation process and technical advice from external investment advisers (Hymans Robertson).	This risk remains open. Bidders not informed of tender outcome until late November at the earliest.
4. Risk of delays in individual authorities signing the contract with the successful bidder.	This is being mitigated by early engagement with monitoring officers. Officers and Treasurers will manage communication of tender outcome and local governance approvals to enter into	This risk remains open.

Description of Risk	Wales Pool Response	Current status
	contract.	
5. Risks of inadequate or poor planning.	This is being mitigated by professional external project management (Hymans Robertson)	This risk remains open.
6. Risk of delays in receiving FCA approval for the vehicle.	This will be mitigated by early work on the detailed specification of the fund and sub- fund requirements to enable applications to be submitted by the appointed operator as early as possible. Any bottlenecks at the FCA are beyond our control and we would welcome any assistance government can provide in this respect.	This risk remains open.
7. Risk of failure to resolve MiFID issues.	Following work by the LGA, the FCA issued revised guidance which should resolve this matter. Individual administering authorities need to opt up to professional status with their current Investment Managers and with the Operator company once appointed.	Risk now largely removed provided individual administering authorities follow the process to opt up.

Criterion B: Governance

For pools in development

- **Progress with governance arrangements - please provide an updated high level project plan for the implementation of governance arrangements.**

Governance: Joint Governance Committee and Inter-Authority Agreement (IAA)

The IAA took effect from June 2017 with the first meeting of the Chairs as a formal Joint Governance Committee taking place on 29 June.

Carmarthenshire took on the role of “host authority” with effect from June 2017, providing secretarial and technical support to the JGC, Treasurers and OWG. The host authority will also be responsible for contract management. Recruitment of staff is underway.

Criterion C: Reduced costs and value for money

- **Update on costs estimates – please state current high level estimates for implementation costs to date, by go live and following go live**
- **Update on annual savings estimates, including reductions in fees/mandates**
- **Plans for delivering savings – please set out your high level plan and timescales for delivering the annual savings above**
- **Plans for reporting including on fees and net performance in each listed asset class against an index**
- **Plans for how the pool will report publicly on a fully transparent basis – please confirm that the pool will adopt the Scheme Advisory Board Code of Transparency for reporting to participating funds**

Our estimates for the level of cost savings from investment manager fees which might be achieved over time remain as set out in our proposal from July 2016.

The estimates were made by considering each of the asset classes in which the participating funds were invested and using data provided by CEM Benchmarking to find the level of costs incurred by investments in those asset classes in the year to March 2015 (specified as the base year for comparison purposes). We then considered the level of savings which might be achievable within each asset class.

We would re-iterate that it is difficult at this stage to estimate fee savings with any degree of certainty as we do not know what fees will be obtained with investment managers nor how some of the alternative asset classes might best be accessed collectively.

The savings figures quoted in our July 2016 proposal were – as requested - based on asset values and asset allocations as at the base date of 31 March 2015. The estimates were as follows:

Three year period ending	Annual savings achieved
March 2021	£8.4m
March 2024	£9.8m
March 2027	£11.3m
March 2030	£12.5m
March 2033	£12.5m

Total assets across the participating funds were £16.3bn at 30 June 2017, so savings may be higher than the figures quoted above. The timescales within which the savings are likely to accrue – in terms of the three year periods defined previously - are unchanged.

As the process of establishing the pooling arrangements continues, there is more clarity on the total set-up costs likely to be incurred. The operator services that we are putting in place are a new form of arrangement in the market place and the procurement process has been complex. However, we firmly believe that robust and detailed specification of the contract and assessment of the different potential providers are essential steps in ensuring benefits flow through as required.

In our July 2016 submission, we estimated that implementation costs in the region of £0.5-1m (over and above fees payable for operator services) would be incurred in the period to March 2018 and £50,000-350,000 in the three year period to March 2021.

It is now our expectation that costs in the set-up period to March 2018 may fall within a range of £1-1.5m, though costs in the subsequent period to March 2021 may be lower as more work is picked up by the operator. Additional costs incurred in setting up the pool are still relatively modest in comparison with the savings that will be delivered in the longer term.

In terms of reporting, we have included as part of the provider assessment a focus on applicants’ ability to provide detailed reporting to meet the requirements of all participating funds and of the JGC. We are requiring full transparency on fees of all the underlying investment managers within the proposed vehicles and will expect these to be reported in a manner consistent with DCLG requirements.

CEM Benchmarking have also been formally appointed to provide reporting on costs incurred in the management of assets within the pool.

We can confirm that the pool will follow the SAB Code of Transparency in terms of its reporting to participating funds.

Criterion D: Infrastructure

- **Progress on infrastructure investment – please state your target allocation for infrastructure and committed funds at the pool level and/or across pools. Please also set out your plans for the platform/product/and/or external manager arrangements to achieve that target**
- **Timetable to achieve stated ambition - please provide a high level project plan for the implementation of the platform/product/and/or external manager arrangements described above**

Our position has not changed since July 2016. Our stated ambition in our proposal was – in the short to medium term - to have at least 5% of assets invested in infrastructure investments with a longer term aspiration set at 10%
- subject to satisfactory investments being available.

At 30 June 2017, a total of £180m was either invested in infrastructure assets or formally committed to infrastructure funds, equivalent to circa 1.1% of pool assets, so the stated target represents a significant increase from the current position.

However, we also acknowledged in our original submission that allocations to infrastructure represent asset allocation decisions and are therefore the responsibility of individual funds rather than a collective decision for the Pool.

The most efficient way of accessing infrastructure investment suitable for LGPS fund liabilities may be through national vehicles developed for use by all of the pools.

We therefore continue to engage with and support the work of the cross party working group on infrastructure in order to ensure that we may benefit from any national initiatives which may emerge in the future.



Wales Pension Partnership

Timetable of events to Operator
appointment and progress update
November 2017

1

Date	Topic	Action required	Responsible	Timings
7 Nov	Operator selection	Operator recommendation to be made to the JGC	OWG	Complete
7 Nov	Operator recommendation	Operator recommendation confirmed by the JGC	JGC	Complete
9 Nov – 30 Nov	Operator recommendation	Constituent Authorities to approve Operator selection	Treasurers	2 weeks
30 Nov – 1 Dec	Operator recommendation	Progress update issued to Chairs following completion of Constituent Authorities meetings	OWG	1 day
1 Dec	Operator selected	Issue award notice and standstill letters	Hymans & Flintshire	1 day
1 Dec – 11 Dec	Operator selected	Standstill period and respond to bidder questions	Burges Salmon, Hymans & OWG	10 days
12 Dec	Operator selected	OJEU notice updated with contract award and Operator Agreement issued to successful bidder	Hymans & Flintshire	1 day
12 Dec – 15 Dec	Operator Agreement	Finalise the Operator Agreement with winning bidder	OWG, Operator, Burges Salmon	1 – 2 days

Date	Topic	Action required	Responsible	Timings
15 Dec	Operator Agreement	Operator Agreement signed and completed	OWG, Operator, Burges Salmon	1 day
15 Dec	Operator selected	Press release / public announcement issued	OWG	1 day
w/c 18 Dec	Kick off meeting	Face to face meeting with Operator to discuss sub-fund design and MiFID II	OWG/Operator	1 – 2 days
January	Establishment Phase	Face to face meetings with Operator to discuss establishment phase and project plan covering information requirements/ decision making/allocating actions/etc	OWG	1 – 2 days Per week

Agenda Item 4c



Report of the Investment Consultant

Local Pension Board – 5 January 2018

Administration Strategy – Draft for Discussion

Purpose: The attached strategy document outlines the latest version of the Pension Fund's Administration Strategy for consideration by the Local Pension Board

Report Author: Jeffrey Dong

Finance Officer: Jeffrey Dong

Legal Officer: Stephanie Williams

Access to Services Officer: N/A

For Information

1 Background

1.1 The adopted Pension Fund Administration Strategy was adopted in 2013 and has been modified incrementally in the interim.

1.2 Attached at Appendix 1 is the draft Administration Strategy for consideration by the Local Pension Board. Recommended changes can be incorporated as appropriate prior to formal adoption by The Pension Fund Committee.

2 Legal Implications

2.1 There are no legal implications arising from this report.

3 Financial Implications

3.1 There are no financial implications arising from this report.

4 Equality Impact Assessment Implications

4.1 There are no equality implications arising from this report.

Background Papers: None.

Appendices: Appendix 1 - Pension Fund Administration Strategy.



Pension Fund
Administration Strategy



**IF YOU REQUIRE THIS INFORMATION IN AN ALTERNATIVE
FORMAT PLEASE CONTACT THE PENSION SECTION ON
01792 636655**

December 2017

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Appendices

Appendix 1 – LGPS (Administration) Regulations 2008
Pension Administration Strategy

Appendix 2 – LGPS (Administration) Regulations 2008
Additional costs arising from employing authority's level of performance

Appendix 3 – List of Employers in CCS Pension Fund

Appendix 4 – Pension Liaison Officer Responsibilities

Appendix 5 – Sample of Pension Contributions – Information Request Form

1. Introduction

The Local Government Pension Scheme (LGPS) is a national scheme, which comprises of 99 Administering Authorities each of which are responsible for the investment and the administration of a Pension Fund in the LGPS. Each Pension Fund comprises participating employers and much of the success in promoting the Scheme to its members and the delivery of high quality service depends upon the working relationship between the Administering Authority and the Scheme employers.

The City and County of Swansea as an Administering Authority comprises of an accountancy team (Treasury Management) who are responsible for accounting for the income and expenditure of the Pension Fund and the investment of surplus monies and an administration team who are responsible for the day-to-day administration associated with a pension scheme. The Authority has dual responsibility, as it is also a participating employer.

The objective of this Strategy is to formulate administrative arrangements between the City and County of Swansea Pension Fund and its participating employers. The aim is to ensure that each employer is fully aware of its role and responsibilities and that the flow of data is improved by having clear communication in place as outlined in LGPS provisions in order to provide a cost effective and high quality pension administration service.

The performance targets, which the participating employers and the Pension Fund will be judged against, are outlined in Section 6 of this Strategy. It also provides details on how the performance levels will be monitored and what action might be taken where performance standards consistently fall below the performance targets.

The Strategy should be used in conjunction with the Employer's Guide, which is provided as reference for administrative procedures with regard to the LGPS.

2. Regulatory Background

Regulation 59 of the Local Government Pension Scheme Regulations 2013 enables a LGPS Administering Authority to prepare and maintain a Pension Administration Strategy (refer to Appendix 1).

Related legislation includes:

- Regulation 70 of the Local Government Pension Scheme Regulations 2013 (refer to Appendix 2).
- Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007;
- Local Government Pension Scheme (Transitional Provisions) Regulations 2008;
- Local Government Pension Scheme (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000;
- Occupational Pension Schemes (Disclosure of Information) Regulations 1996.
- The LGPS (Transitional Provisions, Savings & Amendments) Regulations 2014
- The LGPS Regulations 1997

- The Pensions Act 1995
- The Pensions Act 2004
- The Pensions Act 2008
- The Data Protection Act 1998
- The Occupational Pension Schemes (Preservation of Benefit) Regulations 1991
- The Occupational Pension Schemes (Scheme Administration) Regulations 1996
- Finance Act 2004
- The Automatic Enrolment (Miscellaneous Amendment) Regulations 2013 including amendments to any of these Regulations
- The Public Service Pensions (Record Keeping & Miscellaneous Amendments) Regulations 2014 including amendments to any of these Regulations

3. Implementation

This Strategy has been presented, considered and ratified by the City and County of Swansea Investment Panel on and is effective immediately.

The Scheme employers who currently participate in the City and County of Swansea Pension Fund are listed in Appendix 3.

This Strategy would also apply to any new employers who become a participating employer after

Any enquiries in relation to this Pension Administration Strategy should be directed to:

Claire Elliott
 Deputy Pension Manager
 City and County of Swansea Pension Fund
 Civic Centre
 Swansea
 SA1 3SN

Telephone: 01792 636448 E-mail: Claire.elliott@swansea.gov.uk

4. Liaison and communication arrangements

The City and County of Swansea Pension Fund is committed to delivering the best possible service to our participating employers, members and prospective members of the scheme by:

Developing and reviewing a comprehensive communication programme

To provide support to staff and employers on an ongoing basis to ensure future development

Promote excellent customer care by providing a high quality service delivery

The delivery of this depends on the mutual co-operation of the administering authority and the Fund's employers.

To achieve these aims, each employing authority will designate a named individual to act as a Pensions Liaison Officer, as the main contact with regard to any aspect of administering the Local Government Pension Scheme (LGPS).

The Pensions Liaison Officer's responsibilities are listed in Appendix 4.

The various channels of communication employed by the Fund include:

- Annual employer meeting; to review any administrative issues that the City and County of Swansea Pension Fund has experienced during the preceding 12 months and look forward at the objectives for the next 12 months.
- Annual Consultative Meeting: held to present the Pension Fund Annual Report and Statement of Accounts, review the investment issues that the City and County of Swansea Pension Fund has experienced during the preceding 12 months and look forward to the next 12 months.
- Employer seminars and training sessions; held when required, to inform and train in new Scheme developments or to resolve any specific training needs that have been identified or that employers may request.
- Induction and Pre Retirement workshops; undertaken upon request to develop both employer and Scheme member understanding.
- Pension Surgeries; held for Scheme members upon employer request to resolve individual or collective issues that members may have or to promote the Scheme.
- Employer Procedure Manual; to provide the Fund's employers with an outline of their administrative responsibilities and explain the various procedures, which should be followed.
- Email updates; sent directly to employer representatives to provide notification of new or updated scheme and administration developments and maintain the contact details of key personnel

- Pension Fund Annual Report; to provide information on the management and administration of the Pension Fund during the year and illustrate the extent to which levels of performance established in this Strategy have been achieved.
- The City and County of Swansea Pension Fund Website; to provide a dedicated website for Pension Fund's members and employers.
- Member Self Service has been implemented; the facility allows members to view and update basic personal information, amend their death grant nomination record and calculate pension benefit estimates based on voluntary retirement.

Responsibilities

5.1 Administering Authority Responsibilities

A summary of the main duties of The City and County of Swansea, as an Administering Authority, as set out in the regulations are:

- To accept the Employer's decision regarding the appropriate rate of contribution based on a members actual pensionable pay as published by the Department of Communities and Local Government (CLG) contribution bands.
- To decide how any previous service or employment of an employee is to count for pension purposes, and whether such service is classed as a 'period of membership'.
- Request members to confirm in writing a statement listing all previous periods of membership in a public service pension scheme and to notify each member regarding the counting of service towards pension benefits.
- To set up and maintain a record for each member which contains all the information necessary to produce an accurate benefit calculation where the Employer has provided useable and accurate year-end financial data.
- To calculate and pay the appropriate benefits, based on membership details held and termination date and pensionable pay details provided by the Employer when an employee ceases employment, or membership of the Scheme for whatever reason.
- To determine benefits following the death of a deferred beneficiary or pensioner and to supply beneficiaries with details of their entitlements including the method of calculation.
- To set up and maintain a record for each pensioner member.
- To increase pensions periodically in accordance with the provisions of Pensions Increase Acts and Orders.
- To pay benefits to appropriate beneficiaries only and to take steps to reduce the possibility of fraud taking place.
- To ensure that sufficient information is issued in the form of newsletters, booklets and other communication materials in a bilingual format, to satisfy the requirements

of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996. This will include the annual production of a:

Pension Fund Report

Pensioners Newsletter

Annual Benefit Statement – to be issued to deferred members by 31st May and active members by 31st August

- Provide information and support on the scheme and its administration. Provide an open invitation subject to notification, for Scheme Employers to visit the Section to discuss any aspect of positive ongoing co-operation.
- To produce posting queries for employers within 1 month of the receipt of a complete and correct end of year return.
- To appoint all necessary advisors to enable the appointed person to perform the duties required by the Scheme Internal Dispute Resolution Procedure. To maintain an appointed person for the purposes of the Scheme Internal Dispute Resolution Procedure.
- To provide notification to members of any employer decisions made that may affect their rights to membership or an entitlement to benefits.
- To appoint an actuary for the purposes of the triennial valuation of the Pension Fund and provide periodical actuarial advice when required.
- To arrange for the triennial valuation of the City and County of Swansea Pension Fund and provide data to the Fund Actuary and Government Actuary's Department to allow for the accurate determination of employer contributions. Forward to employers a copy of the valuation report and contributions certificate
- To calculate and provide notification to members on an annual basis if they exceed/breach their Annual Allowance.
- To calculate and provide notification to members if they are close to breaching / breached their Life Time Allowance.
- To exercise its discretionary powers in relation to the published Administering Authority Discretions.
- To ensure compliance with Data Protection Act 1998, the City and County of Swansea Pension Fund will protect from improper disclosure of information. Information held will be used by the Pension Fund in administering the scheme.

5.2 Employing Authority Responsibilities

Disclosure and the Pension Regulator Compliance

The Pension Regulator sets out specific requirements for all Public Sector Pension Schemes; please refer to "Code of Practice Number 14" and in particular, the notes referring to the employer requirements to understand and comply with the processes of the Scheme to ensure that all statutory requirements and timescales are met at all times.

A summary of the main duties of the Employer as set out in the regulations are:

- Under the Occupational Pension Schemes (Disclosure of Information) Regulations 2013, ensure that new employees eligible to join the LGPS receive the appropriate information about the pension scheme during the induction process.
- To decide conditions of service and whether that person is employed in a full time, part time, variable time or casual capacity. If the employee is part time the Employing Authority must also determine the proportion which the employees' contractual hours bear to the hours of a comparable full time employee.
- To determine an employee's pay for the purposes of calculating pension contributions and confirm any additional payments in case the member exceeds HMRC Annual Allowance. Where there is more than one contract of employment in existence to maintain separate records
- To confirm actual pensionable pay for the purposes of calculating CARE benefits and final salary as defined under the 2008 Scheme Regulations as being pensionable pay and to include any assumed pensionable pay for the purpose of calculating death in service and ill health benefits
- To issue a notification to any employee who is not eligible to become members of the Scheme explaining the reason(s) why.
- Where, after reasonable efforts, an employee fails to provide information relating to previous service, provide basic information to the Pension Fund in an agreeable format
- At cessation of membership of the Scheme, to determine the reason for leaving and entitlement to benefit and notify the Pension Fund and the Scheme member of the decision.
- To supply timely and accurate information to the Pension Fund, to ensure that the benefits payable are correct and to record periods of absence calculating the assumed pensionable pay during periods of reduced/nil pay periods
- To deduct Additional Voluntary Contributions (AVCs) from a member's pay and pay over to the In House AVC provider within the statutory deadlines indicated in Section 6.2.
- To deduct Additional Pension Contributions (APC's) from a members pay in regards to the purchase of additional pension to increase benefits at time of retirement or to buy back a period of lost pension.
- To ensure that any Shared Cost APC arrangement entered into by the employer is paid in full at the relevant date.
- To be responsible for exercising the discretionary powers given to Employing Authorities by the regulations. The regulations also require the employer to publish its policy in respect of these key discretions and provide a copy of these to the Fund.

- To provide a notice, drawing the employee's attention to their right of appeal under the LGPS, with any statement issued to an employee relating to any decision made about the Scheme including a change to the member's contribution bands.
- To use an Independent Registered Medical Practitioner qualified in Occupational Health medicine that has been approved by the Pension Fund in determining ill-health retirement and notify the Fund of any subsequent change.
- To repay to the Scheme member any incorrectly deducted employee's contributions including, where more than one month has elapsed between the date the incorrect contributions were deducted and the date they were returned, interest on any such contributions which had not by then been paid over to the Pension Fund.
- To refund member contributions to any member who 'opts out' of the LGPS within the initial three months of joining. It is advisable that the employer checks with the Pension Fund before carrying out the process to ensure that the refund process can be carried out.

To provide the Pension Fund with:

- * Year-end information inclusive of Final Salary (if applicable) and Career Average Revalued Earnings (CARE) in an approved format to 31 March each year. Such information should be accompanied by a final statement, duly signed by an authorised officer, balancing the amounts paid over during the year with the totals on the year-end return certifying that the amounts paid reflect the contributions deducted from employees during the year.
- * An audited copy of the final statement, which shall also contain the name and pensionable pay of each employee who is an active member, the amounts which represent pension deductions from pay for each of those employees and the periods covered by the deductions and any other information requested. The information should also distinguish those amounts representing deductions for voluntary contributions and the employees paying those voluntary contributions.

To be responsible for deducting and paying National Insurance contributions at the contracted out rate for Scheme members.

To be responsible for complying with the requirements for funding early retirement as set out in the rates and adjustments certificate issued by the Actuary following the triennial valuation of the fund. Where such requirements are not complied with, the Pension Fund will not pay any benefits to the member concerned until such time as they are complied with.

Pay the Pension Fund, on receipt of an invoice, interest on payments due from the Employer, which is overdue by more than one month.

It is NOT the responsibility of the Fund to verify information provided by the employer, any inaccurate benefits calculated as a result of incorrect information being provided by the employer, will result in the employer recovering any overpayments.

Where a member leaves the Scheme and full contributions have not been deducted for whatever reason; make immediate payment of outstanding member and employer's contributions to the Pension Fund.

To ensure compliance with Data Protection Act 1998.

5. Levels of Performance

The use of performance indicators are vital to ensure that the mutual goal of a high level and cost effective service delivery is met.

Consultation has been carried out internally and with the Fund's employers to ensure that the targets strike an acceptable balance between allowing for each employers' other work pressures and the minimum turnaround times required by the Pension Fund.

All measurements will be in 'working days' from the start or leaver date or the date of change, unless otherwise stated.

6.1 City and County of Swansea Pension Fund Targets

Target Time commences from the date all information necessary to carry out the procedure has been received by the Pension Fund.

	Target Time
Starters & Transfers In	
I-connect will pull through new starters from employer payrolls; provide details of the scheme to the new member inclusive of member re-entry	Within 2 months of joining
Request transfer quotation from previous pension provider as confirmed by member and issue a quotation confirming the amount of earned additional pension this will buy.	Within 15 working days of receipt of transfer value from previous pension provider
Early leavers & Transfers out	
Send options to Early Leaver	Within 10 working days of receipt of termination form
Issue a statement of Deferred Benefits	Within 2 months of date of termination
Pay refund of contributions	Within 10 working days of receipt of election forms

	Target Time
Payment of Retirement Benefits	
If member has AVC's send out AVC option form requesting member to confirm option choice.	Within 5 working days of receiving information.
Send benefit options to member together with relevant forms required for payment of retirement benefits	Within 5 working days of receiving information
Send notification of Benefits to member and instruct payment of Lump Sum payment which will to include any Additional Voluntary Contribution (AVC's) paid	Within 1 month following date becomes payable or within 7-10 working days of receiving all required information
Forward notification to Pension Payroll of pensioner joiner; confirming annual and monthly pension payments.	Within 5 working days of receipt of completed documents and relevant certificates

Death Benefits	
	Target Time
Send notification of Benefits and pay any Death Grant due	within 7 - 10 working days of receiving all required information or authorisation by Pension Panel
Forward notification to Pension Payroll of survivor benefits to be put into payment; confirming annual and monthly pension payments	Within 5 working days of receipt of completed documents and relevant certificates

Deferred Benefits into payment	
	Target Time
Send benefit options to member together with relevant forms required for payment	Within 5 working days of receiving information
Notification of Benefits	Within 1 month following date becomes payable or within 5 working days of receiving all required information

Payment of Lump Sum	Within 1 month following date becomes payable or within 5 working days of receiving all required information
Estimate Requests	
Provide an estimate of pension benefits upon request from the Member (includes estimate request for divorce purpose)	Within 10 - 15 working days
Provide an estimate of pension benefits upon request from an Employer If request for 10+ members, timescale increases to a minimum of 10 working days (depending on numbers)	Within 7 working days
APC/AVC contributions	
Send letter re cost and benefits of APC / AVC to member	Within 10 working days of request
AVC amendments noted on Altair	10 working days from receipt of change
Miscellaneous	
Acknowledge Death Grant Expression of Wish	Within 10 working days of receipt of notification
Update any change in personal details/membership and issue a statutory notice	Within 10 working days of receipt of information
Letters/emails from members (member reps) answered / acknowledged	5 working days of the request
Provide a Cash Equivalent value of the member's pension rights for the Divorce purposes	Within 10 working days of the request
Send Annual Benefit Statements to active members and deferred members (where address is known)	By 31 August – active members / 31 May deferred pensioner members

	Target Time
Accounts (including End of Year and Valuation)	
Complete end of year returns as at 31 March each year	By 31 July each year
To complete Pension Accounts	By 31 July each year
Submit data to Government Actuary Department	By 31 August each triennial (or as required)
Submit FRS17 information	Within the timeframe stated in the 'terms of engagement' letter issued following a request for FRS17 report
Submit valuation data to Actuary	By 31 July each triennial (or as stipulated by Actuary)
Issue formal valuation results	Within 10 working days of receipt of final results from Actuary
Carry out a cessation valuation exercise on cessation of admission agreements	Within 3 months of receiving all the required information from the ceasing employer

6.2 Employer Targets

	Target Time
New Starters/Optants Out	
To notify the Pension Section that an employee has joined the scheme; I-connect new starter task	Within 1 month of joining
To notify the Pension Section if an employee opts out of the LGPS	Within 1 month of the opt out
Existing Members	
To notify the Pension Section when a member undergoes a material change (e.g. change in contractual hours, commencement of a period of unpaid leave) in their employment; I-connect automatically updates member record(s)	Within 1 month of the date the change takes effect
Early Leavers	
To provide the Pension Section with all the necessary information required, where a member leaves and has no immediate payment of LGPS benefits and has a right to a refund of contributions or deferred benefit	Within 1 month of the member's last day of service
Death in Service	
To notify Pension Section when an active member dies	Within 3 working days from date of death
Retirements	
To provide the Pension Section with all the necessary information required when a member retires with immediate payment of benefits and supporting documentation where the member retires on the grounds of Flexible, ill health or redundancy/business efficiency	No later than 2 weeks after date of retirement; Disclosure Regs apply
Estimate Requests	
To provide the information requested where a member has made a personal request for an estimate of pension benefits to the Pension Section	Within 1 week of receipt of request from Pension Section

Normal, ARC, APC and AVC contributions	Target Time
To ensure AVCs are paid over to the relevant AVC provider together with the required remittance and forward a copy of that remittance to the Pension Section	By 19 th calendar day of the following month in which the contributions were deducted
<p>To ensure regular employee and employer contributions are remitted to the Administering Authority together with the following information for reconciliation purposes:</p> <ul style="list-style-type: none"> • Pensionable pay of employees • Employee contribution rate applied • Full time equivalent pay upon which employee rate is based • Employee contribution paid • Any additional contribution paid • Employer contribution paid • Total contribution paid <p>A sample proforma of the minimum information required from employers on a monthly bases is attached at Appendix 5</p>	By 19 th calendar day of the following month in which the contributions were deducted

	Target Time
End of Year Accounts	
Complete end of year returns and forward to Pension Section	By 30 April of each year
To pay additional fund payments in relation to early payment of benefits from flexible retirement, redundancy, business efficiency retirement or any other payment due	To be received within 30 days of receipt of invoice or within timescales specified in each case

6. Compliance

Ensuring compliance with all statutory requirements is the responsibility of the Administering Authority and the Scheme employers.

Various means will be employed in order to ensure such compliance and service improvement. This will include a statutory annual audit of the processes and internal controls of the City and County of Swansea Pension Fund. Both the Fund and its participating employers will be expected to comply fully with any requests for information from both internal and approved external auditors. Any recommendations as a result of the audit will be considered by the Pension Fund and, where appropriate, implemented following discussions with the Scheme employers as necessary.

7. Adjustments to communication and administration procedures

The City and County of Swansea Pension Fund will continue to make adjustments to its administrative procedures as issues arise; areas for improvement identified or as a result of new or amended legislation.

The Pension Fund is committed to continuing to improve its communication methods with employers and will proactively work closely with them to ensure they are aware of and understand their responsibilities.

An employer may request to meet with the Pension Fund at any time to discuss any element of pension procedures that they wish.

8. Procedures for improving employer performance (where necessary)

Where an area of poor performance is identified, the Pension Fund will work closely with the employer to provide the necessary training to put in place appropriate processes to improve the level of service delivery in the future.

However, where persistent and ongoing failure occurs and no improvement is demonstrated or an employer shows unwillingness to resolve the identified issue, the Pension Fund will take the following steps:

- Meet with the employer to discuss the area(s) of poor performance and how they can be addressed.
- If there is no improvement or the employer fails to take the agreed action, the Pension Fund will issue a formal written notice to the employer, setting out the area(s) of poor performance identified; the steps taken to resolve the issues and give notice that any additional costs incurred may now be reclaimed.

9. Cost recovery

Where additional costs have been incurred by the Pension Fund as a direct result of an employer's poor performance they will be recovered from the Employing Authority, giving the reasons for doing so in accordance with the regulations.

These circumstances are:

- Persistent failure to provide relevant information to the Administering Authority, Scheme Member or other interested party in accordance with service standards and key performance measures.
- Failure to deduct and make payments within a timely manner to the Pension Fund on behalf of the employee and employer.
- Instances where the performance of the Employing Authority has resulted in fines being levied against the Administering Authority by the Pension Regulator, Pensions Ombudsman, HMRC or other regulatory body.
- Additional cost incurred in providing specialist third party advice in administering the Scheme on behalf of the employer, including but not exclusive to actuarial services, occupational medical practitioner services and legal services.
- Persistent failure to resolve individual issues satisfactorily.

The Pension Fund will set out the calculations of any loss or additional cost incurred, in writing, stating the reason for the cost(s); the basis for the calculation and the relevant provision(s) within this Strategy under which the additional costs have arisen.

Any disagreement regarding the amount of additional cost being recovered will be decided by the Secretary of State.

Where an employer authority is late making payments Scheme Regulations state that interest is to be charged on any overdue amount based on 1% above the interest base rate on a daily basis from the due date where this period attains one month; this is compounded with three monthly rests.

10. Review

In preparing this Strategy, the Pension Fund has consulted with its participating employing authorities and other persons considered appropriate.

A copy of the Strategy will be issued to each Employing Authority and the Secretary of State and published on the City and County of Swansea Pension Fund website (when available).

The City and County of Swansea will review this Strategy periodically to ensure that it remains relevant and complies with the necessary regulatory requirements.

Employers are welcome to discuss any aspect of the Pension Administration Strategy and provide suggestions for improvement for consideration at any time.

Where it is necessary to revise the Pension Administration Strategy, the Pension Fund will notify the changes to the relevant employing authorities, in writing, and advise where a copy of the revised strategy can be obtained.

Signed:

Date:

On behalf of the City and County of Swansea Pension Fund

Signed:

Date:

Position:

Signed:

Date:

Position:

Appendix 1

Pension administration strategy

Please click [here](#) for a list of the Statutory Instruments, which have amended this regulation since its introduction.

59. —(1) An **administering authority** may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs (3) to (7) apply.

(2) The matters are—

- (a) procedures for liaison and communication with Scheme employers in relation to which it is the **administering authority** ("its Scheme employers");
- (b) the establishment of levels of performance which the **administering authority** and its Scheme employers are expected to achieve in carrying out their Scheme functions by—
 - (i) the setting of performance targets,
 - (ii) the making of agreements about levels of performance and associated matters, or
 - (iii) such other means as the **administering authority** considers appropriate;
- (c) procedures which aim to secure that the **administering authority** and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;
- (d) procedures for improving the communication by the **administering authority** and its Scheme employers to each other of information relating to those functions;
- (e) the circumstances in which the **administering authority** may consider giving written notice to any of its Scheme employers under **regulation 70 (additional costs arising from Scheme employer's level of performance)** on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);
- (f) the publication by the **administering authority** of annual reports dealing with—
 - (i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and
 - (ii) such other matters arising from its pension administration strategy as it considers appropriate; and
- (g) such other matters as appear to the **administering authority** after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

(3) An **administering authority** must—

- (a) keep its pension administration strategy under review; and
- (b) make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.

(4) In preparing or reviewing and making revisions to its pension administration strategy, an **administering authority** must consult its Scheme employers and such other persons as it considers appropriate.

(5) An **administering authority** must publish—

(a) its pension administration strategy; and

(b) where revisions are made to it, the strategy as revised.

(6) Where an **administering authority** publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.

(7) An **administering authority** and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.

(8) In this regulation references to the functions of an **administering authority** include, where applicable, its functions as a Scheme employer.

Appendix 2

Additional costs arising from Scheme employer's level of performance

Please click [here](#) for a list of the Statutory Instruments which have amended this regulation since its introduction.

70. —(1) This regulation applies where, in the opinion of an administering authority, it has incurred additional costs which should be recovered from a Scheme employer because of that employer's level of performance in carrying out its functions under these Regulations.

(2) The administering authority may give written notice to the Scheme employer stating—

- (a) the administering authority's reasons for forming the opinion mentioned in paragraph (1);
- (b) the amount the authority has determined the Scheme employer should pay under regulation 69(1)(d) (payments by Scheme employers to administering authorities) in respect of those costs and the basis on which the specified amount is calculated; and
- (c) where the administering authority has prepared a pension administration strategy under regulation 59, the provisions of the strategy which are relevant to the decision to give the notice and to the matters in sub-paragraphs (a) or (b).

Appendix 3

List of Employers in the City and County of Swansea Pension Fund as at 01 December 2017

Scheduled Bodies

City & County of Swansea
Neath Port Talbot County Borough Council.
Briton Ferry Town Council
Cilybebyll Community Council
Coedffranc Community Council
Gower College Swansea
Margam Joint Cremation Committee
NPTC Group
Neath Town Council
Pelenna Community Council
Pontardawe Town Council
Swansea Bay Port Health Authority
Swansea City Waste Disposal Company
Grwp Gwalia

Admitted Bodies

Celtic Community Leisure
Colin Laver Heating Limited
Swansea Bay Racial Equality Council
Wales National Pool
Cappgemini
The Hill Community Development Trust (Phoenix Trust)
Tai Tarian
University of Wales Trinity St Davids
Rathbone Training Limited (City and County of Swansea)
Rathbone Training Limited (Gower College Swansea)

Appendix 4

Pension Liaison Officer Responsibilities

Key responsibilities of a Pension Liaison Officer include:

- To act as the primary contact in communicating LGPS information to appropriate staff within the employing authority, this includes:
 - * Human Resources
 - * Payroll
 - * Finance
 - * Scheme members (where appropriate)
- To ensure timely and accurate submission of data to the Pension Fund as laid down in this document and Employer Notes of Guidance. This may include:
 - * Start & leaving dates
 - * Reason for leaving
 - * Benefit entitlement
 - * Calculation of Final Pay
 - * Appropriate contribution rate based on earnings
 - * Material changes (hours changes, service breaks, maternity etc)
 - * End of Year data submission
- To act as the primary contact for the Internal Resolution Disputes Procedure (IDRP)
- Ensure that standards of service are maintained;
- To identify any pension training needs and to liaise with the Pension Fund's Communication & Training Officer on meeting these needs.
- To notify the Fund immediately if there are material changes to authorised signatories or other key contacts within the employing authority;
- Discharge the employing authority's duties and responsibilities in relation to the existing governance arrangements and the regulatory framework and other relevant legislation. This includes employer policies and discretionary decisions.
- To assist and liaise with the Fund on promoting the benefits of Scheme membership to new and existing members. This may include;
 - * Induction Workshops
 - * Mid Life Planning
 - * Pre-retirement
 - * Promotion of In House Additional Voluntary Contributions (AVC)

Agenda Item 5



Report of the Head of Legal, Democratic Services & Business Intelligence

Local Pension Board – 5 January 2018

Exclusion of the Public

Purpose:	To consider whether the Public should be excluded from the following items of business.	
Policy Framework:	None.	
Reason for Decision:	To comply with legislation.	
Consultation:	Legal.	
Recommendation(s):	It is recommended that:	
1)	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.	
	Item No.	Relevant Paragraphs in Schedule 12A
	6-6a	14
	7, 7a, 7b	14
Report Author:	Democratic Services	
Finance Officer:	Not Applicable	
Legal Officer:	Tracey Meredith – Head of Legal, Democratic Services & Business Intelligence (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
12	Information relating to a particular individual.
	<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>
13	Information which is likely to reveal the identity of an individual.
	<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>
14	Information relating to the financial or business affairs of any particular person (including the authority holding that information).
	<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> <p>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</p> <p>b) Disclosure of the information would give an unfair advantage to tenderers for commercial contracts.</p> <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>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.</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>Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.</p>
	<p>No public interest test.</p>
17	<p>Information which reveals that the authority proposes:</p> <p>(a) To give under any enactment a notice under or by virtue of which requirements are imposed on a person; or</p> <p>(b) To make an order or direction under any enactment.</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>Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime</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 6a

Yn rhinwedd paragraff(au) 14 Atodlen 12A
o Ddeddf Llywodraeth Leol 1972
fel y'i diwygiwyd gan Orchymyn Llywodraeth Leol (Mynediad at
Wybodaeth) (Amrywiad) (Cymru) 2007.

Document is Restricted

Agenda Item 7a

Yn rhinwedd paragraff(au) 14 Atodlen 12A
o Ddeddf Llywodraeth Leol 1972
fel y'i diwygiwyd gan Orchymyn Llywodraeth Leol (Mynediad at
Wybodaeth) (Amrywiad) (Cymru) 2007.

Document is Restricted

Yn rhinwedd paragraff(au) 14 Atodlen 12A
o Ddeddf Llywodraeth Leol 1972
fel y'i diwygiwyd gan Orchymyn Llywodraeth Leol (Mynediad at
Wybodaeth) (Amrywiad) (Cymru) 2007.

Document is Restricted

Agenda Item 7b

Yn rhinwedd paragraff(au) 14 Atodlen 12A
o Ddeddf Llywodraeth Leol 1972
fel y'i diwygiwyd gan Orchymyn Llywodraeth Leol (Mynediad at
Wybodaeth) (Amrywiad) (Cymru) 2007.

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Yn rhinwedd paragraff(au) 14 Atodlen 12A
o Ddeddf Llywodraeth Leol 1972
fel y'i diwygiwyd gan Orchymyn Llywodraeth Leol (Mynediad at
Wybodaeth) (Amrywiad) (Cymru) 2007.

Document is Restricted