



Dinas a Sir Abertawe

Hysbysiad o Gyfarfod

Fe'ch gwahoddir i gyfarfod

Pwyllgor Cronfa Bensiwn

Lleoliad: Ystafell Bwyllgor 5 - Neuadd y Ddinas, Abertawe

Dyddiad: Dydd Iau, 5 Gorffennaf 2018

Amser: 10.00 am

Cadeirydd: Y Cyngorydd Clive Lloyd

Aelodaeth:

Cyngorwyr: J P Curtice, P Downing, M B Lewis, D G Sullivan a/ac W G Thomas

Aelod Cyfetholedig o Gyngor Castell-nedd Port Talbot: P Rees

Ymgynghorwyr: N Mills, W Marshall

Agenda

Rhif y Dudalen.

- 1 Ethol is-gadeirydd ar gyfer Blwyddyn Ddinesig 2018-2019.**
- 2 Ymddiheuriadau am absenoldeb.**
- 3 Datgeliadau o fuddiannau personol a rhagfarnol.**
www.abertawe.gov.uk/DatgeliadauBuddiannau
- 4 Cofnodion.** **1 - 8**
Cymeradwyo a llofnodi, fel cofnod cywir, gofnodion y cyfarfod(ydd) blaenorol.
- 5 Adroddiad gan Swyddog Adran 151.**
 - a Datganiad Drafft o Gyfrifon 2017/18. **9 - 54**
 - b Adroddiad Toriadau. **55 - 60**
 - c Diweddariad ar y Rheoliadau Diogelu Data Cyffredinol. **61 - 93**
 - d Cynllun Busnes. **94 - 112**
 - e Cynllun Hyfforddi. **113 - 118**
- 6 Gwahardd y Cyhoedd.** **119 - 122**
- 7 Adroddiad gan Swyddog Adran 151.**
 - a Diweddariad ar Bartneriaeth Pensiwn Cymru. **123 - 125**
 - b Polisi Llywodraethu Cymdeithasol Amgylcheddol (LICA) Diweddarau. **126 - 142**

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| 8 | Adroddiad gan yr Ymgynghorwr Buddsoddi. | 143 - 175 |
| 9 | Adroddiad gan yr Ymgynghorydd Annibynnol. | 176 - 180 |
| 10 | Crynodeb Buddsoddi. | 181 - 182 |
| 11 | Cyflwyniad gan Reolwr y Gronfa: | |
| | a) Blackrock – Mandad Goddefol | |
| | b) Blackrock - Cronfa'r Cronfeydd Rhagfantoli | |

Cyfarfod nesaf: Dydd Iau, 13 Medi 2018 ar 10.00 am

Huw Evans

Huw Evans
Pennaeth Gwasanaethau Democrataidd
Dydd Iau, 28 Mehefin 2018

Cyswllt: Gwasanaethau Democrataidd: - 636923

Agenda Item 4



City and County of Swansea

Minutes of the Pension Fund Committee

Committee Room 6 - Guildhall, Swansea

Thursday, 15 March 2018 at 10.00 am

Present: Councillor C E Lloyd (Chair) Presided

Councillor(s)

P Downing
W G Thomas

Councillor(s)

M B Lewis
M Thomas

Councillor(s)

D G Sullivan
P Rees (NPT CBC)

Officer(s)

K Cobb
J Dong

Senior Accountant
Chief Treasury & Technical Officer / Deputy Section 151
Officer
Principal Lawyer
Democratic Services Officer

S Williams
S Woon

Also Present:

N Mills
V Furniss
W Marshall
J Irvine
D Williams

Independent Investment Advisor
Independent Investment Advisor
Hymans Robertson
Hymans Robertson
Wales Audit Office

50 Disclosures of Personal and Prejudicial Interests.

In accordance with the Code of Conduct adopted by the City & County of Swansea, the following interests were declared:

Councillor P Downing - agenda as a whole - my brother works for the Council and contributes to the Pension Fund – personal.

Councillor M B Lewis - agenda as a whole – member of the Local Government Pension Scheme - personal.

Councillor P Rees - agenda as a whole – Daughter-In-Law is a member of the Local Government Pension Scheme - personal.

Councillor M Thomas - agenda as a whole – My wife and I are both members of the Local Government Pension Scheme – personal.

Councillor W G Thomas - agenda as a whole – member of the Local Government Pension Scheme - personal.

51 Minutes.

Resolved that the Minutes of the Pension Fund Committee held on 30 November 2017 be approved and signed as a correct record.

52 Representation by Friends of the Earth.

The Chair stated that a request to address the Committee had been received from Mr Childs of Friends of the Earth in relation to agenda item 7c – Environmental, Social Governance (ESG) Policy.

Resolved that the representative from Friends of the Earth address the Committee.

Mr Childs, Friends of the Earth, addressed the Committee.

53 2018 Audit Plan - City and County of Swansea.

David Williams, Wales Audit Office (WAO) presented the 2018 Audit Plan which provided the proposed audit work, when it would be undertaken, how much it would cost and who would undertake it.

Appendix 1 set out the responsibilities of the Auditor in full and Exhibit 1 provided the three phases of the audit approach and the proposed audit fee for this work was set out in Exhibit 6. The components of the performance audit work were shown in Exhibit 4 and the timetable of the proposed audits was provided at Exhibit 8.

An update on the progress of the Plan would be reported to the Committee.

The Chief Treasury and Technical Officer stated that the reduction in audit fees had been welcomed and reflected the ongoing work between the WAO and the client

54 Breaches Report.

The Chief Treasury & Technical Officer presented a 'for information' report, which provided details of breaches which had occurred in the Pension Fund in accordance with the Reporting Breaches Policy.

Appendix A provided the details of breaches that had occurred since the previous Pension Fund Committee in November 2017. The details of the breaches and actions undertaken by the Management were highlighted.

55 Investment Beliefs.

The Chief Treasury and Technical Officer presented a report to outline the Investment Beliefs adopted by this Pension Fund Committee.

The Statement of Investment Beliefs was attached at Appendix 1.

Questions in relation to the content of the report were asked by the Committee and responses were provided accordingly. It was recognised that the beliefs would be reviewed regularly.

Resolved that the Statement of Investment Beliefs be **approved**.

56 Exclusion of the Public.

The Committee was requested to exclude the public from the meeting during consideration of the item(s) of business identified in the recommendation(s) to the report on the grounds that it / they involved the likely disclosure of exempt information as set out in the exclusion paragraph of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007 relevant to the item(s) of business set out in the report.

The Committee considered the Public Interest Test in deciding whether to exclude the public from the meeting for the items of business where the Public Interest Test was relevant as set out in the report.

Resolved that the public be excluded for the following items of business.

(Closed Session)

57 Investment Strategy Review.

The Chief Treasury & Technical Officer and Hymans Robertson, Investment Consultants provided a report to outline the recommended amendments to the investment strategy.

Questions in relation to the content of the report were asked by the Committee and responses were provided accordingly.

Resolved that the changes to the investment strategy and risk mitigation highlighted within the report and subsequent revision to the Investment Strategy Statement outlined within the report be approved and the appropriate action to implement the amended strategy is delegated to the Section 151 Officer and Chief Treasury & Technical Officer.

58 Pension Administration Section Resource Review Report.

The Chief Treasury & Technical Officer presented a report to recommended resourcing outlined within the report.

Questions in relation to the content of the report were asked by the Committee and responses were provided accordingly.

Resolved that:

- 1) the recommendation as outlined in 4.1 be approved and the Section 151 Officer and Chief Treasury & Technical Officer is given delegated approval to implement; and
- 2) a progress update be provided to the Committee after 12 months.

59 Environmental Social Governance (ESG) Policy.

The Chief Treasury & Technical Officer presented a report to consider the draft Environmental, Social, Governance Policy of the City & County of Swansea Pension Fund.

Questions in relation to the content of the report were asked by the Committee and responses were provided accordingly. The draft policy was adopted in principle subject to additional information about the proposed target levels of carbon reduction and method of implementation within the equity portfolio are not being detrimental to fund performance to be presented at the next pension fund committee

Resolved That the policy outlined be adopted in principle subject to additional information about the proposed target levels of carbon reduction and method of implementation within the equity portfolio are not being detrimental to fund performance to be presented at the next Pension Fund Committee.

60 Presentation - Wales Pension Partnership ACS Operator Link and their Appointed Advisor - Russell Investments.

A presentation was made by Duncan Lowman, Eamonn Gough of Link Fund Solutions and Sasha Mandich of Russell Investments.

Questions in relation to the content of the report were asked by the Committee and responses were provided accordingly.

The content of the presentation was noted and the Chair thanked Link Fund Solutions and Russell Investments for attending the meeting.

61 Report of the Investment Consultant - Hymans Robertson.

A 'for information' report presented the quarterly report to summarise the Fund's asset valuations and performance over periods to 31 December 2017.

The quarterly report from Hymans Robertson was attached at Appendix 1.

The Committee asked questions of the Investment Consultant, which were responded to accordingly. The content of the report was noted and the Investment Consultant thanked for the report.

62 Report(s) of the Independent Investment Advisors.

The 'for information' report presented the economic update and market commentary from the perspective of the appointed independent investment advisors.

The quarterly report ended 30 September 2017 from the two independent investment advisors, Mr Noel Mills and Mr Valentine Furniss were attached at Appendix 1.

The content of each report was noted by the Committee and the independent investment advisors were thanked for their reports.

63 Investment Summary.

The Chief Treasury & Technical Officer provided a 'for information' report which presented the investment performance for the quarter, year and 3 years ended 30 September 2017.

The quarterly investment summaries for the Pension Fund for the quarter, year and 3 years ended 30 September 2017 were attached at Appendix 1.

64 Fund Manager's Presentation(s):

A presentation was made by Lyndon Bolton, Geoff Day and Sue Noffke of Active UK Equity Managers – Schroders.

The managers were asked about their voting and engagement policy and record and their support of UNPRI and the stewardship code. Questions in relation to the content of the presentation were asked by the Committee and responses were provided accordingly.

The content of the presentation was noted and the Chair thanked the Fund Manager(s) for attending the meeting.

65 Retirement of Mr Lyndon Bolton and Mr Valentine Furniss.

The Chair expressed thanks and best wishes on behalf of the Committee to Lyndon Bolton and Valentine Furniss for their valued contribution to the Pension Fund Committee and expressed best wishes for their retirement.

The meeting ended at 12.55 pm

Chair



City and County of Swansea

Minutes of the Pension Fund Committee

Committee Room 6 - Guildhall, Swansea

Friday, 4 May 2018 at 10.00 am

Present: C E Lloyd (Chair) Presided

Councillor(s)

P Downing
M B Lewis

Councillor(s)

P Rees (NPT CBC)

Councillor(s)

W G Thomas

Also Present: -

I Guy – Chair of Local Pension Board

Officer(s)

Karen Cobb
Jeffrey Dong

Senior Accountant

Chief Treasury & Technical Officer / Deputy Section 151
Officer

Jeremy Parkhouse
Stephanie Williams

Democratic Services Officer

Principal Lawyer

Apologies for Absence

Councillor(s): D G Sullivan and M Thomas

Independent Member(s):

66 Disclosures of Personal and Prejudicial Interests.

In accordance with the Code of Conduct adopted by the City & County of Swansea, the following interests were declared:

Councillor P Downing - agenda as a whole - my brother is a member of the Local Government Pension Scheme – personal.

Councillor M B Lewis - agenda as a whole – member of the Local Government Pension Scheme - personal.

Councillor C E Lloyd – agenda as a whole – member of the Local Government Pension Scheme - personal.

Councillor P Rees - agenda as a whole – Daughter-In-Law is a member of the Local Government Pension Scheme - personal.

Councillor M Thomas - agenda as a whole – My wife and I are both members of the Local Government Pension Scheme – personal.

Councillor W G Thomas - agenda as a whole – member of the Local Government Pension Scheme - 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.

67 Exclusion of the Public.

The Committee was requested to exclude the public from the meeting during consideration of the item(s) of business identified in the recommendation(s) to the report on the grounds that it / they involved the likely disclosure of exempt information as set out in the exclusion paragraph of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007 relevant to the item(s) of business set out in the report.

The Committee considered the Public Interest Test in deciding whether to exclude the public from the meeting for the items of business where the Public Interest Test was relevant as set out in the report.

Resolved that the public be excluded for the following items of business.

(Closed Session)

68 Wales Pension Partnership (WPP) - Global Equities Sub Fund(s).

The Chief Treasury & Technical Officer presented the report to approve the recommendation of the Joint Governance Committee of the Wales Pension Partnership (WPP). The recommendation sought to implement the fund structures identified within the report for Active Global Equities within the WPP Authorised Contractual Scheme (ACS) and to be included within the prospectus to be submitted to the FCA.

It was recognised how competitive current fees are and the tax efficiency of how the assets are currently deployed with the Treasury accountant reclaiming withholding tax where applicable. The material benefits of the WPP fund structure shall be investment outperformance.

It was noted that 31 March 2018 allocations were outside of current limits, but was recognised that they would be re-balanced at transition.

The Committee discussed the information contained within the report.

Resolved that: -

- 1) the 2 sub funds for active global equities identified in Appendix 1 and are included within the prospectus for submission to the FCA be approved;
- 2) the investment / transition into the identified sub fund 2 be delegated to the Section 151 Officer / Chief Treasury & Technical Officer.

The meeting ended at 10.45 am

Chair

Agenda Item 5a



Report of the Section 151 Officer

Pension Fund Committee – 5 July 2018

City & County of Swansea Pension Fund Draft Statement of Accounts 2017/18

Purpose:	To approve the draft statement of accounts for the City & County of Swansea Pension Fund
Consultation:	Legal, Finance and Access to Services.
Recommendation:	That The City & County of Swansea Pension Fund Draft Statement of Accounts is approved
Report Author:	J Dong
Finance Officer:	J Dong
Legal Officer:	S Williams
Access to Services Officer:	S Hopkins

City & County of Swansea Pension Fund Draft Statement of Accounts 2017/18

1 Background

- 1.1 The City & County of Swansea Pension Fund Accounts have always formed a distinct and separate component of the Statement of Accounts of the City & County of Swansea as a whole. It has been determined by Welsh Government in consultation with CIPFA, that they are no longer required to be presented as a whole document but shall now be presented separately.

2 Audit

- 2.1 The Wales Audit Office have commenced their audit of the Pension Fund Draft Statement of Accounts 2017/18 in line with their audit plan presented to Pension Fund Committee earlier in the year. Their report shall be presented to Pension Fund Committee at the conclusion of the audit later in the year.

3 Recommendation

- 3.1 The Pension Fund Committee is asked to approve the City & County of Swansea Pension Fund Draft Statement of Accounts 2017/18 as attached at Appendix 1 which are subject to audit.

4 Legal Implications

- 4.1 There are no legal implications arising from this report

5 Financial Implications

- 5.1 There are no financial implications arising from this report

6 Equality and Engagement Implications

- 6.1 There are no equality and engagement implications arising from this report

Background Papers: None.

Appendices: Appendix 1 – Draft Statement of Accounts 2018/19.

Section 151 Officer's Certificate

I hereby certify that the statement of accounts on pages 1 to 44 present fairly the position of the Pension Fund at the accounting date and its income and expenditure for the year ended 31st March 2018.

Ben Smith
Head of Financial Services & Service Centre, Section 151 Officer

CITY & COUNTY OF SWANSEA PENSION FUND

Fund Account For The Year Ended 31st March

2016/17			2017/18	
£'000	Contributions and benefits	Notes	£'000	£'000
	Contributions receivable :			
64,818	Employers contribution	3	70,032	
16,903	Members contribution	3	17,666	87,698
3,841	Transfers in	4		3,191
194	Other income	5		180
85,756				91,069
	Benefits payable :			
-58,454	Pensions payable	6	-61,207	
-17,779	Lump sum benefits	6	-16,202	-77,409
	Payments to and on account of leavers :			
-120	Refunds of contributions	7	-101	
-4,750	Transfers out	7	-4,452	-4,553
-1,141	Management Expenses	8		-1,392
3,512	Net additions from dealing with members			7,715
	Returns on investments			
29,838	Investment income	9		30,891
315,415	Change in market value of investments	12		25,480
-5,512	Investment management expenses	8		-5,937
339,741	Net returns on investments			50,434
343,253	Net Increase in the fund during the year			58,149
1,512,629	Opening Net Assets of the Fund			1,855,882
1,855,882	Closing Net Assets of the Fund			1,914,031

CITY & COUNTY OF SWANSEA PENSION FUND

Net Assets Statement As At 31 March

31st March 2017		31st March 2018
£'000	Notes	£'000
Investments at market value:		
1,780,339 Investment Assets	11	1,829,320
1,664 Cash Funds	12	761
67,561 Cash Deposits	12	77,046
3,211 Other Investment Balances - Dividends Due	12	3,672
1,852,775 Sub Total		1,910,799
7,402 Current Assets	16	7,499
-4,295 Current Liabilities	16	-4,267
<u>1,855,882 Net assets</u>		<u>1,914,031</u>

The financial statements on pages 1 to 44 summarise the transactions of the Fund and deal with the net assets at the disposal of the Pension Fund Committee. The financial statements do not take account of liabilities and other benefits which fall due after the period end. The actuarial position of the Fund, which does take account of such liabilities, is dealt with in the Statement of the Actuary in the Annual Report of the Pension Fund and a summary is included in Note 18 of this statement, and these accounts should be read in conjunction with this information.

Notes to the Financial Statements

1. Basis of preparation

The financial statements summarise the fund's transactions for the 2017/18 financial year and its position at year-end 31 March 2018. The financial statements have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2017/18* which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The financial statements do not take account of liabilities and other benefits which fall due after the period end.

2. Accounting Policies

The following principal accounting policies, which have been applied consistently (except as noted below), have been adopted in the preparation of the financial statements:

(a) Contributions

Normal contributions, both from the employees and from the employer, are accounted for on an accruals basis in the month employee contributions are deducted from the payroll.

Early Access contributions from the employers are accounted for in accordance with the agreement under which they are paid, or in the absence of such an agreement, when received. Under current rules, employers can exercise discretion to give access to a person's pension rights early (other than for ill health). Where this is done, the additional pension costs arising are recharged to the relevant employer and do not fall as a cost to the fund. Under local agreements some Employers have exercised the right to make these repayments over three years incurring the relevant interest costs. As a result total income is recognised in the Fund Account with amounts outstanding from Employers within debtors.

Other Contributions relate to additional pension contributions paid in order to purchase additional pension benefits.

(b) Benefits

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the fund as appropriate.

(c) Transfers to and from other Schemes

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension schemes of new employers for members who have left the fund. They are accounted for on a cash basis, or where Trustees have agreed to accept the liability in advance of receipt of funds, on an accruals basis from the date of the agreement.

(d) Investments

- i) The net assets statement includes all assets and liabilities of the fund at the 31st March.

2. Accounting Policies (continued)

- ii) Listed investments are included at the quoted bid price as at 31st March.
- iii) Investments held in pooled investment vehicles are valued at the closing bid price at 31st March if both bid and offer price are published; or, if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.
- iv) Unquoted securities are valued by the relevant investment managers based on the Fund's share of the net assets or a single price advised by the Fund Manager, in accordance with generally accepted guidelines.
- v) Unit trusts are valued at the Managers' bid prices at 31st March.
- vi) Accrued interest is excluded from the market value of fixed interest securities but is included in accrued investment income.
- vii) Investment management fees are accounted for on an accrual basis.
- viii) Transaction costs are included in the cost of purchases and sales proceeds.
- ix) Investments held in foreign currencies have been translated into sterling values at the relevant rate ruling as at 31st March.
- x) Property Funds/Unit Trusts are valued at the bid market price, which is based upon regular independent valuation of the underlying property holdings of the Fund/Unit Trust.

e) Financial Instruments

Pension Fund assets have been assessed as fair value through profit and loss in line with IAS19.

f) Cash and Cash Funds

Cash comprises cash in hand and cash deposits. Cash funds are highly liquid investments held with Investment Managers.

g) Investment Income

Investment income and interest received are accounted for on an accruals basis. When an investment is valued ex dividend, the dividend is included in the Fund account. Distributions from pooled investment vehicles are automatically reinvested in the relevant fund.

2. Accounting Policies (continued)

h) Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the net asset statement as 31 March 2018 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

- Actuarial present value of promised retirement benefits

i) Critical judgements in applying accounting policies

The funds liability is calculated every three years by the appointed actuary. The methodology used is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the actuary. The estimate is subject to significant variances based on changes to the underlying assumptions.

j) Other

Other expenses, assets and liabilities are accounted for on an accruals basis.

CITY & COUNTY OF SWANSEA PENSION FUND

3. Analysis of Contributions

Total Contributions		Total Contributions
2016/17 £'000		2017/18 £'000
<u>Administering Authority</u>		
46,623	City & County of Swansea	50,268
<u>Admitted Bodies</u>		
364	Celtic Community Leisure	412
42	Swansea Bay Racial Equality Council	11
117	Wales National Pool	118
2,547	Tai Tarian	2,511
676	Pobl Group	553
11	Rathbone Training Ltd (CCS)	5
36	Rathbone Training Ltd (Gower College)	31
3,793	Total Admitted Bodies	3,641
<u>Scheduled Bodies</u>		
8	Cilybebyll Community Council	9
29	Coedffranc Community Council	40
1,737	Gower College Swansea	2,246
1,699	NPTC Group	2,022
71	Neath Town Council	64
26,087	Neath Port Talbot County Borough Council	27,662
37	Margam Joint Crematorium Committee	38
5	Pelenna Community Council	7
16	Pontardawe Town Council	19
27	Swansea Bay Port Health Authority	16
1,584	University of Wales Trinity St Davids	1,655
2	Briton Ferry Town Council	5
2	Llanrhidian Higher Community Council	3
1	Ysalyfera Community Council	3
31,305	Total Scheduled Bodies	33,789
81,721	Total Contributions Receivable	87,698

CITY & COUNTY OF SWANSEA PENSION FUND

3. Analysis of Contributions (continued)

Total Employer/Employee contributions comprise of:

2016/17		2017/18
£'000		£'000
Employers		
60,780	Normal	66,390
0	Other	0
4,038	Early Access	3,642
<u>64,818</u>	Total	<u>70,032</u>
Employees		
16,863	Normal	17,627
40	Other	39
<u>16,903</u>	Total	<u>17,666</u>
<u>81,721</u>	Total Contributions Receivable	<u>87,698</u>

CITY & COUNTY OF SWANSEA PENSION FUND

4. Transfers In

Transfers in comprise of:

2016/17		2017/18
£'000		£'000
0	Group transfers from other schemes	0
3,841	Individual transfers from other schemes	3,191
<u>3,841</u>	Total	<u>3,191</u>

5. Other Income

Other income comprise of:

2016/17		2017/18
£'000		£'000
200	Bank Interest	180
-6	Early Access - Interest	0
<u>194</u>	Total	<u>180</u>

6. Benefits Payable

By category

2016/17		2017/18
£'000		£'000
58,454	Pensions	61,207
15,417	Commutation and lump sum retirement benefits	14,888
2,362	Lump sum death benefits	1,314
<u>76,233</u>	Total	<u>77,409</u>

7. Payments to and on account of leavers

Transfers out and refunds comprise of:

2016/17		2017/18
£'000		£'000
120	Refunds to members leaving service	101
4,750	Individual transfers to other schemes	4,452
<u>4,870</u>	Total	<u>4,553</u>

CITY & COUNTY OF SWANSEA PENSION FUND

8. Administrative and Investment Management Expenses

All administrative and investment management expenses are borne by the Fund:

2016/17 £'000		2017/18 £'000
	Administrative Expenses	
690	Support Services (SLA) & Employee Costs	755
18	Printing & Publications	18
169	Other	305
<u>877</u>		<u>1,078</u>
	Oversight & Governance	
55	Actuarial Fees	43
45	Advisors Fees	123
50	External Audit Fees	50
10	Performance Monitoring Service	14
6	Pension Fund Committee	5
1	Pension Board	2
97	All Wales Pool Fees	77
<u>264</u>		<u>314</u>
<u>1,141</u>		<u>1,392</u>
	Investment Management Expenses	
4,894	Management Fees	4,402
494	Performance Fees	1,400
124	Custody Fees	135
<u>5,512</u>		<u>5,937</u>
<u>6,653</u>	Total	<u>7,329</u>

The above represents direct fees payable to the appointed fund managers, however the following mandates are appointed via a fund of funds/manager of managers approach and the table below represents the fees payable to underlying managers. Returns for these mandates are net of underlying fee costs. However for disclosure purposes the fees incurred were:

2016/17 £'000		2017/18 £'000
277	Partners Group	997
678	Blackrock	972
1,300	Schroders Property Fund	1,420
733	Permal	633
715	HarbourVest	678
<u>3,703</u>	Total	<u>4,700</u>

CITY & COUNTY OF SWANSEA PENSION FUND

9. Investment Income

2016/17	2017/18
£'000	£'000
15,596 U.K. Equities	16,349
9,169 Overseas Equities	10,020
3,854 Managed Fund - Fixed Interest	3,102
1,289 Pooled Investment vehicles - Property Fund	1,483
-70 Interest and other Income	-63
<u>29,838</u> Total	<u>30,891</u>

The assets under management by Blackrock are managed wholly in a pooled investment vehicle. The pooled investment vehicles are a combination of equity, bond and money market unit funds which operate on an 'accumulation' basis, i.e. all dividends and investment income are automatically reinvested back into their relevant funds and not distributed as investment income. Therefore, the fund value and change in market value on these funds will reflect both capital appreciation / depreciation plus reinvested investment income.

10. Taxation

a) United Kingdom

The Fund is exempt from Income Tax on interest and dividends and from Capital Gains Tax but now has to bear the UK tax on other income. The fund is reimbursed V.A.T. by H.M. Revenue and Customs and the accounts are shown exclusive of V.A.T.

b) Overseas

The majority of investment income from overseas suffers a withholding tax in the country of origin.

CITY & COUNTY OF SWANSEA PENSION FUND

11. Investment Assets

	31st March 2017			31st March 2018		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
Equities						
Quoted	414,015	456,711	870,726	424,093	477,911	902,004
	414,015	456,711	870,726	424,093	477,911	902,004
Pooled investment vehicles						
Managed Funds:						
Quoted:						
Equity	0	16,585	16,585	0	17,226	17,226
Fixed Interest	0	118,328	118,328	0	117,508	117,508
Unquoted:						
Equity	149,787	315,506	465,293	152,177	326,367	478,544
Fixed Interest	60,643	16,349	76,992	60,950	15,633	76,583
Index-linked	32,282	0	32,282	32,547	0	32,547
Property Unit Trust	12,053	0	12,053	15,831	0	15,831
Property Fund	36,162	38,911	75,073	33,035	36,390	69,425
Hedge Fund	0	52,318	52,318	0	54,601	54,601
Private Equity	0	60,689	60,689	0	65,051	65,051
Total pooled investment vehicles	290,927	618,686	909,613	294,540	632,776	927,316
Total equities and pooled investment vehicles	704,942	1,075,397	1,780,339	718,633	1,110,687	1,829,320
Cash Funds			1,664			761
Cash			67,561			77,046
Other Investment Balances Due			3,211			3,672
Total			1,852,775			1,910,799

CITY & COUNTY OF SWANSEA PENSION FUND

11. Investment Assets (continued)

An analysis of investment assets based on the class of investment is shown below :

31st March 2017 £'000	Investment assets	31st March 2018 £'000
195,320	Fixed interest	194,091
32,282	Index linked securities	32,547
563,802	U.K. equities	576,270
788,802	Overseas Equities	821,504
87,126	Property	85,256
52,318	Hedge Funds	54,601
60,689	Private Equity	65,051
0	Infrastructure	0
<u>1,780,339</u>	Total investment assets	<u>1,829,320</u>

CITY & COUNTY OF SWANSEA PENSION FUND

12. Reconciliation of movements in investments

	Value at 31st March 2017	Purchases	Sales	Change in Market Value	Value at 31st March 2018
	£'000	£'000	£'000	£'000	£'000
Equities					
Aberdeen	130,967	20,036	-17,083	1,685	135,605
JPM	350,252	328,051	-326,437	12,409	364,275
Schroders	406,092	73,080	-50,834	-8,988	419,350
L&G/Blackrock	465,293	2,789	-6	10,468	478,544
	<u>1,352,604</u>	<u>423,956</u>	<u>-394,360</u>	<u>15,574</u>	<u>1,397,774</u>
Property					
UK					
Schroders	48,215	6,357	-9,448	3,742	48,866
Partners	25,089	2,189	-7,401	2,003	21,880
Invesco	13,822	0	-638	1,326	14,510
	<u>87,126</u>	<u>8,546</u>	<u>-17,487</u>	<u>7,071</u>	<u>85,256</u>
Fixed Interest					
Fixed Interest					
L&G/Blackrock	76,992	0	0	-409	76,583
Goldman	118,328	3,101	0	-3,921	117,508
	<u>195,320</u>	<u>3,101</u>	<u>0</u>	<u>-4,330</u>	<u>194,091</u>
Index-Linked					
L&G/Blackrock	32,282	0	0	265	32,547
	<u>32,282</u>	<u>0</u>	<u>0</u>	<u>265</u>	<u>32,547</u>
Hedge Funds					
Blackrock	27,590	0	-466	1,773	28,897
Permal	24,728	0	-391	1,367	25,704
	<u>52,318</u>	<u>0</u>	<u>-857</u>	<u>3,140</u>	<u>54,601</u>
Private Equity					
HarbourVest	60,689	16,053	-15,446	3,755	65,051
	<u>60,689</u>	<u>16,053</u>	<u>-15,446</u>	<u>3,755</u>	<u>65,051</u>
Infrastructure					
First State	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Transition					
	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash funds					
Schroders	1,664	0	-908	5	761
	<u>1,664</u>	<u>0</u>	<u>-908</u>	<u>5</u>	<u>761</u>
Total	<u>1,782,003</u>	<u>451,656</u>	<u>-429,058</u>	<u>25,480</u>	<u>1,830,081</u>
Cash	67,561				77,046
Other Investment Balances - Dividends Due	3,211				3,672
TOTAL	<u>1,852,775</u>			<u>25,480</u>	<u>1,910,799</u>

CITY & COUNTY OF SWANSEA PENSION FUND

12. Reconciliation of movements in investments (continued)

Transaction costs are included in the cost of purchase and sales proceeds. Identifiable transaction costs incurred in the year relating to segregated investments amounted to £842k (2016/17 : £264k). Costs are also incurred by the Fund in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately disclosed. During the year, the passively managed assets previously managed by Legal & General Asset Management transitioned to Blackrock Asset Management as part of the collaborative procurement exercise undertaking as a precursor to the Wales Pension Partnership.

13. Concentration of Investments

The following investments represented 5% or more of the Fund's net assets at 31st March 2018:

	Value as at the 31st March 2017 £'000	Proportion of Net Asset %	Value as at the 31st March 2018 £'000	Proportion of Net Asset %
Blackrock UK Equity Index	149,787	8.1	152,177	8.0
Goldman Sachs Global Libor Plus II	118,328	6.4	117,508	6.1
Blackrock North America Equity	146,379	7.9	149,143	7.8
JP Morgan North American Equities	198,563	10.7	209,177	10.9

14. Realised Profit on the Sale of Investments

2016/17 £'000	2017/18 £'000
9,312 U.K. Equities	17,609
39,557 Overseas Equities	56,905
2,286 Property Fund	3,735
2 Cash Fund	2
<u>51,157</u> Net Profit	<u>78,251</u>

15. Fixed Interest and Index Linked Investments

The fixed interest and index-linked investments are comprised of:

31st March 2017 £'000	31st March 2018 £'000
147,948 UK Public Sector	143,791
79,654 Other	82,847
<u>227,602</u>	<u>226,638</u>

CITY & COUNTY OF SWANSEA PENSION FUND

16. Current Assets and Liabilities

The amounts shown in the statement of Net Assets are comprised of:

31st March		31st March
2017		2018
£'000		£'000
Current Assets		
593	Contributions - Employees	629
2,594	Contributions - Employers	2,430
2,565	Early Access Contributions Debtor	2,789
406	Transfer Values	441
1,244	Other	1,210
<u>7,402</u>		<u>7,499</u>
Current Liabilities		
-547	Investment Management Expenses	-529
-1,970	Commutation and lump sum retirement benefits	-1,819
-44	Lump sum death benefits	-40
-677	Transfers to Other Schemes	-751
-602	Payroll Deductions - Tax	-602
-30	Payable Control List	-34
-425	Other	-492
<u>-4,295</u>		<u>-4,267</u>
<u>3,107 Net</u>		<u>3,232</u>

Analysed as:

31st March		31st March
2017		2018
£'000		£'000
Current Assets		
511	Central Government Bodies	701
6,039	Other Local Authorities	6,210
852	Other Entities and Individuals	588
<u>7,402</u>		<u>7,499</u>
Current Liabilities		
-216	Central Government Bodies	-41
-739	Other Local Authorities	-661
-3,340	Other Entities and Individuals	-3,565
<u>-4,295</u>		<u>-4,267</u>
<u>3,107 Net</u>		<u>3,232</u>

CITY & COUNTY OF SWANSEA PENSION FUND

16. Current Assets & Liabilities (continued)

Early Access Debtor

	Instalment Due 2018/19 £'000	Instalment Due 2019/20 £'000	Instalment Due 2020/21 £'000	Instalment Due 2021/22 £'000	Total £'000
Early Access Principal Debtor	2,967	0	0	0	2,967
Early Access Interest Debtor	0	0	0	0	0
Total (Gross)	2,967	0	0	0	2,967

17. Capital and Contractual Commitments

As at 31st March 2018 the Scheme was committed to providing funding to appointed managers investing in unquoted securities. These commitments amounted to £100.7m (2016/17 : £70.0m).

18. Statement of the Actuary for the year ended 31 March 2018

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the City & County of Swansea Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2016 by Aon, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

Actuarial Position

- 1 The valuation as at 31 March 2016 showed that the funding ratio of the Fund was broadly similar to the funding ratio as at the previous valuation, with the market value of the Fund's assets at 31st March 2016 (of £1,512.6M) covering 80% of the liabilities in respect of service prior to the valuation date allowing, in the case of pre 1 April 2014 membership for current contributors to the Fund, for future increases in pensionable pay.
- 2 The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2017 was:
 - 18.0% of pensionable pay. This was the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date (the primary rate).

Plus

 - Monetary amounts to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 22 years from 1 April 2017 (the secondary rate), equivalent to 7.0% of pensionable pay (or £20.1M in 2017/18, and increasing by 3.5% p.a. thereafter).
- 3 In practice, each individual employer's or group of employers' position is assessed separately and contributions are set out in Aon's report dated 31 March 2017 (the "actuarial valuation report"). In addition to the contributions shown above, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.
- 4 The funding plan adopted in assessing the contributions for each individual employer or group was in accordance with the Funding Strategy Statement in force at the time. The approach adopted, and the recovery period used for each employer was agreed with the administering authority reflecting the employers' circumstances.
- 5 The valuation was carried out using the projected unit actuarial method for most employers and the main actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

CITY & COUNTY OF SWANSEA PENSION FUND

18. Statement of the Actuary for the year ended 31 March 2018 (continued)

<u>Discount rate for periods in service</u>	
Scheduled body employers *	4.6% p.a.
Orphan body employers	4.6% p.a.
<u>Discount rate for periods after leaving service</u>	
Scheduled body employers *	4.6% p.a.
Orphan body employers	2.5% p.a.
Rate of pay increase	3.5% p.a.
Rate of increase to pension accounts	2.0% p.a.
Rate of increase in pensions in payment (in excess of Guaranteed Minimum Pension)	2.0% p.a.

**The scheduled body discount rate was also used for employers whose liabilities will be subsumed after exit by a scheduled body.*

In addition the discount rate for orphan liabilities (i.e. where there is no scheme employer responsible for funding those liabilities) was 2.1% p.a. in service and left service.

The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2P mortality tables with appropriate scaling factors applied based on the mortality experience of members within the Fund and included an allowance for improvements based on the Continuous Mortality Investigation (CMI) Core Projections Model released with Working Paper 91 with Core assumptions, with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 were :

	Men	Women
Current pensioners aged 65 at the valuation date	22.8	24.3
Future pensioners aged 45 at the valuation date	24.4	26.1

The assets were valued at market value.

Further details of the assumptions adopted for the valuation were set out in the actuarial valuation report.

6. The valuation results summarised above are based on the financial position and market levels at the valuation date, 31 March 2016. As such the results do not make allowance for changes which have occurred subsequent to the valuation date.

7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2017 to 31 March 2020 were signed on 31 March 2017. Other than as permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund due as at 31 March 2019 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

8. Since the date the valuation report was signed, HM Treasury, in its response to the consultation on indexation and equalisation of GMPs in public sector schemes, has made an announcement to extend the indexation of GMPs to those reaching State Pension Age on or before 5 April 2021 (previously 5 December 2018). This extension period was not allowed for in the valuation results as the actuarial valuation report was signed off before the announcement, but the increase in liability is not expected to be material.

In addition, amendment Regulations have been laid which provide for exit credits to be repaid to employers on exit, effective from 14 May 2018. It is anticipated that the Administering Authority will consider whether its Funding Strategy Statement should be revised on account of these changes but it is not expected that any surplus repayable to employers on exit will be material.

9. This Statement has been prepared by the current Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2016. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

18. Statement of the Actuary for the year ended 31 March 2018 (continued)

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon does not accept any responsibility or liability to any party other than our client, the City and County of Swansea, the Administering Authority of the Fund, in respect of this Statement.

10. The report on the actuarial valuation as at 31 March 2016 is available from the Fund's website at the following address:

<http://www.swanseapensionfund.org.uk/investment-and-fund/actuarial-valuations/>

Aon Hewitt Limited
May-18

Actuarial Present Value of Promised Retirement Benefits

CIPFA's Code of Practice also requires the actuarial present value of the promised retirement benefits to be disclosed based on IAS26 and using assumptions relevant to IAS19 and not the funding assumptions above. The actuarial present value of the promised retirement benefits on this basis as at 31st March 2016 is £2,249.7m (31st March 2013 £1,936.8m), which compares the market value of the assets at that date of £1,512.6m (31st March 2013 £1,277.6m).

Definitions

Admission Body

An employer admitted to the Fund under an admission agreement.

Orphan Body

This is an admission body or other employer whose participation in the Fund may cease at some future point in time, after which it is expected that the Administering Authority will have no access to future contributions in respect of the employer's liabilities in the Fund once any liability on cessation has been paid.

Scheduled Body

Employers which participate in the Fund under Schedule 2 of the Administration Regulations.

Subsumption and subsumption body

When an admission body or other employer ceases participation in the Fund, so that it has no employees contributing to the Fund and once any contribution on cessation as required by the regulations has been paid, the Fund will normally be unable to obtain further contributions from that employer (eg if future investment returns are less than assumed). It is however possible for another long term employer in the Fund (generally a scheduled body) to agree to be a source of future funding should any funding shortfalls emerge on the original employer's liabilities. The long term employer effectively subsumes the assets and liabilities of the ceasing employer into its own assets and liabilities. In this document this is known as subsumption. In this document the admission body or other employer being subsumed is referred to as a subsumption body and its liabilities are known as subsumed liabilities.

18. Actuarial Present Value of Promised Retirement Benefits - Statement of the Actuary for the year ended 31 March 2018 (continued)

Rates & Adjustment Certificate

Actuarial certificate given for the purposes of Regulation 62 of the Local Government Pension Scheme Regulations 2013.

In accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013 ("the 2013 Regulations"), we certify that contributions should be paid by Employers at the following rates for the period 1st April 2017 to 31st March 2020.

- i) An aggregate primary rate of 18.0% pa of Pensionable Pay.
- ii) Individual adjustments (i.e. secondary contribution rates) which, when added to or subtracted from the primary rate, produced the following minimum Employer contribution rates.

CITY & COUNTY OF SWANSEA PENSION FUND

18. Actuarial Present Value of Promised Retirement Benefits - Statement of the Actuary for the year ended 31 March 2018 (continued)

Employer	Primary contribution rate % pensionable pay	Secondary contributions (% Pensionable pay and £s) in year commencing 1 April			Total contributions (% Pensionable pay and £s) in year commencing 1 April		
		2017	2018	2019	2017	2018	2019
Schedule 2 Part 1 bodies/ Schedule 2 Part 2 bodies (Scheduled bodies)							
City & County of Swansea	17.9%	5.5%	6.5%	7.9%	23.4%	24.4%	25.8%
Neath Port Talbot County Borough Council	17.8%	7.7%	8.5%	9.3%	25.5%	26.3%	27.1%
Cilybebyll Community Council	27.6%	-4.7%	-2.3%	0.1%	22.9%	25.3%	27.7%
Coedffranc Community Council	20.3%	-0.1% plus £5,300	-0.1% plus £5,500	-0.1% plus £5,700	20.2% plus £5,300	20.2% plus £5,500	20.2% plus £5,700
Neath Town Council	20.3%	-0.1% plus £16,200	-0.1% plus £16,800	-0.1% plus £17,400	20.2% plus £16,200	20.2% plus £16,800	20.2% plus £17,400
Pelenna Community Council	27.0%	£1,200	£1,200	£1,300	27.0% plus £1,200	27.0% plus £1,200	27.0% plus £1,300
Pontardawe Town Council	23.0%	£800	£800	£900	23.0% plus £800	23.0% plus £800	23.0% plus £900
Gower College	17.9%	3.8%	3.9%	3.9%	21.7%	21.8%	21.8%
NPTC Group	17.7%	£168,400	£174,300	£180,400	17.7% plus £168,400	17.7% plus £174,300	17.7% plus £180,400
Margam Joint Crematorium Committee	20.3%	-0.1% plus £9,400	-0.1% plus £9,700	-0.1% plus £10,100	20.2% plus £9,400	20.2% plus £9,700	20.2% plus £10,100
Swansea Bay Port Health Authority	5.8%	16.6% plus £0	16.6% plus £4,400	16.6% plus £9,000	22.4% plus £0	22.4% plus £4,400	22.4% plus £9,000
Schedule 2 Part 3 bodies (Admission bodies)							
Celtic Community Leisure	13.2%	-	-	-	13.2%	13.2%	13.2%
Gnwp Gwallia Cyf	22.0%	-1.6%	-1.6%	-1.6%	20.4%	20.4%	20.4%
Neath Port Talbot Homes Ltd	17.0%	£62,300	£218,500	£374,700	17.0% plus £62,300	17.0% plus £218,500	17.0% plus £374,700
Rathbone Training Ltd (City & County of Swansea)	22.4%	2.8%	2.8%	2.8%	25.2%	25.2%	25.2%
Rathbone Training Ltd (Gower College)	24.3%	-	-	-	24.3%	24.3%	24.3%

Swansea Bay Racial Equality Council	37.0%	-1.8% plus £600	-0.9% plus £1,300	£2,000	35.2% plus £600	36.1% plus £1,300	37.0% plus £2,000
Trinity St Davids	28.0%	£389,400	£542,300	£686,100	28.0% plus £389,400	28.0% plus £542,300	28.0% plus £686,100
Wales National Pool	14.2%	-	-	-	14.2	14.2	14.2
Total	18.0%	5.5% plus £653,600	6.3% plus £974,800	7.3% plus £1,287,600	23.5% plus £653,600	24.3% plus £974,800	25.3% plus £1,287,600

The contribution rates for the City & County of Swansea, Neath Port Talbot County Borough Council and Gower College have been set as a percentage of pay. However, minimum monetary contribution amounts for these employers have been agreed with the Administering Authority, and if the contributions actually received fall below this minimum level additional payments will be required. These minimums are such that the total contributions in aggregate must be no less than :

- City & County of Swansea 17.9% of pensionable pay plus £8.18M in 2017/18, 17.9% of pensionable pay plus £9.53M in 2018/19, 17.9% of pensionable pay plus £11.37M in 2019/20.
- Neath Port Talbot County Borough Council 17.8% of pensionable pay plus £6.18M in 2017/18, 17.8% of pensionable pay plus £6.82M in 2018/19, 17.8% of pensionable pay plus £7.47M in 2019/20
- Gower College 17.9% of pensionable pay plus £250,000 in 2017/18, 17.9% of pensionable pay plus £259,000 in 2018/19, 17.9% of pensionable pay plus £268,000 in 2019/20

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The contributions shown above represent the minimum contributions to be paid by each Employer. Employers may choose to pay additional contributions from time to time subject to the Administering Authority's agreement.

Where payments due from an Employer are expressed as monetary amounts, the amounts payable by that Employer may be adjusted to take account of any amounts payable, in respect of surplus or shortfall to which those monetary payments relate, by new employers created after the valuation date which have been credited with proportions of the assets and liabilities of the relevant Employer.

Additional contributions may be required in respect of any additional liabilities that arise under the provisions of Regulations 30, 31, 35 and 38 of the 2013 Regulations and Employers will be notified of such contributions separately by the Administering Authority.

Additional contributions may be payable by any Employers which have ceased to participate in the Fund since 31 March 2016 and these will be certified separately.
Contribution rates for Employers commencing participation in the Fund after 31 March 2016 will be advised separately.
This certificate should be read in conjunction with the notes overleaf.

Signed on behalf of Aon Hewitt Limited



Chris Archer FIA
Fellow of the Institute and Faculty of Actuaries

30 March 2017

Aon Hewitt Limited
25 Marsh Street
Bristol BS1 4AQ



Laura Hamilton FIA
Fellow of the Institute and Faculty of Actuaries

19. Related party transactions

£755k (£690k 2016/17) was paid to the City & County of Swansea for the recharge of Administration, I.T., Finance and Directorate & Legal Services during the year.

Contributions received from admitted and scheduled bodies as detailed on page 8.

The City & County of Swansea acts as administering Authority for the City and County of Swansea Pension Fund (formerly the West Glamorgan Pension Fund).

Transactions between the Authority and the Pension Fund mainly comprise the payment to the Pension Fund of employee and employer payroll superannuation deductions, together with payments in respect of enhanced pensions granted by Former Authorities.

The Pension Fund currently has 35 scheduled and admitted bodies. Management of the Pension Scheme Investment Fund is undertaken by a panel. The panel is advised by two independent advisors.

Key Management Personnel

The key management personnel of the Fund are the Chief Executive and the Head of Financial Services & Service Centre, Section 151 Officer. As required by 3.9.4.2 of the CIPFA code of practice 2016/17, the figures below show the change in value of post-employment benefits provided to these individuals over the accounting year based on the percentage of time on matters relating to the Pension Fund. The value of the benefits has been calculated consistently with those of the whole Fund disclosure provided in Note 18, albeit the figures below have been calculated at different dates to those used for the whole fund disclosure.

	Increase/(decrease) in IAS19 liability to 31 March 2018		Increase/(decrease) in IAS19 liability to 31 March 2017	
	Amount (£)	Percentage (%) of year end liability	Amount (£)	Percentage (%) of year end liability
Chief Executive	81,000	5.2	333,000	28.1
Head of Financial Services & Service Centre, Section 151 Officer	64,000	30.7	28,000	16.1

CITY & COUNTY OF SWANSEA PENSION FUND

19. Related Party Transactions Cont'd

	Short Term Benefits to 31 March 2018		Short Term Benefits to 31 March 2017	
	Remuneration (Including Fees & Allowances) £	Pension Contributions (23.4%) £	Remuneration (Including Fees & Allowances) £	Pension Contributions (22.4%) £
Chief Executive (i)	142,814	33,418	162,667	31,108
Head of Financial Services & Service Centre, Section 151 Officer (ii)	71,951	16,764	6,181	1,385

Notes in relation to 2016/17

(i) The Chief Executive retired on the 31st May 2016. The Director of Place became the Chief Executive on 1st June 2016 but was remunerated from 1st May 2016 in a one month handover period prior approved by Council decision.

(ii) The Head of Financial Services & Service Centre (previously Head of Finance & Delivery) was the Director of Resources from 28th April 2016.

CITY & COUNTY OF SWANSEA PENSION FUND

19. Related Party Transactions Cont'd

There are 7 councillor members of the pension committee who are active members in the City & County of Swansea Pension Fund. The benefit entitlement for the Councillors is accrued under the same principles that apply to all other members of the Fund.

20. Additional Voluntary Contributions

Some members of the Fund pay voluntary contributions to the fund's AVC providers, The Prudential, to buy extra pension benefits when they retire. These contributions are invested in a wide range of assets to provide a return on the money invested. Some members also still invest and have funds invested with the legacy AVC providers, Equitable Life and Aegon.

The Pension Fund accounts do not include the assets held by The Prudential, Equitable Life or Aegon. AVCs are not included in the accounts in accordance with section 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only.

AVC Provider	Value of Funds at 1st April 2017	Purchases at Cost (Contributions In/Out)	Sale Proceeds	Change in Market Value	Value of Funds at 31st March 2018
	£'000	£'000	£'000	£'000	£'000
Prudential	5,226	1,604	-1,305	137	5,662
Aegon	1,124	27	-77	32	1,106
Equitable Life	279	1	-37	6	249
Totals	6,629	1,632	-1,419	175	7,017

CITY & COUNTY OF SWANSEA PENSION FUND

21. Membership

The Pension Fund covers City & County of Swansea employees (except for teachers, for whom separate pension arrangements apply), and other bodies included in the schedule.

Detailed national regulations govern the rates of contribution by employees and employers, as well as benefits payable. At 31st March 2018 there were 19,671 contributors, 12,763 pensioners and 11,394 deferred pensioners.

Membership statistics	31st March 2014	31st March 2015	31st March 2016	31st March 2017	31st March 2018
	Number	Number	Number	Number	Number
Contributors	15,576	16,285	17,469	17,903	19,671
Pensioners	10,833	11,261	11,745	12,200	12,763
Deferred Pensioners	9,663	9,801	11,226	11,583	11,394
Total	36,072	37,347	40,440	41,686	43,828

See Appendix 1 for current year analysis

22. Fair Value of Investments

Financial Instruments

The Fund invests mainly through pooled vehicles with the exception of three segregated equity mandates. The managers of these pooled vehicles invest in a variety of financial instruments including bank deposits, quoted equity instruments, fixed interest securities, direct property holdings and unlisted equity and also monitor credit and counterparty risk, liquidity risk and market risk.

Financial Instruments - Gains & Losses

Gains and losses on financial instruments have been disclosed within note 9, 12 and 14 of the pension fund accounts.

Fair Value – Hierarchy

The fair value hierarchy introduced as part of the new accounting Code under IFRS7 requires categorisation of assets based upon 3 levels of asset valuation inputs -

- Level 1 - quoted prices for similar instruments.
- Level 2 - directly observable market inputs other than Level 1 inputs.
- Level 3 - inputs not based on observable market data.

The table on the following page shows the position of the Fund's assets at 31st March 2017 and 2018 based upon this hierarchy:

CITY & COUNTY OF SWANSEA PENSION FUND

22. Fair Value of Investments (continued)

	31 March 2017			31 March 2018		
	Market Value	Level 1	Level 2	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000	£'000	£'000
Equities						
UK Equities	414,015	414,015	-	424,093	-	-
Overseas Equities	456,711	456,711	-	477,911	-	-
Pooled Investment Vehicles						
Fixed-Interest Funds	118,328	118,328	-	117,508	-	-
UK Equity	149,787	-	149,787	152,177	-	152,177
Overseas Equity	332,091	16,585	315,506	343,593	17,226	326,367
Fixed Interest	76,992	-	76,992	76,583	-	76,583
Index-linked	32,282	-	32,282	32,547	-	32,547
Property Unit Trust	12,053	-	12,053	15,831	-	15,831
Property Fund	75,073	-	75,073	69,425	-	69,425
Hedge Fund	52,318	-	52,318	54,601	-	54,601
Private Equity	60,689	-	60,689	65,051	-	65,051
Infrastructure	-	-	-	-	-	-
Cash	69,225	69,225	-	77,807	77,807	-
Other Investment Balances -						
Dividends Due	3,211	3,211	-	3,672	3,672	-
Total	1,852,775	1,078,075	774,700	1,940,799	1,418,217	792,582

23. INVESTMENT RISKS

As demonstrated above, the Fund maintains positions indirectly via its investment managers in a variety of financial instruments including bank deposits, quoted equity instruments, fixed interest securities, direct property holdings, unlisted equity products, commodity futures and other derivatives. This exposes the Fund to a variety of financial risks including credit and counterparty risk, liquidity risk, market risk and exchange rate risk.

Procedures for Managing Risk

The principal powers to invest are contained in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 and require an Administering Authority to invest any pension fund money that is not needed immediately to make payments from the Pension Fund. These regulations require the Pension Fund to formulate a policy for the investment of its fund money. The Administering Authority's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The Pension Fund annually reviews its Statement of Investment Principles (SIP) and corresponding Funding Strategy Statement (FSS), which set out the Pension Fund's policy on matters such as the type of investments to be held, balance between types of investments, investment restrictions and the way risk is managed.

The Fund continues to review its structure. A key element in this review process is the consideration of risk and for many years now the Fund has pursued a policy of lowering risk by diversifying investments across asset classes, investment regions and fund managers. Furthermore, alternative assets are subject to their own diversification requirements and some examples are given below.

- Private equity - by stage, geography and vintage where funds of funds are not used
- Property - by type, risk profile, geography and vintage (on closed ended funds)
- Hedge funds – multi-strategy and or funds of funds

Manager Risk

The Fund is also well diversified by managers with no single active manager managing more than 25% of Fund assets. On appointment, fund managers are delegated the power to make such purchases and sales as they deem appropriate under the mandate concerned. Each mandate has a benchmark or target to outperform or achieve, usually on the basis of 3-year rolling periods. An update, at least quarterly, is required from each manager and regular meetings are held with managers to discuss their mandates and their performance on them. There are slightly different arrangements for some of the alternative assets. Some private equity and property investment is fund, rather than manager-specific, with specific funds identified by the investment sub group after careful due diligence. These commitments tend to be smaller in nature than main asset class investments but again regular performance reports are received and such investments are reviewed with managers at least once a year.

23. INVESTMENT RISKS (continued)

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. As noted above almost all the Fund's investments are through pooled vehicles and a number of these are involved in derivative trades of various sorts including futures, swaps and options. Whilst the Fund is not a direct counterparty to such trades and so has no direct credit risk, clearly all derivative transactions incorporate a degree of risk and the value of the pooled vehicle, and hence the Fund's holding, could be impacted negatively by failure of one of the vehicle's counterparties. However, part of the operational due diligence carried out on potential manager appointees concerns itself with the quality of that manager's risk processes around counterparties and seeks to establish assurance that these are such as to minimise exposure to credit risk.

There has been no historical experience of default on the investments held by the Pension Fund.

Within the Fund, the areas of focus in terms of credit risk are bonds and some of the alternative asset categories.

- The Fund's active fixed-interest bond portfolio £117,508k is managed (by Goldman Sachs) on an unconstrained basis and has a significant exposure to credit, emerging market debt and loans. At 31st March 2018, the Fund's exposure to non-investment grade paper was 6.3% of the actively managed fixed income portfolio.
- On private equity the Fund's investments are almost entirely in the equity of the companies concerned. The Fund's private equity investments of £65,051k are managed by Harbourvest in a fund of funds portfolio.

On hedge fund of funds and multi-strategy vehicles, underlying managers have in place a broad range of derivatives. The Fund's exposure to hedge funds through its managers at 31st March 2018 is set out below with their relative exposure to credit risk.

	March 2018	Credit Exposure
	£'000	
Permal	25,704	0.15%
Blackrock	28,897	25.0%

The Pension Fund has its own bank accounts. At its simplest, liquidity risk is the risk that the Fund will not be able to meet its financial obligations when they fall due, especially pension payments to its members. At a strategic level the Administering Authority, together with its consulting actuary, reviews the position of the Fund triennially to ensure that all its obligations can be suitably covered.

CITY & COUNTY OF SWANSEA PENSION FUND

23. INVESTMENT RISKS (continued)

Ongoing cash flow planning in respect of contributions, benefit payments, investment income and capital calls/distributions is also essential. This is in place with the Fund's position updated regularly.

Specifically on investments, the Fund holds through its managers a mixture of liquid, semi-liquid and illiquid assets. Whilst the Fund's investment managers have substantial discretionary powers regarding their individual portfolios and the management of their cash positions, they hold within their pooled vehicles a large value of very liquid securities, such as equities and bonds quoted on major stock exchanges, which can easily be realised. Traditional equities and bonds now comprise 85.0% of the Fund's value and, whilst there will be some slightly less liquid elements within this figure (emerging market equities and debt for example), the funds investing in these securities offer monthly trading at least – often weekly or fortnightly.

On alternative assets the position is more mixed. Most are subject to their own liquidity terms or, in the case of property, redemption rules. Closed-ended funds such as most private equity vehicles and some property funds are effectively illiquid for the specific period (usually 10 years), although they can be sold on the secondary market, usually at a discount.

The table below analyses the value of the Fund's investments at 31st March 2018 by liquidity profile.

	Amounts at				
	31st March 2018 £000s	Within 1 month £000s	1-3 months £000s	4-12 months £000s	> 1 Year £000s
Equities					
UK Equities	424,093	424,093	0	0	0
Overseas Equities	477,911	477,911	0	0	0
Pooled Investment Vehicles					
Fixed-Interest Funds	117,508	117,508	0	0	0
UK Equity	152,177	152,177	0	0	0
Overseas Equity	343,593	343,593	0	0	0
Fixed Interest	76,583	76,583	0	0	0
Index-linked	32,547	32,547	0	0	0
Property Unit Trust	15,831	0	0	15,831	0
Property Fund	69,425	0	0	33,035	36,390
Hedge Fund	54,601	0	0	54,601	0
Private Equity	65,051	0	0	0	65,051
Infrastructure	0	0	0	0	0
Deposits with banks and other financial institutions	77,807	77,807	0	0	0
Other Investment Balances - Dividends Due	3,672	3,672	0	0	0
Total	1,910,799	1,705,891	0	103,467	101,441

23. INVESTMENT RISKS (continued)

It should be noted that different quoted investments are subject to different settlement rules but all payments/receipts are usually due within 7 days of the transaction (buy/sell) date. Because the Fund uses some pooled vehicles for quoted investments these are often subject to daily, weekly, 2-weekly or monthly trading dates. All such investments have been designated "within 1 month" for the purposes of liquidity analysis. Open-ended property funds are subject to redemption rules set by their management boards. Many have quarterly redemptions but these can be held back in difficult markets so as not to force sales and disadvantage continuing investors. For liquidity analysis purposes, a conservative approach has been applied and all such investments have been designated "within 4-12 months".

Closed-ended funds have been designated illiquid for the purposes of liquidity analysis. However, these closed-ended vehicles have a very different cash flow pattern to traditional investments since the monies committed are only drawn down as the underlying investments are made (usually over a period of 5 years) and distributions are returned as soon as underlying investments are exited (often as early as year 4). In terms of cash flow, therefore, the net cash flow for such a vehicle usually only reaches a maximum of about 60-70% of the amount committed and cumulative distributions usually exceed cumulative draw downs well before the end of the specified period, as these vehicles regularly return 1½ to 2½ times the money invested. At the same time, it has been the Fund's practice to invest monies on a regular annual basis so the vintage year of active vehicles ranges from 2000 to 2013.

This means that, whilst all these monies have been designated closed-ended and thereby illiquid on the basis of their usual "10-year life", many are closer to maturity than implied by this broad designation. As can be seen from the table, even using the conservative basis outlined above, around 89% of the portfolio is realisable within 1 month and 95% is realisable within 12 months.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial institution will fluctuate because of changes in market price. The Fund is exposed to the risk of financial loss from a change in the value of its investments and the consequential danger that its assets will fail to deliver returns in line with the anticipated returns underpinning the valuation of its liabilities over the long term.

Market risk is comprised of two elements :

- The risks associated with volatility in the performance of the asset class itself (beta);
- The risks associated with the ability of managers, where allowed, to move away from index weights and to generate alpha, thereby offsetting beta risks by exceeding market performance.

The table on the following page sets out an analysis of the Fund's market risk positions at 31 March 2018 by showing the percentage invested in each asset class and through each manager within each main asset class, the index used as a benchmark and the target set for managers against this benchmark.

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23. INVESTMENT RISKS (continued)

Asset Class	Asset Allocation	Fund Manager		Benchmark	Performance target
		Passive	Active		
UK Equities	34% +/- 5%	14% L&G/Blackrock	20% Schroders	FTSE allshare	+3% p.a. over rolling 3 year
Overseas Equities	34% +/- 5%	13% L&G/Blackrock	21% JP Morgan & Aberdeen Aberdeen	MSCI World all share (ex UK) MSCI Frontier Markets Index	+3% p.a. over rolling 3year +% p.a. over rolling 3year
Global Fixed Interest	15% +/- 5%	6% L&G/Blackrock	9% Goldman Sachs	Libor	LIBOR +3%
Property	5% +/- 5%	-	5% Schroders, Partners & Invesco	IPD UK Pooled Property Fund Index	+ 1% p.a. over rolling 3 year, 8% absolute return
Hedge Funds	5% +/- 5%	-	5% Blackrock & EnTrustPermal (formerly Fauchier)	LIBOR	+4%
Private Equity	3% +/- 5%	-	3% Harbourvest	FTSE allshare	+3% p.a. over 3 year rolling
Infrastructure	2% +/- 5%	-	2% First State	10% Absolute	10% Absolute
Cash	2% +/- 5%	-	2% In house and cash flows of fund managers	7day LIBID	=
TOTAL	100%	33%	67%		

The risks associated with volatility in market values are managed mainly through a policy of broad asset diversification. The Fund sets restrictions on the type of investment it can hold through investment limits, in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The Fund also adopts a specific strategic benchmark (details can be found in the Fund's ISS summarised above) and the weightings of the various asset classes within the benchmark form the basis for asset allocation within the Fund. Under normal conditions there is quarterly rebalancing to this strategic benchmark within fixed tolerances. This allocation, determined through the Fund's asset allocation, is designed to diversify and minimise risk through a broad spread of investments across both the main and alternative asset classes and geographic regions within each asset class.

Market risk is also managed through manager diversification – constructing a diversified portfolio across multiple investment managers. On a daily basis, managers will manage risk in line with the benchmarks, targets and risk parameters set for the mandate, as well as their own policies and processes. The Fund itself monitors managers on a regular basis (at least quarterly) on all these aspects.

Due to volatility in the equity markets, there was an imbalance of 4.0% over allocation to overseas equities as at 31st March 2018.

The investment strategy was revised in March 2018. Rebalancing in line with the parameters will be implemented in line with the transition timetable of the Wales Pension Partnership (WPP) transition timetable.

CITY & COUNTY OF SWANSEA PENSION FUND

23. INVESTMENT RISKS (continued)

Price Risk

Price Risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short is unlimited.

Following analysis of historical data and expected investment return movement during the financial year, and in consultation with the fund's investment advisors, the council has determined that the following movements in market price risk are reasonably possible. Had the market price of the fund investments increased/decreased in line with the potential market movements, the change in the net assets available to pay benefits in the market price as at 31 March 2018 would have been as follows:

Price Risk

Asset Type	Value (£'000)	% Change	Value on Increase	Value on Decrease
UK Equities	576,270	9.3846%	630,351	522,189
Overseas Equities	821,504	9.8587%	902,494	740,514
Total Bonds & Index-Linked	226,638	6.7384%	241,910	211,366
Alternatives	119,652	3.6489%	124,018	115,286
Cash	77,807	0.6851%	78,340	77,274
Property	85,256	2.8684%	87,701	82,811
Other Investment Balances	3,672	0.0000%	3,672	3,672
Total Assets*	1,910,799	6.7433%	2,039,651	1,781,947

**The % change for Total Assets includes the impact of correlation across asset classes*

and as at 31st March 2017:

Price Risk

Asset Type	Value (£'000)	% Change	Value on Increase	Value on Decrease
UK Equities	563,802	9.10%	615,108	512,496
Overseas Equities	788,802	9.70%	865,316	712,288
Total Bonds & Index-Linked	227,602	6.00%	241,258	213,946
Cash	69,225	4.50%	72,340	66,110
Property	87,126	1.20%	88,172	86,080
Alternatives	113,007	3.20%	116,623	109,391
Other Investment Balances	3,211	0.00%	3,211	3,211
Total Assets*	1,852,775	6.50%	1,973,205	1,732,344

**The % change for Total Assets includes the impact of correlation across asset classes*

CITY & COUNTY OF SWANSEA PENSION FUND

23. INVESTMENT RISKS (continued)

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (£UK). The fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

In consultation with the fund's investment advisors, the council has determined that the following movements in currencies are reasonably possible. The following represents a sensitivity analysis associated with foreign exchange movements as at 31 March 2018:

Currency Risk (by currency)

Currency	Value (£'000)	% Change	Value on Increase	Value on Decrease
Australian Dollar	12,754	11.9590%	14,279	11,229
Brazilian Real	6,448	19.5325%	7,707	5,189
Canadian Dollar	14,915	10.1648%	16,431	13,399
Danish Krone	8,519	9.0295%	9,288	775
EURO	98,462	9.0253%	107,349	89,576
Hong Kong Dollar	10,385	9.7118%	11,394	9,376
Indian Rupee	7,010	9.9899%	7,710	6,310
Indonesian Rupiah	2,721	11.7331%	3,040	2,402
Israeli Shekel	2,381	8.6439%	2,587	2,175
Japanese Yen	76,578	15.0243%	88,083	65,073
Malaysian Ringgit	3,012	12.8014%	3,398	2,626
Mexican Peso	2,557	11.2462%	2,845	2,269
Norwegian Krone	3,135	10.9104%	3,477	2,793
Chinese Renminbi Yuan	13,249	8.7271%	14,405	12,093
Philippine Peso	540	9.6360%	591	488
Russian Rouble	368	17.1503%	431	305
Singapore Dollar	7,038	9.2831%	7,691	6,385
South African Rand	2,149	18.0691%	2,537	1,761
South Korean Won	10,096	11.7641%	11,284	8,908
Swedish Krona	14,153	9.6884%	15,524	12,782
Swiss Franc	14,336	10.3255%	15,816	12,856
Taiwan Dollar	5,611	9.2155%	6,128	5,094
Thai Baht	4,942	10.0781%	5,440	4,444
Turkish Lira	1,029	15.3513%	1,187	871
US Dollar	291,249	9.7245%	319,572	262,926
North America Basket	149,143	9.5450%	163,379	134,907
Europe Basket	66,567	6.5784%	70,946	62,188
Asia Pacific ex Japan Basket	29,622	9.1550%	32,334	26,910
Emerging Basket	63,976	9.4406%	70,016	57,936
Total Currency*	922,945	8.9006%	1,005,093	840,797

CITY & COUNTY OF SWANSEA PENSION FUND

23. INVESTMENT RISKS (continued)

and as at 31 March 2017:

Currency Risk (by currency)

Currency	Value (£'000)	% Change	Value on Increase	Value on Decrease
Australian Dollar	7,178	11.20%	7,982	6,374
Brazilian Real	5,592	20.90%	6,761	4,423
Canadian Dollar	5,607	9.10%	6,119	5,095
Danish Krone	2,928	9.00%	3,191	2,665
EURO	100,483	9.00%	109,118	91,184
Hong Kong Dollar	12,098	8.90%	13,180	11,016
Indian Rupee	2,602	9.60%	2,852	2,352
Indonesian Rupiah	2,134	12.30%	2,396	1,872
Israeli Shekel	2,364	8.40%	2,563	2,165
Japanese Yen	75,520	14.90%	86,758	64,282
Mexican Peso	3,165	11.40%	3,527	2,803
Norwegian Krone	1,138	10.60%	1,259	1,017
Chinese Renminbi Yuan	15,645	8.50%	16,972	14,318
Russian Rouble	4,366	23.80%	5,406	3,326
Singapore Dollar	3,692	8.80%	4,017	3,367
South African Rand	3,556	16.50%	4,144	2,968
South Korean Won	12,650	10.40%	13,970	11,330
Swedish Krona	5,828	8.80%	6,340	5,316
Swiss Franc	25,258	11.90%	28,272	22,244
Taiwan Dollar	7,167	8.60%	7,782	6,552
Thai Baht	1,891	9.70%	2,074	1,708
Turkish Lira	1,203	14.60%	1,378	1,028
US Dollar	286,399	9.00%	309,938	258,866
North America Basket	146,379	8.70%	159,165	133,593
Europe ex UK Basket	64,782	8.70%	70,445	59,119
Asia Pacific ex Japan Basket	29,736	8.60%	32,283	27,189
Emerging Basket	59,041	9.20%	64,463	53,619
Total Currency*	888,402	8.40%	963,028	813,776

**The % change for Total Currency includes the impact of correlation across the underlying currencies*

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Actuary, as part of their triennial valuation and dictated by the Funding Strategy Statement, will only anticipate long-term return on a relatively prudent basis to reduce risk of under-performing. Progress is analysed at three yearly valuations for all employers.

24. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified :

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of those events and their estimated financial effect.

There are no known events that would have a material impact on these accounts.

25. Further Information

Further information about the fund can be found in Appendices 2 to 4. Information can also be obtained from the Chief Treasury & Technical Officer, Civic Centre, Oystermouth Road, Swansea SA1 3SN or on www.swanseapensionfund.org.uk.

26. Financial Position

The accounts outlined within the statement represent the financial position of the City and County of Swansea Pension Fund at 31st March 2018.

CITY & COUNTY OF SWANSEA PENSION FUND

Appendix 1

SCHEDULE OF EMPLOYING BODIES AND CONTRIBUTION RATES FOR THE PERIOD 1ST APRIL 2017 TO 31ST MARCH 2018

Contributors	Pensioners	Deferred Benefits	Employer Contribution Rate (% of Pensionable Pay) plus additional annual monetary amount	
Administering Authority	Number @ 31/03/18	Number @ 31/03/18	Number @ 31/03/18	
City & County of Swansea	11,997	5,584	5,343	23.4%
Scheduled Bodies				
Neath Port Talbot County Borough	5,540	3,767	4,426	25.5%
Briton Ferry Town Council	1	1	1	20.2% (+£1,200)
Cilybebyll Community Council	7	1	0	22.9%
Clydach Community Council	0	0	1	-
Coedffranc Community Council	9	3	1	20.2% (+£5,300)
Gower College Swansea	564	257	417	21.7%
Llanrhidian Higher Community Council	1	0	0	18.2%
Lliw Valley BC	0	225	20	-
Margam Joint Crematorium Committee	8	13	5	20.2% (+ £9,400)
NPTC Group	528	232	414	17.7% (+ £168,400)
Neath Port Talbot Waste Management	0	1	0	-
Neath Town Council	12	17	6	20.2% (+ £16,200)
Pelenna Community Council	2	2	3	27.0% (+£1,200)
Pontardawe Town Council	5	1	0	23.0% (+£800)
Swansea Bay Port Health Authority	2	11	1	22.4%
Swansea City Waste Disposal Company	0	15	3	-
University of Wales Trinity St Davids	151	149	225	28.0% (+ £389,400)
West Glamorgan County Council	0	2,092	229	-
West Glamorgan Magistrates Courts	0	37	15	-
West Glamorgan Valuation Panel	0	4	0	-
Ystalyfera Community Council	1	0	0	18.2%
Admitted Bodies				
BABTIE	0	3	13	-
Celtic Community Leisure	215	164	36	13.2%
Colin Laver Heating Limited	0	2	2	-
Swansea Bay Racial Equality Council	1	1	2	35.2% (+£600)
The Careers Business	0	6	9	-
Wales National Pool	64	3	66	14.2%
West Wales Arts Association	0	2	0	-
Capgemini	0	1	4	-
Tai Tarian	403	86	74	17.0% (+£62,300)
Phoenix Trust	0	3	1	-
Pobl Group	155	80	75	20.4%
Rathbone CCS	1	0	2	25.2%
Rathbone Gower College	4	0	0	24.3%
Total	19,671	12,763	11,394	

Legislative Changes in the Local Government Pension Scheme (LGPS) during 2017/18

August 2017 - Ministry of Housing, Communities and Local Government (MHCLG) have confirmed that they have sought legal advice and the current stance is, that there is no need for LGPS (Benefits, Membership and Contributions) Regulations 2007 to be amended in light of the Brewster case.

September 2017 - MHCLG are currently reviewing the Draft LGPS (Amendment) Regulations 2016; there is no indication as to when the consultation will be published.

Other Impacting Legislation

November 2017 - The Finance (No.2) Act 2017 received royal assent and the passage of the Act has two main impacts (a) A reduction of the money purchase annual allowance from £10,000 to £4,000. (b) Changes to the Income Tax (Earnings and Pensions) Act 2003 to mean that a pensions advice allowance payment of up to £500 under the Registered Pensions Schemes (Authorised Payments) (Amendments) Regulations 2009 is exempt from income tax.

November 2017 - Further to the introduction of The Small Business, Enterprise and Employment Act 2015, which enables the £95k exit payment cap to be introduced; there is no indication as to when the consultation will be published.

November 2017 - Local Government Association (LGA) published a legal opinion from Squire Patton Boggs on the implications of the European Unions General Data Protection Regulation (GDPR) for the LGPS Administrating Authorities when it comes into effect in May 2018.

February 2018 - The Occupational Pension Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2018 - the Government published its response to the consultation of the draft regulations, which are due to come into effect on the 6th April 2018. The regulation will introduce a new option that will enable employers in multi-employer pension schemes to defer the requirement to pay an employer debt on ceasing to employ an active member. The deferred debt arrangement will be subject to a condition that the employer retains all their previous responsibilities to the scheme.

February 2018 - The Scheme Advisory Board (SAB) agreed at its meeting of the 26th February 2018 to amend the Code of Transparency (7A) to include provision for alternative investment managers signing up on the basis that cost data substantially similar in scope and detail to that covered by existing templates is submitted to LGPS clients. Under this provision, investment managers must adopt and make use of relevant Code templates as they become available.

Wales Pension Partnership

In July 2015 the Chancellor announced the Governments' intention to work with Local Government Pension Scheme administering authorities to ensure that they pool investments to significantly reduce costs while maintaining overall investment performance.

The Wales Pension Partnership (WPP) comprises the 8 LGPS funds in Wales, namely Cardiff & Vale of Glamorgan Pension Fund, City & County of Swansea Pension Fund, Clwyd Pension Fund, Dyfed Pension Fund, Greater Gwent Pension Fund, Gwynedd Pension Fund, Powys Pension Fund and RCT Pension Fund.

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.

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.

The Pool will not be a merger of the 8 funds. Each fund will retain its distinct identity and the administering authorities will remain responsible for complying with the LGPS regulations and pension legislation in respect of their members. Annual Statement of Accounts and triennial Actuarial valuations will be prepared for each individual pension fund and each fund will determine its own funding strategy. The Pool will have limited remit and its objectives, as set out in the submission document, will be :

- To provide pooling arrangements which will allow individual funds to implement their own investment strategies
- To achieve material cost savings for participating funds while improving or maintaining investment performance 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.

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 8 funds.

Following extensive work by the Authorities, a legally binding Inter-Authority Agreement has now been signed by all 8 funds.

Following an extensive public procurement exercise, Link Asset Services with investment advisory services provided by Russell Investments were appointed in January 2018. Transition of the first WPP assets is expected in Q4 2018.

Investment Fund Management

The investment of the Fund is the responsibility of the Pension Fund Committee. The Committee as at 31st March 2018 comprised of :

- 7 Council Members (one member from Neath Port Talbot CBC representing other scheme members) advised by:
 - Section 151 Officer
 - Chief Treasury & Technical Officer
 - 2 Independent Advisers.
 - Investment Consultancy Service

The Committee, after taking account of the views of the independent advisers and appointed actuary to the Fund, is responsible for determining broad investment strategy and policy, with appointed professional fund managers undertaking the operational management of the assets.

The fund has implemented a fully diversified investment approach with a view to reducing the volatility of investment returns, whilst maintaining above benchmark growth. The fund employs the services of specialist managers to outperform in each asset class invested in.

The investment managers currently are:

- Global Equities - JP Morgan Asset Management, Blackrock and Aberdeen Asset Management
- UK Equities - Schroders Investment Management & Legal & General
- Global Balanced Index Tracking - Blackrock
- Global Bonds - Goldman Sachs Asset Management and Legal & General
- Fund of Hedge Funds - BlackRock and Permal
- Fund of Private Equity Funds - Harbourvest
- European Property Fund - Invesco
- Fund of Property Funds - Partners Group and Schroders Investment Management
- Fund of Infrastructure Funds - First State Investments (UK) Ltd

Other Fund Documents

The City & County of Swansea Pension Fund is required by regulation to formulate a number of regulatory documents outlining its policy. Copies of the :

- Investment Strategy Statement
- Governance Statement
- Funding Strategy Statement
- Communication Policy

are available on request from the City & County of Swansea Pension Fund website
<http://www.swanseapensionfund.org.uk/>

Agenda Item 5b



Report of the Section 151 Officer

Pension Fund Committee 5^h July 2018

Breaches Report

Purpose:	The report presents any breaches which have occurred in the period in accordance with the Reporting Breaches Policy.
Report Author:	Claire Elliott – Pensions Manager
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 15th March 2018, 67.59% 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. It is recognised that this is a material deterioration of this PI and management are identifying measures to improve and prevent.
- 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 Minimal loss of investment income 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 57

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	Minimal 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	
Dec 17 – May 18	Administration	60.19% of retirement lump sums not paid within 1 month of normal retirement or 2 months of early retirement; 94.34% was paid within 1 month of receipt of member option return	The administering authority has accrued interest payments on retirement lump sums, paid more than one month after their due date, under the 2013 LGPS regulations	This was due to members not returning relevant documentation in a timely manner or deferred benefits coming into payment.		Communication to members regarding retirement options reviewed to ensure the importance of returning documents in a timely manner is emphasised	✓

Dec 17- May 18	Contributions	3 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	✓
Mar 18- May 18	Contributions	3 Employers have not paid contributions within required timescale	Loss of investment income	Employers are contacted once breach has occurred		An exercise will be undertaken in June 18 to remind all Employers of the deadline date for submission of contributions.	✓

*New breaches since the previous meeting should be highlighted

Agenda Item 5c



Report of the Section 151 Officer

Pension Fund Committee - 5 July 2018

General Data Protection Regulations (GDPR)

Purpose:	To receive an update on The City & County of Swansea Pension Fund's action plan to comply with GDPR requirements.
Consultation:	Legal, Finance and Access to Services.
Report Author:	Jeffrey Dong
Finance Officer:	Jeffrey Dong
Legal Officer:	Stephanie Williams
Access to Services Officer:	Sherill Hopkins
For Information	

1 Background

- 1.1 The basic objective of the GDPR is to enforce stronger data security and privacy rules among organisations when it comes to protecting personal data. It will apply from May 25 2018. Currently, the UK relies on the Data Protection Act 1998 but this will be superseded by the new legislation.
- 1.2 It's important to remember that data protection requirements have been in place for many years. Although GDPR does broaden the requirements, particularly in relation to demonstrating accountability and transparency, many of the key principles are the same as those in the Data Protection Act 1998

2 Main Principles of GDPR

- 2.1 It provides important points on our responsibilities when collecting and processing personal data. We ensure :

- we have a legal basis for **collecting** personal data from citizens;
- the personal data we hold is **accurate** and up-to-date.
- we don't **keep** personal data longer than necessary;
- we provide a **privacy notice** to tell citizens what we do with their personal data;
- we insert a **privacy statement** on all data collection documents;
- we get **consent** to use the citizens personal data (where required);
- we maintain a **record** of all personal data processing activities;
- we assess the **risk** associated with the processing of personal data;
- we **report** a data breach;
- we **appoint** a Data Protection Officer.

It also identifies the rights of citizens. They have a right to:

- **object** to the processing of their personal data;
- **access** their personal data we hold - free of charge;
- request the **deletion** of their personal data we hold;

3 The City & County of Swansea Pension Fund

3.1 The City & County of Swansea Pension Fund is administered by Swansea Council and leverages off many of the support services of that organisation, and shares many of its control functions. The Council's Information Governance Unit has produced a fact sheet attached at Appendix 1.

3.2 Attached at Appendix 2 are the Pension Fund's :

- Full GDPR Privacy Notice
- Employer's Memorandum of Understanding
- Member FAQs

These documents have been written in consultation with the Council's Data Governance Unit as well as LGPS national guidance provided by LGA, who have taken advice from Legal Counsel.

3.3 The Pension Fund Committee is asked to note the documents in 3.2.

Background Paper: None.

Appendices: Appendix 1 - Practical Guide to GDPR
Appendix 2 Privacy Notice; Memorandum of understanding; FAQs



A practical guide to

GDPR



25th May 2018

This is when the General Data Protection Regulation (GDPR) will come into force. If you handle personal data in your role, it is essential that you are aware of the requirements.

This guide identifies the key aspects of GDPR. It will help you to be more aware about the personal data you collect from our citizens, how you protect this data and the requirements needed to share it.

The Data Protection Act

Firstly, it is important to remember that data protection requirements have been in place for many years. Although GDPR does broaden the requirements, particularly in relation to demonstrating accountability and transparency, many of the key principles are the same as those in the Data Protection Act 1998.

As we already comply with existing data protection legislation, it is a good start towards compliance with GDPR as there is a degree of common ground between the two. However, in order to ensure compliance, we will need to have a thorough understanding of the new regulation.

Throughout this guide, you will see this icon (inset). It will highlight handy tips that must be taken seriously and actions put in place.



**Thank you,
Information Governance Unit**

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A Message from our Chief Executive

Information security is of great importance to the Council and we are committed to preserving the confidentiality, integrity, and availability of our data for sound decision-making, delivering quality services and complying with legal requirements.

Unauthorised access, loss or damage to any data we hold can cause problems for our business, customers, citizens, and third parties. We have identified failure to comply with GDPR as one of our key corporate risks and are putting in place measures that will help us achieve it.

Should compliance not be attained then the Council can risk, at worst, the safety of individuals, loss of financial information, breach of commercial confidentiality and subsequent financial penalties from the regulator, the Information Commissioner. If you are uncertain as to the correct course of action or are suspicious about a set of circumstances, your duty is to consult your manager for advice.

Phil Roberts

Key Aspect 1 – Useful Definitions

Here are some key words (with definitions) that will be used throughout this practical guide:

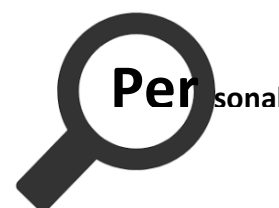
Data Subjects

The data we collect and hold sometimes consists of details relating to a living individual (data subject). These are our citizens and they rely on us to keep their data safe.



Personal Data

This relates to a set of information that can identify a data subject or data subjects. As well as obvious personal identifiers in the data such as name and address, under GDPR this includes such things as genetic and biometric data.



Sensitive Personal Data

This relates to data which reveals an individual's racial or ethnic origin, political opinions, religious beliefs, trade union activities, physical or mental health or sex life.

The presumption is that, because information about these matters could be used in a discriminatory way and is likely to be of a private nature, sensitive personal data needs to be treated with greater care than other personal data.



Data Controller

This is the body which determines the purposes for which personal/sensitive data is processed. The Council as a whole is classed as a data controller so for our vast majority of our processing, Swansea Council is the named data controller.



Key Aspect 2 – The Six GDPR Principles

As data controller, we must be accountable and keep records evidencing our compliance with the following GDPR principles. Such record keeping would include the logging of any new system onto our Information Asset Register.

1. Lawfulness, fairness and transparency

Personal data can only be processed if there is a lawful reason for doing so. It must be fair to the data subject and you must be fully transparent with the data subject as to why you are collecting their data and how it is going to be used and shared.

2. Purpose Limitation

Data should only be collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes, although further processing for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes is permitted in certain circumstances.

3. Data Minimisation

Personal data must be adequate, relevant and limited to what is necessary in relation to the purposes for which it is processed.

4. Accuracy

Personal data must be accurate and, where necessary, kept up to date. Where personal data is inaccurate every reasonable step should be taken to enable its deletion (where appropriate) or correction without delay.

5. Storage Limitation

Personal data must be kept in a form that permits the identification of data subjects for no longer than is necessary. Such personal data can be stored for longer periods for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes in certain circumstances and subject to the implementation of the appropriate technical and organisational measures.

6. Integrity and Confidentiality

Personal data must be processed in an appropriately secure manner including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, by the use of appropriate technical or organisational measures.

Key Aspect 3 – Rights of the Data Subject

One of the key factors of GDPR is that data subjects are granted certain rights and protections relating to their personal data. This includes:

Collecting their Data

When we collect data from our citizens, we must *inform* them about the reasons why we are collecting it and their rights. We also have a duty to ensure the data collection is *limited* to what is necessary in relation to its purpose and we don't use it for a *different* purpose without consent or seeking legal advice beforehand.



Here are the four reasons why we are able to lawfully process personal data:

- 1. Legal obligation:** the processing is necessary to comply with a legal obligation. If your service is statutory, this is the basis for you;
- 2. Public task:** the processing is necessary to perform a task in the public interest or in the exercise of official authority. This is where you are empowered by law but not obliged to provide a service (e.g. council housing);
- 3. Contract:** the processing is necessary as part of a stated or implied contract. This will apply where you offer paid-for or free membership schemes, such as Library membership or the Active Swansea scheme;
- 4. Consent:** the individual has given clear consent for you to process their personal data for a specific purpose. This is the least favoured of your options because it gives increased responsibility for your data management.

So, if you collect personal data through an application form or survey for example, you must stipulate on the form "Why we are collecting this data" and "What we are going to do with the data" (privacy statement). You must also provide a link to the Council's privacy notice.



If you do not need to find out their date of birth for example when gathering the data on the form, you *must not ask for it!*



If you use this data for a different purpose without getting consent from the data subject, then you are breaking the second GDPR principle of purpose limitation.



Key Aspect 3 – Rights of the Data Subject

Objecting to use their Data

The GDPR includes the “right to object” meaning that the data subject can object to the processing of their personal data. If the objection is to direct marketing, the data subject does not need to give any reasons and staff must comply with the request.

When the data subject objects to other types of processing (i.e. not direct marketing) there are exemptions that apply. You will need to discuss this with your manager and take advice from the IGU before proceeding.

To demonstrate that you are complying with the GDPR first principle of processing personal data, that it is processed lawfully, fairly and in a transparent manner, you must maintain a record of any request made under the right to object to processing and notify the IGU of your actions.



Review existing processes to ensure that where you undertake marketing communications with citizens by email, you include an ‘unsubscribe’ option to allow them to object to the use of their information.



Accessing their Data

Our citizens are able to access their data via a subject access request. These requests must be handled without delay and within one month of receipt.

We must provide this information free of charge from 25th May 2018 and it is imperative that requests are taken seriously and handled efficiently.

The GDPR clarifies that the reason for allowing individuals to access their personal data is so that they are aware of and can verify the lawfulness of the processing.

We are able to extend the period of compliance by a further two months where requests are complex or numerous. If this is the case, you must inform the individual within one month of the receipt of the request and explain why the extension is necessary.



Key Aspect 3 – Rights of the Data Subject

Accurate Data

At all times, we must ensure that the data we have collected from our citizens now or in the past is accurate and up-to-date. Staff must take reasonable steps to ensure that where data is inaccurate, it is *rectified* without delay.

Just imagine your personal data being sent to the wrong address by your bank because the wrong house number was on their ICT system. How would you feel if your neighbour had opened the letter and read certain personal details about you?



Everyone is busy but staff are sometimes more concerned with completing their tasks than ensuring the data of our citizens is secure. This must change under GDPR or you are putting the Council at risk of fines and reputational damage.

Citizens have the right to contact the Information Commissioner to report where we have failed to keep their data accurate or their data has been breached. This could result in compensation to the citizen on top of the fine.

Storing Data

Citizens have the right to ensure that their data is not kept by us for longer than is necessary. The Council has a records retention schedule that identifies how long data should be kept.

Staff must ensure *we do not hold data* any longer than required. Remember all data that we hold is open to subject access and Freedom of Information requests.



If your role consists of processing data, you are accountable for protecting this data from unauthorised or unlawful processing and against accidental loss, destruction or damage.

Encrypting data whilst being stored (e.g. encrypted USB stick) provides effective protection against unauthorised or unlawful processing. Staff are responsible for ensuring that all ICT devices are encrypted in case the device storing the data is lost or stolen. For further information on this and email encryption, view the Data Encryption & Portable Media Policy on Staffnet.

Loss of data must be reported immediately to the Information Security Officer so the breach can be investigated: infosec@swansea.gov.uk



Key Aspect 3 – Rights of the Data Subject

Deleting Data

Under certain conditions, citizens can now request the erasure of their personal data. These are the condition, one of which must be met:

- the personal data is no longer necessary in relation to the purposes for which it was collected or otherwise processed,
- where the legal basis for processing is consent, the data subject withdraws his or her consent for us to use it, or
- the personal data has passed the retention period defined in the corporate records retention schedule.



If any of our citizens' personal data has been made public via a third party then we must take reasonable steps to inform the data processors who are processing the personal data on our behalf that the data subject has requested that they want their data deleted.



The right to be forgotten only applies where the above conditions are met and there are further exemptions where we can refuse to comply with a request:



- If it conflicts with the “right of freedom and expression”
- An overriding need to adhere to legal compliance
- Reasons of public interest in the area of public health
- Scientific, historical research or public interest archiving purposes
- If the data is required for supporting legal claims.

Further information can be found on Staffnet:

<http://www.swansea.gov.uk/staffnet/RightToBeForgotten>

Key Aspect 4 – Privacy Notices

Communicating with our Citizens

Being transparent and providing accessible information to our citizens about how you will use their data is a key element of the GDPR. We must inform the data subjects at the first point of contact what to expect when we collect their personal data.

As part of our journey to GDPR compliance, we have written a new bilingual corporate privacy notice, which sits on our website.

This privacy notice must be embedded as a link in your correspondence when you are asking citizens to provide their personal data e.g. on an application or service request form.



We are also working together to create a simpler privacy notice that is child friendly. We will use straightforward language and adopt a simple style (including images) that children will find easy to understand.

Once available, this too will be placed on our website.

Inserting a Privacy Statement

When collecting personal data from the public (typically this is achieved through an online or a paper form), you have to provide more specific information than is contained in the overarching corporate privacy notice.

You must ensure there is a short privacy statement on the data collection document which explains your use of the data, who you share it with and what is the legal basis for your processing the data.

For more information see:

<http://www.swansea.gov.uk/staffnet/gdprprivacynotices>

As mentioned in page 6 of this guide, there are four main legal reasons for the Council to be able to capture and process personal data and all data collection forms must make clear what the legal basis for processing is, if we want to be compliant with GDPR.



Key Aspect 5 – Providing Consent

Can we process this Data?

We have already mentioned that consent is one of the legal reasons for processing and if we can avoid relying on consent then we should do so. Here is why:

An indication of consent must be unambiguous and involve a clear affirmative action.

If you are collecting sensitive data, the bar is set even higher. In that case you will need explicit consent, such as a written signed statement from the data subject.



Dear Swansea Council

I did not give my consent for you to use my personal details for this!

Consent should be separate from other terms and conditions and should not generally be a precondition of signing up to a service.



Consent involves presenting the data subject with a clear statement regarding the personal data to be collected; and an explicit action agreeing with this statement (such as ticking a box saying 'I agree').



Please tick to provide consent

The form should say, "I consent" (or similar) for consent to be considered valid. *Silence or pre-ticked boxes* on webpages are banned under GDPR as they do not establish explicit consent.



Withdrawing Consent

The GDPR gives a specific right to withdraw consent. Where we are collecting data which is legally based on consent, we need to tell people about their right to withdraw, and offer them easy ways to withdraw consent at any time.

We need to review our existing consents mechanisms to check they meet the GDPR standard. If they do, there is no need to obtain fresh consent.

It is important for staff to maintain appropriate records in order to evidence consent has been given.

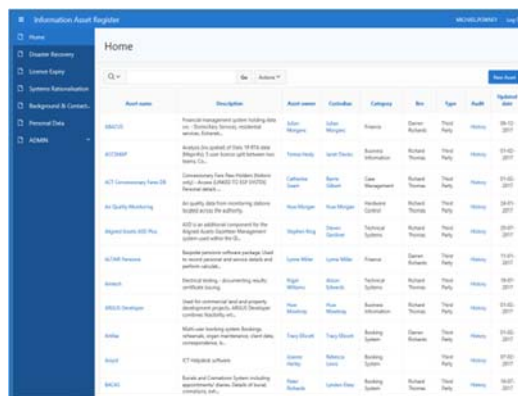


Key Aspect 6 – Register of Processing Activity (ROPA)

Maintain a Register

One of the requirements of GDPR is to maintain a record of all the processing activities that take place within the Council. For this, we need to identify:

- what personal data we process;
- what is the lawful basis for processing;
- how we store and keep the data secure;
- who has access to it;
- who we share the data with and what sharing agreements are in place;
- how long we keep it for.



Asset name	Description	Asset owner	Controller	Category	Site	Type	Asset	Updated
HRMIS	Human Resource Management System	HRMIS Manager	HRMIS	HRMIS	Swansea	Web	HRMIS	08/11/2017
HRMIS	Human Resource Management System	HRMIS Manager	HRMIS	HRMIS	Swansea	Web	HRMIS	08/11/2017
HRMIS	Human Resource Management System	HRMIS Manager	HRMIS	HRMIS	Swansea	Web	HRMIS	08/11/2017
HRMIS	Human Resource Management System	HRMIS Manager	HRMIS	HRMIS	Swansea	Web	HRMIS	08/11/2017
HRMIS	Human Resource Management System	HRMIS Manager	HRMIS	HRMIS	Swansea	Web	HRMIS	08/11/2017
HRMIS	Human Resource Management System	HRMIS Manager	HRMIS	HRMIS	Swansea	Web	HRMIS	08/11/2017
HRMIS	Human Resource Management System	HRMIS Manager	HRMIS	HRMIS	Swansea	Web	HRMIS	08/11/2017
HRMIS	Human Resource Management System	HRMIS Manager	HRMIS	HRMIS	Swansea	Web	HRMIS	08/11/2017
HRMIS	Human Resource Management System	HRMIS Manager	HRMIS	HRMIS	Swansea	Web	HRMIS	08/11/2017

The Council's RoPA is called the *Information Asset Register (IAR)*. This is held on Staffnet and identifies all the systems that hold personal data.

When updating the IAR, you must ensure you are named on there as the owner or the custodian of the asset or you will not have the permissions to add any detail and save.



<http://www.swansea.gov.uk/staffnet/informationassetregister>

Providing an overview

The IAR will provide an overview of all data processing activities within our Council, and therefore enable us to demonstrate to the Information Commissioner what personal data is being processed, by whom and why.

Your responsibility

If you collect and hold personal data electronically within your service then you must identify the system on the IAR. You must keep this information up-to-date.



NOTE: If you have not identified your system on the IAR and a data breach happens within your area, the ICO will hand out far more significant fines.

Key Aspect 7 – Data Protection Impact Assessments

Assessing the Risk

Data Protection Impact Assessments (DPIA) are a method that we must introduce under GDPR for *assessing the risk* associated with the processing activity we undertake of personal data.

Whenever a new system is being designed or introduced, or an existing system is being changed via a project, staff must undertake a DPIA to determine the risk to individuals' privacy associated with the processing. Further guidance will be available on Staffnet:



A DPIA will:

- Help the project have a clear data protection focus
- Allow appropriate organisational and technological measures to safeguard information to be built into any new operation.
- Challenge the designer to develop a way of working that will promote data protection principles
- Give practical solutions to enable a data subject to exercise their rights.

Just like the equalities impact assessments already undertaken within the Council, if you are not sure a full assessment is needed, you carry out a simple screening exercise which will guide your decision.

Data protection should not be a secondary function or consideration when designing a new processing activity. It is vital therefore, that staff, project leads and managers do not leave data protection principles and citizens' rights under GDPR to be considered at a late stage of the planning and design process.

Under GDPR, failure to carry out an impact assessment where one is necessary can lead to enforcement activity and a fine from the Information Commissioner.

Further information regarding DPIA can be obtained on Staffnet:

<http://www.swansea.gov.uk/staffnet/dpia>

Key Aspect 8 – Data Breaches

Reporting a Loss

The Council has an existing process in place to detect, report and investigate a personal data breach. The Information Governance Unit are responsible for investigating and reporting all data breaches within the Council.

However, GDPR brings in a new breach notification timeframe under which we will have to notify the Information Commissioner of serious breaches within 72 hours of discovery of the breach. A failure to report a breach within the timeframe could itself result in a fine, as well as a fine for the breach itself.

These fines can be significant sums which, with the reputational loss that comes with the associated press coverage, may impact severely on the work of the Council and the trust that our data subjects have in us to handle their personal data responsibly.

Impact of a Data Breach

The first 24 hours are critical! A data breach can potentially have a range of significant adverse effects on the rights and freedoms of data subjects. The breach may cause them physical, material or non-material damage. They may as a result of the breach be at risk of domestic violence or of credit card fraud.

The procedure for data breach reporting is identified on Staffnet:

<http://www.swansea.gov.uk/staffnet/databreaches>

Staff must respond quickly and efficiently to lower the impact of the breach.

Key Actions

When a data breach occurs, here are the *key actions* to undertake:



- if there is a high risk to the data subject from the breach (e.g. identify theft, fraud or domestic violence), they need to be told straight away so they can take actions to protect themselves;
- Containment is key. If we can retrieve the data for the unauthorised recipient, go get it straightaway;
- When retrieving the data from them, confirm that no copies of the data has been made or shared;
- Ask if they have read the whole document or just parts and if they know the person who should have initially received this information.
- Report the breach – infosec@swansea.gov.uk

Key Aspect 9 – Data Protection Officer (DPO)

GDPR introduces a requirement to appoint or designate a Data Protection Officer (DPO) with formal responsibility for data protection compliance across the Council.

The tasks of the DPO include:

- Informing and advising its employees of their data protection obligations,
- Monitoring compliance of policies and procedures. This includes monitoring responsibilities and training of staff involved in data processing,
- Ensuring the RoPA is an active register that identifies all systems that hold personal data;
- Advising on the necessity of data protection impact assessments (DPIAs), the manner of their implementation and outcomes,
- Serve as the contact point for all data protection issues, including managing risks and data breach reporting,
- Serve as the contact point for individuals (data subjects) on privacy matters, including subject access requests.

WATCH OUT!

GDPR is coming and it will impact us all.

Remember, under GDPR, processing personal data without identifying and recording the lawful basis for your processing on the Information Asset register runs the risk of enforcement activity, including substantial fines, by the ICO.

Please keep our citizens' personal data secure at all times.

Information Governance Unit (IGU)

Email: Information.governance@swansea.gov.uk

Breach notification: infosec@swansea.gov.uk

Website: <http://www.swansea.gov.uk/staffnet/IGU>

City and County of Swansea Pension Fund
Cronfa Bensiwn Dinas a Sir Abertawe

FULL PRIVACY NOTICE
for the members and beneficiaries of the
City and County of Swansea Pension Fund

This notice is for members and beneficiaries of the City and County of Swansea Pension Fund (the “Fund”). It has been prepared by Swansea Council (the “Administering Authority”, or “we”) in its capacity as the administering authority of the Fund.

This privacy notice is also provided at the following link:

<http://www.swanseapensionfund.org.uk/>

Why we are providing this notice to you

As the Administering Authority of the Fund, we hold certain information about you (“personal data”) which we use to administer the Fund and to pay benefits from it. This notice is designed to give you information about the data we hold about you, how we use it, your rights in relation to it and the safeguards that are in place to protect it.

What is the legal basis for our use of your personal data?

The Administering Authority holds personal data about you in its capacity as data controller for the proper handling of all matters relating to the Fund, including its administration and management. This includes the need to process your data to contact you, to calculate, secure and pay your benefits. For example, when we assess how much money is needed to provide members’ benefits and how that money should be invested, and to manage liabilities and administer the Fund generally. Further information about how we use your personal data is provided below.

The legal basis for our use of your personal data will generally be one or more of the following:

- a) we need to process your personal data to satisfy our legal obligations as the Administering Authority of the Fund; and
- b) we need to process your personal data to carry out a task in the public interest or in the exercise of official authority in our capacity as a public body; and
- c) we need to process your personal data for the legitimate interests of administering and managing the Fund and liabilities under it, calculating, securing and paying benefits and performing our obligations and exercising any rights, duties and discretions the Administering Authority has in relation to the Fund; and
- d) because we need to process your personal data to meet our contractual obligations to you in relation to the Fund (for example, under an agreement that

you will pay additional voluntary contributions to the Fund), or to take steps, at your request, before entering into a contract.

What personal data do we hold, and how do we obtain it?

The types of personal data we hold and process about you can include:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth, national insurance number and employee and membership numbers.
- Information that is used to calculate and assess eligibility for benefits, for example, length of service or membership and salary information.
- Financial information relevant to the calculation or payment of benefits, for example, bank account and tax details.
- Information about your family, dependents or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death.
- Information about your health, for example, to assess eligibility for benefits payable on ill health, or where your health is relevant to a claim for benefits following the death of a member of the Fund.
- Information about a criminal conviction if this has resulted in you owing money to your employer or the Fund and the employer or Fund may be reimbursed from your benefits.

We obtain some of this personal data directly from you. We may also obtain data (for example, salary information) from your current or past employer(s) or companies that succeeded them in business, from a member of the Fund (where you are or could be a beneficiary of the Fund as a consequence of that person's membership of the Fund) and from a variety of other sources including public databases (such as the Register of Births, Deaths and Marriages), our advisers and government or regulatory bodies, including those in the list of organisations that we may share your personal data with set out below.

Where we obtain information concerning certain "special categories" of particularly sensitive data, such as health information, extra protections apply under the data protection legislation. We will only process your personal data falling within one of the special categories with your consent, unless we can lawfully process this data for another reason permitted by that legislation. You have the right to withdraw your consent to the processing at any time by notifying the Administering Authority in writing. However, if you do not give consent, or subsequently withdraw it, the Administering Authority may not be able to process the relevant information to make decisions based on it, including decisions regarding the payment of your benefits.

Where you have provided us with personal data about other individuals, such as family members, dependants or potential beneficiaries under the Fund, please ensure that those individuals are aware of the information contained within this notice.

How will we use your personal data?

We will use this data to deal with all matters relating to the Fund, including its administration and management. This can include the processing of your personal data for all or any of the following purposes:

- to contact you.
- to assess eligibility for, calculate and provide you (and, if you are a member of the Fund, your beneficiaries upon your death) with benefits.
- to identify your potential or actual benefit options.
- to allow alternative ways of delivering your benefits, for example, through the use of insurance products and transfers to or mergers with other pension arrangements.
- for statistical and financial modelling and reference purposes (for example, when we assess how much money is needed to provide members' benefits and how that money should be invested).
- to comply with our legal and regulatory obligations as the administering authority of the Fund.
- to address queries from members and other beneficiaries and to respond to any actual or potential disputes concerning the Fund.
- the management of the Fund's liabilities, including the entering into of insurance arrangements and selection of Fund investments.
- in connection with the sale, merger or corporate reorganisation of or transfer of a business by the employers that participate in the Fund and their group companies.

Organisations that we may share your personal data with

From time to time, we will share your personal data with advisers and service providers so that they can help us carry out our duties, rights and discretions in relation to the Fund. Some of those organisations will simply process your personal data on our behalf and in accordance with our instructions. Other organisations will be responsible to you directly for their use of personal data that we share with them. They are referred to as data controllers and we have highlighted them in the table below. You will be able to find out about their own data protection policies (which will apply to their use of your data) on their websites. A brief description from our actuarial services/benefits/governance provider, Aon Hewitt Limited on how they use your personal data in order to support us in the running of the Scheme, is provided in Appendix 1 attached to this notice.

These organisations include the Fund's:

Data processors	Data controllers
<ul style="list-style-type: none"> • Administrator – currently Swansea Council • Third party administrators – JLT Limited • Accountants – currently Swansea Council • Tracing bureaus for mortality screening and locating members – currently ATMOS Data Services/Swansea Council • Overseas payments provider to transmit payments to scheme member with non-UK accounts – currently Western Union • Printing companies – currently Adare and DesignPrint • Pensions software provider – currently Aquila Heywood • Suppliers of IT, document production and distribution services – currently Aquila Heywood 	<ul style="list-style-type: none"> • Actuarial consultant – currently AON Hewitt • Scheme benefit consultant – currently AON Hewitt • Investment adviser – currently Swansea Council • Additional Voluntary Contribution providers – currently Equitable Life, Prudential, AEGON • Legal adviser – currently Swansea Council • Fund Actuary – currently AON Hewitt • Statutory auditor – currently Wales Audit Office • External auditor – currently Wales Audit Office • Internal auditor – currently Swansea Council • Insurance companies in connection with ill health benefits – (N/A) • LGPS National Insurance database – (South Yorkshire Pensions Authority) • The Department for Work and Pensions • The Government Actuary's Department • The Cabinet Office – for the purposes of the National Fraud Initiative • HMRC • The Courts of England and Wales – for the purpose of processing pension sharing orders on divorce

In each case, we will only do this to the extent that we consider the information is reasonably required for these purposes.

In addition, where we make Fund investments or seek to provide benefits for Fund members in other ways, such as through the use of insurance, then we may need to

share personal data with providers of investments, insurers and other pension scheme operators. In each case, we will only do this to the extent that we consider the information is reasonably required for these purposes.

From time to time we may provide some of your data to your employer and their relevant subsidiaries (and potential purchasers of their businesses) and advisers for the purpose of enabling your employer to understand its liabilities to the Scheme. Your employer would generally be a controller of the personal data shared with it in those circumstances. For example, where your employment is engaged in providing services subject to an outsourcing arrangement, the Administering Authority may provide information about your pension benefits to your employer and to potential bidders for that contract when it ends or is renewed.

Where requested or if we consider that it is reasonably required, we may also provide your data to government bodies and dispute resolution and law enforcement organisations, including those listed above, the Pensions Regulator, the Pensions Ombudsman and Her Majesty's Revenue and Customs (HMRC). They may then use the data to carry out their legal functions.

The organisations referred to in the paragraphs above may use the personal data to perform their functions in relation to the Fund as well as for statistical and financial modelling (such as calculating expected average benefit costs and mortality rates) and planning, business administration and regulatory purposes. They may also pass the data to other third parties (for example, insurers may pass personal data to other insurance companies for the purpose of obtaining reinsurance), to the extent they consider the information is reasonably required for a legitimate purpose.

In some cases, these recipients may be outside the UK. This means your personal data may be transferred outside the EEA to a jurisdiction that may not offer an equivalent level of protection as is required by EEA countries. If this occurs, we are obliged to verify that appropriate safeguards are implemented with a view to protecting your data in accordance with applicable laws. Please use the contact details below if you want more information about the safeguards that are currently in place.

We do not use your personal data for marketing purposes and will not share this data with anyone for the purpose of marketing to you or any beneficiary.

How long will we keep your personal data?

We will only keep your personal data for as long as we need to in order to fulfil the purpose(s) for which it was collected and for so long afterwards as we consider may be required to deal with any questions or complaints that we may receive about our administration of the Fund; unless we elect to retain your data for a longer period to comply with our legal and regulatory obligations. In practice, this means that your personal data will be retained for such a period as you (or any beneficiary who receives benefits after your death) are entitled to benefits from the Fund. For the same reason, your personal data may also need to be retained where you have received a transfer, or refund, from the Fund in respect of your benefit entitlement. We will need to retain

personal data held for the purposes of the Fund for extended periods because of the long-term nature of the pension liabilities.

Your rights

You have a right to access and obtain a copy of the personal data that the Administering Authority holds about you, and to ask the Administering Authority to correct your personal data if there are any errors or it is out of date. In some circumstances you may also have a right to ask us to restrict the processing of your personal data until any errors are corrected, to object to processing or to transfer or (in very limited circumstances) erase your personal data. You can obtain further information about these rights from the Information Commissioner's Office at: www.ico.org.uk or via their telephone helpline (0303 123 1113).

If you wish to exercise any of these rights or have any queries or concerns regarding the processing of your personal data, please contact the Fund Administrator below. You also have the right to lodge a complaint in relation to this privacy notice, or the Administering Authority processing activities with the Information Commissioner's Office, which you can do through the website above or their telephone helpline.

The personal data we hold about you is used to administer your Fund benefits and we may from time to time ask for further information from you for this purpose. If you do not provide such information, or ask that, the personal data we already hold is deleted or restricted this may affect the payment of benefits to you (or your beneficiaries) under the Fund. In some cases, it could mean the Administering Authority is unable to put your pension into payment or has to stop your pension (if already in payment).

Updates

We may update this notice periodically. Where we do this, we will inform members of the changes and the date on which the changes take effect.

Contacting us

Please contact the Fund Administrator City and County of Swansea Pension Fund for further information.

Telephone number: 01792 636655

Email: pensions@swansea.gov.uk

Postal Address:

Pension Section

Swansea Council

Civic Centre

Oystermouth Road

SWANSEA

SA1 3SN

Data Protection Officer

You may also contact our data protection officer for further information:
data.protection@swansea.gov.uk

Appendix 1

AON HEWITT LIMITED “QUICK READ” PRIVACY NOTICE

Aon Hewitt Limited ("Aon") has been appointed to provide pensions advisory and calculation services that relate to your membership of the Fund. In doing so Aon will use personal information about you, such as your name and contact details, information about your pension contributions, age of retirement, and in some limited circumstances information about your health (where this impacts your retirement age) in order to be able to provide these services. The purposes for which we use personal information will include management of the Fund and your membership within it, funding (i.e. helping to ensure that the funds held within the Fund are sufficient to cover the members who are party to it), liability management (that is to say providing advice on the different ways benefits could be determined, and drawn, from the Fund), Fund Actuary duties (which include assessing individuals who are members of the pension scheme and assessing how the make-up of the membership may affect the amounts payable and when they become payable so as to manage the Fund appropriately), regulatory compliance, process and service improvement and benchmarking.

We may pass your personal information to third parties such as financial advisors and benefits providers, insurers, our affiliates and service providers and to certain regulatory bodies where legally required to do so. Depending on the circumstances, this may involve a transfer of data outside the UK and the European Economic Area to countries that have less robust data protection laws. Any such transfer will be made with appropriate safeguards in place.

More detail about Aon's use of your personal information is set out in our full Privacy Notice. We recommend that you review this notice which is available online at <http://www.aon.com/unitedkingdom/products-and-services/human-capital-consulting/aon-hewitt-actuarial-services-privacy-statement.jsp>, or you can request a copy by contacting us, including reference to the Fund name, at: Data Protection Officer, Aon Hewitt Limited (Retirement and Investment UK), PO Box 730, Redhill, RH1 9FH

Date of issue: April 2018

City and County of Swansea Pension Fund
Cronfa Bensiwn Dinas a Sir Abertawe
LOCAL GOVERNMENT PENSION SCHEME

Memorandum of Understanding regarding Compliance with Data Protection Law

1 INTRODUCTION

1.1 The Local Government Pension Scheme (“**LGPS**”) in England and Wales is an occupational pension scheme registered under section 153 of the Finance Act 2004 and its rules are currently set out in The Local Government Pension Scheme Regulations 2013 (SI 2013/2356) as amended (“**LGPS Regulations**”).

1.2 The LGPS is administered locally by administering authorities which are defined in Regulation 2 of the LGPS Regulations and listed in Part 1 of Schedule 3 of the LGPS Regulations.

1.3 Swansea Council (“**Administering Authority**”) is an administering authority under the LGPS Regulations. The Administering Authority manages and administers the City and County of Swansea pension fund within the LGPS (the “**Fund**”) in accordance with its statutory duty under Regulation 53 of the LGPS Regulations. Employers employing employees who are eligible to be members of the LGPS will participate in the Fund as a “**Scheme Employer**” (as defined in schedule 1 of the LGPS Regulations). The Administering Authority and the Scheme Employer (together the “**Parties**”) are required to share personal data relating to the Scheme Employer’s current and former employees who participate in the Fund (the “**Members**”) and their dependants, in order for the Administering Authority to fulfil its statutory duties to manage and administer the Fund under Regulation 53 of the LGPS Regulations and provide the Members with benefits upon retirement, pay ill-health benefits, pay death grants, pay survivors’ pensions to Members’ spouses, civil partners and co-habiting partners, pay children’s pensions upon the death of the Member, offer Members the option of paying additional voluntary contributions to one or more providers in accordance with Regulations 1 – 52 of the LGPS Regulations.

1.4 Scheme Employers are under a statutory obligation, as detailed in Regulation 80 of the LGPS Regulations, to provide certain personal data relating to its Members on an annual basis to the Administering Authority, including the Member’s name, gender, date of birth, national insurance number, pensionable pay, employer and employee pension contributions, details of any additional pension contributions and additional voluntary contributions. The City and County of Swansea Pension Fund requires this information to be provided on a monthly basis by the Employer, the timeliness and quality of which is monitored in accordance with the Pension Administration Strategy.

1.5 This Memorandum of Understanding sets out:

- (a) the basis on which data will be shared between the Parties;
- (b) the Administering Authority’s expectations of the Scheme Employer during its participation in the Fund;

in order to comply with Data Protection Law, including the General Data Protection Regulation (2016/679) (“**GDPR**”) which will have direct legal effect in the UK on and after 25 May 2018.

1.6 References to “**Data Protection Law**” in this Memorandum of Understanding mean the Data Protection Act 1998, the Data Protection Directive (95/46/EC), the Electronic Communications Data Protection Directive (2002/58/EC), the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2426/2003) (as amended), the General Data Protection Regulation (2016/679) and all applicable laws and regulations relating to personal data and privacy which are enacted from time to time, including (where applicable) the guidance and codes of practice issued by the Information Commissioner’s Office and any other competent authority.

2 DATA CONTROLLERS

2.1 The Parties acknowledge that they will:

- (a) not hold a pool of joint data to which both parties have access;
- (b) be separate and independent data controllers in relation to the copies of the Members’ personal data they respectively hold;
- (c) act as data controller in relation to personal data transferred to them;
- (d) each be responsible for complying with the requirements in Data Protection Law that are applicable to them as data controllers.

Please refer to the City and County of Swansea Pension Fund Privacy Notice for further information concerning who we share data with.

2.2 References to Members’ personal data includes personal data relating to the Members’ dependants (including children) and spouses/civil partners (where applicable).

3 DATA SHARING

3.1 The Parties confirm that they understand their respective obligations under Data Protection Law as data controllers and agree to only process personal data relating to the Members:

- (a) fairly and lawfully and in accordance with the data protection principles set out in Data Protection Law;
- (b) where there are lawful grounds for doing so; and
- (c) in accordance with Data Protection Law and best practice guidance (including the Data Sharing Code issued by the Information Commissioner’s Office and updated from time to time).

3.2 Each Party will separately inform the Members (as required under Data Protection Law) of the respective purposes for which they will each process their personal data and provide all required information to ensure that the Members understand how their personal data will be processed in each case by the Administering Authority or Scheme Employer (as applicable). The Scheme Employer’s privacy notice to Members will inform them that their personal data will be provided to the City and County Pension Fund.

3.3 Each Party confirms that it understands its respective obligations under Data Protection Law, to ensure that the Members' personal data of which it is a data controller is kept and used securely at all times and to take such technical and organisational security measures against unauthorised and unlawful processing of, accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to the Members' personal data transmitted, stored or otherwise processed as may be required. Such measures will have due regard to the state of technological development and the cost of implementation of these measures, to ensure a level of security appropriate to the harm that might result from such processing and the nature, scope, context and purposes of processing the Members' personal data and the risk or likelihood and severity for the rights and freedoms of data subjects. Such measures will ensure:

- (a) the ongoing confidentiality, integrity, availability and resilience of processing the Members' personal data;
- (b) the ability to restore the availability and access to the Members' personal data in a timely manner in the event of a physical or technical incident;
- (c) carrying out of regular testing, assessing and evaluating the effectiveness of technical and organisational measures for ensuring the security of the processing.

3.4 Each Party undertakes to notify the other as soon as practicable if an error is discovered in the Members' personal data of which it is a data controller and which was received from or a copy of which has been provided to the other Party, to ensure that such other Party is then able to correct its own records. This will happen whether the error is discovered through existing data quality initiatives or is flagged up through some other route (such as the existence of errors being directly notified to the Administering Authority or Scheme Employer (as appropriate) by the Member (or the Member's dependants, spouse/civil partner) themselves).

4 TRANSFER OF MEMBERS' PERSONAL DATA

4.1 The Parties agree that Members' personal data will only be transferred from one Party to the other via an acceptable method specified by the Administering Authority which may include any of the following:

- (a) face to face
- (b) courier
- (c) secure email
- (d) SFTP link
- (e) encrypted removable media
- (f) access secure website
- (g) third party solution as agreed by the Parties

4.2 Each Party will, when transferring the Members' personal data of which it is the data controller to the other Party, ensure that that data is secure during transit (whether physical or electronic).

4.3 If either the Administering Authority or the Scheme Employer appoints professional advisers, third party administrators or another entity which provides other services involving the transfer of Members' personal data, those third parties will be data processors or data controllers in their own right. The Administering Authority or the Scheme Employer (as applicable) will comply with its own obligations in accordance with Data Protection Law (in particular, by ensuring that any entity to which it transfers Members' personal data also complies with Data Protection Law) and shall ensure that that nothing in the terms of engagement between the Administering Authority or the Scheme Employer (as applicable) and such third party would contradict this Memorandum of Understanding.

5 RIGHTS OF MEMBERS (INCLUDING THE MEMBER'S DEPENDANTS, SPOUSES/CIVIL PARTNERS (WHERE APPLICABLE))

5.1 Each Party shall, in respect of the personal data of which it is a data controller, respond to any requests from Members to have access to any of their personal data or a complaint or enquiry relating to that Party's processing of the Members' personal data received by that Party in line with its own obligations under the Data Protection Law.

5.2 Each Party agrees to provide reasonable assistance to the other as is necessary to enable the other Party to comply with any such requests in respect of Members' personal data of which that Party is a data controller and to respond to any other queries or complaints from Members.

6 DATA SECURITY BREACHES AND REPORTING PROCEDURES

6.1 Each Party has in place a formal process for reporting breaches under Data Protection Law. Where a significant data breach occurs (significant in the opinion of the individual party in consideration of the obligations imposed by the Data Protection Law) it will inform the other party of the breach where it is believed such action will improve/mitigate any impact to the member and where necessary notify the Information Commissioner's Office and/or the Member(s).

7 RESPONSIBILITIES OF SCHEME EMPLOYERS

7.1 Notwithstanding the statutory obligations which apply to Scheme Employers under the LGPS Regulations and as a data controller under Data Protection Law, the Administering Authority, as Administering Authority for the Fund, expects Scheme Employers participating in the Fund to comply with the responsibilities set out below in relation to Members' personal data.

7.2 On request, the Scheme Employer will inform the Funds Data Protection Officer; data.protection@swansea.gov.uk at the Administering Authority or any appointed qualified person to fulfil the role of Data Protection Officer together with their contact details. If the Scheme Employer has not appointed a Data Protection Officer, the Scheme Employer on request will inform the Funds Data Protection Officer of the details of a nominated person for GDPR compliance purpose.

7.3 The Scheme Employer will demonstrate to the Administering Authority's satisfaction when dealing with ill health early retirement applications for current employees that explicit Member consent has been received which gives consent to processing by both the Scheme Employer and the Administering Authority. In the absence of such consent, the Administering Authority may not be able to process the Member's application.

7.4 The Scheme Employer acknowledges the financial penalties that can be imposed by the Information Commissioner's Office in relation to breaches of Data Protection Law [and will inform the Administering Authority immediately from the point that it becomes aware that the Scheme Employer may be liable to pay such a financial penalty]. [The Scheme Employer further acknowledges that any liability it may have to pay a financial penalty to the Information Commissioner's Office may result in a revision of the rates and adjustments certificate in accordance with Regulation 62(7) of the LGPS Regulations.]

8 COMPLIANCE WITH THE MEMORANDUM OF UNDERSTANDING

8.1 Failure by the Scheme Employer to comply with the terms set out in this Memorandum of Understanding may result in the Administering Authority taking any or all of the following actions:

- (a) reporting the Scheme Employer's non-compliance to the Information Commissioner's Office;
- (b) Any other action which the Administering Authority deems appropriate and which is within its powers to do so

9 REVIEW AND AMENDMENT OF MEMORANDUM OF UNDERSTANDING

The Administering Authority will review the Memorandum of Understanding periodically. The Administering Authority reserves the right to amend the Memorandum of Understanding at any time and with immediate effect and will provide written notice to the Scheme Employer of such amendment.

10. This Memorandum of Understanding will be published on the Funds website www.swanseapensionfund.org.uk with the Privacy Notice.

Signed	
Name	
Position	
Date	

Q&A for LGPS members - What is the GDPR?

The General Data Protection Regulation (GDPR) is a new set of European Union (EU) regulations due to come into force on 25 May 2018. It will change how organisations process and handle data, with the key aim of giving greater protection and rights to individuals.

What laws currently govern data protection in the UK?

Currently in the UK the Data Protection Act 1998 sets out how your personal information can be used by companies, government and other organisations. The GDPR will replace the Data Protection Act 1998 when it comes into force on 25 May 2018.

Will the GDPR still apply to the UK after Brexit?

The UK is in the process of implementing a new Data Protection Bill which largely includes all the provisions of the GDPR. There are some small differences, but once the Bill has passed through Parliament and become an Act, UK law on data protection will largely be the same as that of the GDPR.

So what's new?

There are new and extended rights for individuals in relation to the personal data an organisation holds about them, for example, an extended right to access and a new right of data portability. You can obtain further information about these rights from the Information Commissioner's Office at: www.ico.org.uk or via their telephone helpline (0303 123 1113).

In addition, organisations will have an obligation for better data management and a new regime of fines will be introduced for use when an organisation is found to be in breach of the GDPR.

What are the main principals of the GDPR? The GDPR states that personal data must be:

- processed lawfully, fairly and in a transparent manner
- collected only for specified, explicit and legitimate purposes
- adequate, relevant and limited to what is necessary
- accurate and kept up to date
- held only for the absolute time necessary and no longer
- processed in a manner that ensures appropriate security of the personal data.

What is personal data?

The GDPR applies to 'personal data' meaning any information relating to an identifiable person who can be directly or indirectly identified in particular by reference to an identifier. This definition provides for a wide range of personal identifiers to constitute personal data, including name, identification number, location data or online identifier, and in technology and the way organisations collect information about people

How will the GDPR affect LGPS members?

Your LGPS fund will already have procedures in place which comply with similar data protection principles under the Data Protection Act 1998. The new regulations will reinforce these existing requirements, and LGPS members are unlikely to notice a change in the service they receive from their LGPS fund.

How will members know that their LGPS fund is GDPR compliant?

Every LGPS fund will be required to update their privacy notice in line with the new requirements setting out, among other things, why certain data is held, the reason for processing the data, who they share the data with and the period for which the data will be retained. Within the notice, members will also be provided with additional information about their rights under the legislation.

Why do LGPS funds hold personal data?

LGPS funds require various pieces of personal data provided by both the individual member and their employer in order to administer the pension scheme. This data includes, but is not limited to, names, addresses, National Insurance numbers and salary details which are required to maintain scheme records and calculate member benefits.

Who do LGPS funds share personal data with?

On occasion, LGPS funds are required to share personal data with third parties in order to meet regulatory and government requirements, to gather necessary information for the accurate payment of member benefits and to ensure scheme liabilities are met. Each fund's privacy notice will set out who they share data with; this is likely to include bodies such as scheme employers, fund actuaries, auditors and HMRC.

Can LGPS members ask for their data to be deleted?

The GDPR provides individuals with the 'right to be forgotten' in certain limited circumstances. However, in practical terms the exercise of this right in relation to LGPS funds is limited as the deletion of data can prevent the fund from carrying out its duties. LGPS funds are required to process personal data to comply with legal obligations under pension legislation, therefore, the 'right to be forgotten' is unlikely to apply to data held by LGPS funds.

What happens if there is a data breach?

Data breaches are a rare occurrence within LGPS funds. However, should a security breach concerning a member's personal data occur that is likely to result in a risk to that member's rights and freedoms, there will be a direct obligation under the GDPR for the fund to inform the Information Commissioners Office within 72 hours of the breach taking place.



Cwestiynau ac Ate bar gyfer aelodau'r CPLIL **Beth yw'r GDPR?**

Mae'r Rheoliadau Gwarchod Data Cyffredinol (GDPR) yn set newydd o reoliadau'r Undeb Ewropeaidd (UE) sydd i ddod i rym ar 25 Mai 2018. Bydd yn newid sut mae sefydliadau'n prosesu a thrin data, gyda'r nod allweddol o roi mwy o ddiogelwch a hawliau i unigolion.

Pa ddeddfau sy'n rheoli diogelu data yn y DU ar hyn o bryd?

Ar hyn o bryd yn y DU mae Deddf Diogelu Data 1998 yn nodi sut y gall cwmnïau, llywodraeth a sefydliadau eraill ddefnyddio'ch gwybodaeth bersonol. Bydd y GDPR yn disodli Deddf Diogelu Data 1998 pan ddaw i rym ar 25 Mai 2018.

A fydd y GDPR yn dal i fod yn berthnasol i'r DU ar ôl Brexit?

Mae'r DU yn y broses o weithredu Mesur Diogelu Data newydd sydd, yn bennaf, yn cynnwys holl ddarpariaethau'r GDPR. Mae yna rai gwahaniaethau bach, ond unwaith y bydd y Mesur wedi pasio drwy'r Senedd ac yn dod yn Ddeddf, bydd cyfraith y DU ar ddiogelu data yn debyg iawn i rheoliadau'r GDPR.

Felly beth sy'n newydd?

Mae hawliau newydd ac estynedig ar gyfer unigolion mewn perthynas â'r data personol y mae sefydliad yn ei chadw amdanynt, er enghraifft, hawl estynedig i gael mynediad i ddata a hawl newydd o ran symudadwyedd data. Gallwch gael rhagor o wybodaeth am yr hawliau hyn gan Swyddfa'r Comisiynydd Gwybodaeth: www.ico.org.uk neu drwy eu llinell gymorth ffôn (0303 123 1113).

Yn ogystal, bydd gan sefydliadau rwymedigaeth ar gyfer rheoli data yn well a chyflwynir cyfundrefn ddirwyon newydd i'w ddefnyddio pan ddarganfyddir bod sefydliad yn torri'r GDPR.

Beth yw prif egwyddorion y GDPR?

Mae'r GDPR yn nodi bod rhaid i ddata personol fod:

- wedi'i brosesu yn gyfreithlon, yn deg ac mewn modd tryloyw
- wedi ei gasglu at ddibenion penodol, eglur a dilys yn unig
- yn ddigonol, yn berthnasol ac yn gyfyngedig i'r hyn sy'n angenrheidiol
- yn gywir ac yn gyfoes
- wedi ei gadw am yr amser absoliwt sy'n angenrheidiol a dim mwyach
- wedi'i brosesu mewn modd sy'n sicrhau diogelwch priodol y data personol.

Beth yw data personol?

Mae'r GDPR yn berthnasol i 'ddata personol' sy'n golygu unrhyw w ymwneud â pherson adnabyddadwy y gellir ei adnabod yn union anuniongyrchol yn benodol trwy gyfeirio at dynodwr.



Mae'r diffiniad hwn yn darparu ar gyfer ystod eang o ddynodwyr personol i gyfansoddi data personol, gan gynnwys enw, rhif adnabod, data lleoliad neu ddynodwr ar-lein, sy'n

adlewyrchu newidiadau mewn technoleg a'r modd y mae sefydliadau'n casglu gwybodaeth am bobl.

Sut fydd GDPR yn effeithio ar aelodau'r CPLIL?

Bydd gan eich cronfa CPLIL eisoes weithdrefnau yn eu lle sy'n cydymffurfio ag egwyddorion diogelu data tebyg o dan Ddeddf Diogelu Data 1998. Bydd y rheoliadau newydd yn atgyfnerthu'r gofynion presennol hyn, ac mae'n annhebygol y bydd aelodau'r CPLIL yn sylwi ar newid yn y gwasanaeth a dderbynnir gan eu cronfa CPLIL.

Sut y bydd aelodau'n gwybod bod eu cronfa CPLIL yn cydymffurfio â GDPR? Bydd gofyn i bob cronfa CPLIL ddiweddarau eu rhybudd preifatrwydd yn unol â'r gofynion newydd sy'n nodi, ymhlith pethau eraill, pam bod data penodol yn cael ei gadw, y rheswm dros brosesu'r data, pwy maent yn rhannu'r data gyda a'r cyfnod y mae'r data yn cael ei gadw. O fewn yr hysbysiad, bydd aelodau hefyd yn cael gwybodaeth ychwanegol am eu hawliau o dan y ddeddfwriaeth.

Pam mae cronfeydd CPLIL yn dal data personol?

Mae cronfeydd CPLIL angen wahanol ddarnau o ddata personol a ddarperir gan yr aelod unigol a'u cyflogwr er mwyn gweinyddu'r cynllun pensiwn. Mae'r data hwn yn cynnwys, ond heb eu cyfyngu i, enwau, cyfeiriadau, rhifau Yswiriant Gwladol a manylion cyflog, sydd eu hangen i gynnal cofnodion y cynllun a chyfrifo buddion aelodau.

Pwy y mae cronfeydd CPLIL yn rhannu data personol â nhw?

Ar adegau, mae'n ofynnol i gronfeydd CPLIL rannu data personol gyda thrydydd parti er mwyn cwrdd â gofynion rheoliadol a llywodraethol, i gasglu'r wybodaeth angenrheidiol ar gyfer talu buddion aelodau'n fanwl gywir a sicrhau bod rhwymedigaethau'r cynllun yn cael eu bodloni. Bydd rhybudd preifatrwydd pob cronfa yn nodi pwy y maent yn rhannu data â nhw; mae'n debygol y bydd hyn yn cynnwys cyrff megis cyflogwyr y cynllun, actiwari'r gronfa, archwilwyr a Cyllid a Thollau EM.

A all aelodau CPLIL ofyn am gael dileu eu data?

Mae'r GDPR yn darparu'r 'hawl i gael ei anghofio' mewn rhai amgylchiadau cyfyngedig. Fodd bynnag, mewn termau ymarferol, cyfyng yw arfer yr hawl hwn mewn perthynas â chronfeydd CPLIL gan y gall dileu data atal y gronfa rhag cyflawni ei ddyletswyddau. Mae'n ofynnol i gronfeydd CPLIL brosesu data personol i gydymffurfio â rhwymedigaethau cyfreithiol dan ddeddfwriaeth pensiwn, felly, mae'n annhebygol y bydd yr 'hawl i gael ei anghofio' yn berthnasol i ddata a gedwir gan gronfeydd CPLIL.

Beth sy'n digwydd os oes toriad data?

Mae achosion o dorri data yn ddigwyddiad prin o fewn cronfeydd CPLIL. Fodd bynnag, pe bai toriad diogelwch yn ymwneud â data personol aelod yn digwydd sy'n debygol o arwain at berygl i hawliau a rhyddid yr aelod hwnnw, bydd rhwymedigaeth uniongyrchol o dan y GDPR ar gyfer y gronfa i hysbysu'r Swyddfa Comisiynwyr Gwybodaeth o fewn 72 awr i'r toriad yn digwydd.



Report of the Section 151 Officer

Pension Fund Committee - 5 July 2018

City & County of Swansea Pension Fund Business Plan 2018/19

Purpose:	To provide a working framework for the Pension Fund's programme of work for 2018/19
Reason for Decision:	To approve the outlined work programme.
Consultation:	Legal, Finance and Access to Services.
Recommendation:	That The City & County of Swansea Pension Fund Annual Business Plan 2018/19 is noted and approved.
Report Author:	Jeffrey Dong
Finance Officer:	Jeffrey Dong
Legal Officer:	Stephanie Williams
Access to Services Officer:	Sherill Hopkins

Business Plan 2018/19

1 Background

- 1.1 In line with best practice, the Pension Fund produces a business plan to inform its work programme for the forthcoming 12 month period. The business plan for 2017/18 is attached at Appendix 1

2 Recommendation

- 2.1 The Pension Fund Committee is asked to note and approve the attached business plan for the year 2018/19 noting the timescale and responsibility for key action points throughout the year. The document is a dynamic document and will be revised and amended throughout the year as necessary.

3 Legal Implications

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

4 Financial Implications

4.1 There are no financial implications arising from this report

5 Equality and Engagement Implications

5.1 There are no equality and engagement implications arising from this report

Background Papers: None.

Appendices: Appendix 1- Business Plan 2018/19.

CITY AND COUNTY OF SWANSEA

Pension Fund

**Annual Business Plan
2018 19**

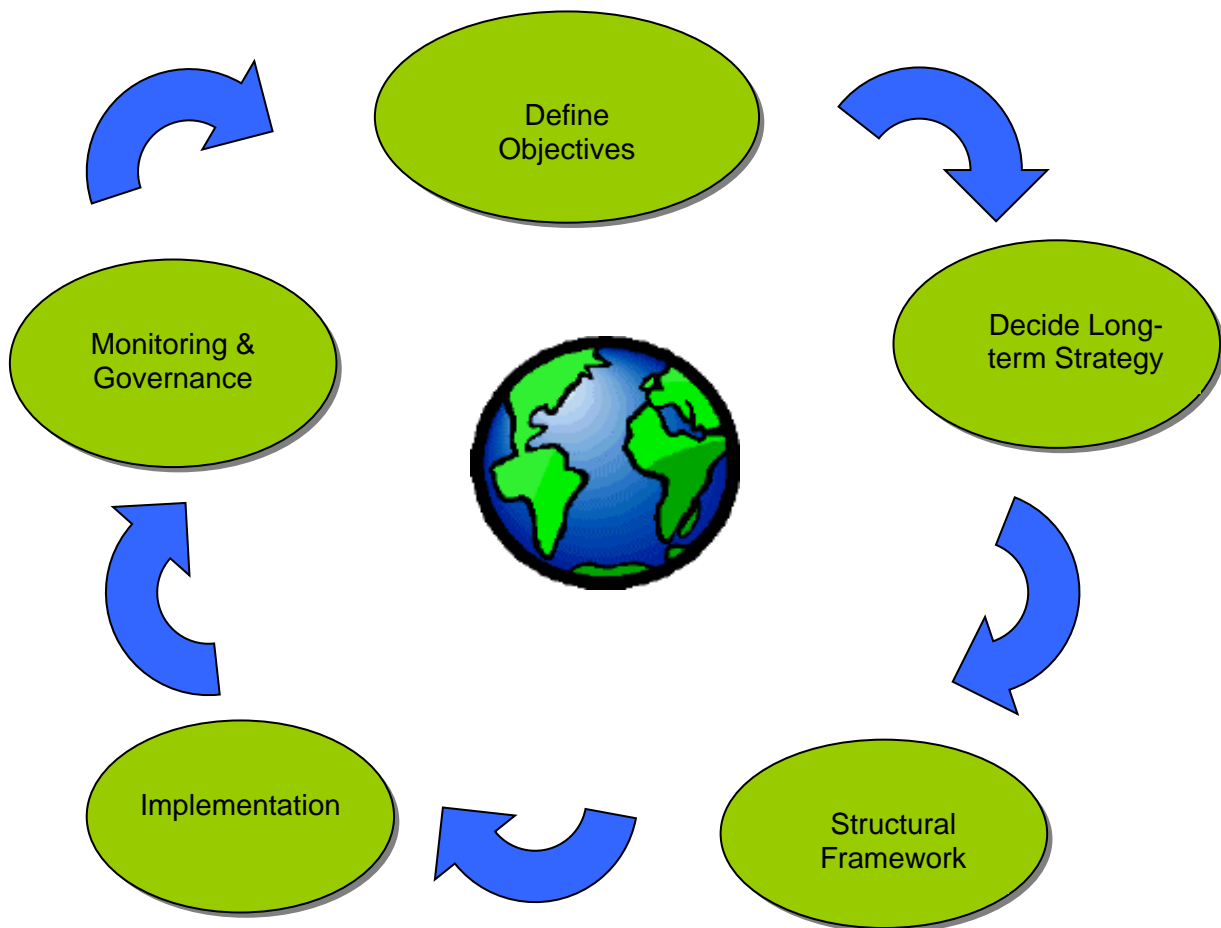


Local Government Pension Scheme City & County of Swansea

Business Plan

1. Decision-making Framework

The Pension Fund Committee have the delegated responsibility to manage the investment arrangements of the Fund to meet the overall investment objectives identified in the Statement of Investment Principles. Investment decisions are taken by the Committee as advised by the Section 151 Officer and supported by the Chief Treasury Officer and professional external financial advisors. The Pension Fund Committee use the following framework to formulate their policy in all aspects relating to the management of the Fund's assets.



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

2. Summary of Investment Arrangements

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

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

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

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

It is intended that the Fund's investment strategy will be reviewed at least every three years either alongside or following actuarial valuations of the Fund.

The Fund's investment strategy was last reviewed during 2017 and 2018. This analysis included both a quantitative (using asset liability modelling) and qualitative analysis. This approach helps to ensure that the investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners, deferreds and active members), together with the level of surplus or deficit (relative to the funding basis used). Details of the assumptions used in the quantitative analysis was considered prior to the Committee agreeing any strategic changes.

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

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

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

Performance of the investment managers has historically been measured by The WM Company who have withdrawn from the market, the service is being undertaken in the

interim by PIRC, this service shall be reviewed on an All Wales basis. Performance figures are considered by the Pension Fund Committee on a quarterly basis.

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

3. Issues addressed in year to 31 March 2018

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

a. Objectives

- The fund reviewed its objectives as outlined in the revised Investment Strategy Statement

b. Investment Strategy

The Pension Fund Committee reviewed its investment strategy and asset allocation as outlined in the revised Investment Strategy Statement.

c. Structural Framework

During the year, The Pension Fund Committee have appointed a new Investment consultant, William Marshall of Hymans Robertson to work alongside its independent investment advisor, Noel Mills.

The Wales Pension Partnership (WPP) successfully appointed the ACS Operator who shall be implementing the FCA approved pooling vehicle through which the WPP constituent Authorities shall invest the majority of their assets more efficiently. The prospectus for the first sub fund of the pool has been submitted for FCA approval. Work continues for the remainder of the liquid assets.

d. Implementation

- Produced annual report and statement of accounts 2017/18
- Held Annual General Consultative Meeting
- FRS17 statement included in accounts
- Held employer triennial valuation consultation meetings
- Held employee roadshows
- Implemented new Administration IT system 'Altair'

e. Monitoring & Governance

During the year, the Pension Fund Committee has held quarterly monitoring meetings.

The Local Pension Board has held quarterly meetings

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

A consultation meeting to consider the 2016/17 Annual Report and Statement of Accounts was held, to which all employing bodies and trade unions were invited.

The Principal Pensions Officer held several open meetings for employers and members in order to explain the implementation of new regulations (including auto enrolment) and other changes amongst other administration issues.

The Local Pension Board has been established and its first 2 meetings have been held

f. Environmental, Social, Governance (ESG)

The Pension Fund Committee approved the first ESG policy for the fund.

4. The Business Plan

a. Objectives

The Investment Objectives, Strategy and Risk Profile shall be considered when reviewing the Investment Strategy Statement and when considering the revision of the funding strategy statement at beginning of the planning process for the 2019 triennial valuation

b. Investment Strategy

The solvency level of the Fund continues to be carefully monitored. The recent financial crisis and continuing troubles in the Eurozone emphasises the importance for Pension Fund Committee members of continually reviewing the funding level. The strategy will be regularly reviewed to seek to reduce the risk within the portfolio in light of recent gains.

Particular areas to be addressed are as follows:

- Review the effectiveness of the implemented structure of the fund
- Review asset allocation and new asset classes
- Review risk parameters
- Re- balance more efficiently
- Review appropriate fund benchmarks
- Implement revised employee contribution rates
- Implement revised employer contribution rates

c. Structural Framework

The structural framework of the investment management arrangements of the fund will be materially impacted by the Wales Pool's submission in response to the Government's

pooling criteria and agreed establishment of an Authorised Contractual Scheme (ACS) for the Wales Pool of 8 LGPS funds.

A joint committee has been established along with a signed Inter Authority Agreement and terms of reference for the committee.

Carmarthenshire County Council has been chosen as the host Authority to undertake secretariat and associated tasks.

d. Implementation & Risk Management

The Panel will implement decisions taken in respect of the strategy described above and has identified and shall monitor risks identified in Appendix 2 in the Pension Fund Risk Register.

e. Monitoring & Governance

The Governance arrangements of the CCS pension fund have been formally reviewed in line with regulations and the Council's constitution has been amended to reflect the same.

The Pension Fund Committee will continue to consider issues arising from the Revised Myners' Principles for investment decision making and further improve compliance where required .

The Chairman (or his nominated Deputy) of the Pension Fund Committee shall be the Swansea representative on the Joint Chairs Committee of the Wales Pool

An Annual Consultative Meeting will be held to consider the 2017/18 Annual Report.

Further open meetings for employers will be arranged as required to consider revisions to the scheme and the impact of auto enrolment and will consult on further dialogue with MHCLG in relation to structural reform of the LGPS.

f. Trustee Training

The Section 151 Officer and Chief Treasury & Technical Officer and advisors will continue to identify suitable Trustee training opportunities, striving to ensure Trustees are appropriately equipped to discharge their role.

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

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

5. Business Plan Timetable

The following table in Appendix 1 set out progress against the 2017/18 business plan and sets out the broad Pension Fund Committee business plan over the next twelve months for 2018/19; the document is a dynamic document which may be subject to review during the year.

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

Review of 2017/18 Business Plan Targets to year ended 31st March 2018

Action	Description	Time-scale	Primary Responsibility	Status
1	Formulate Annual Business Plan for 2017/18	Mar 2017	Section 151 Officer, Chief Treasury & Technical Officer	Achieved
2	Implement 2016 Triennial Valuation	April 2017	Section 151 Officer, Chief Treasury & Technical Officer	Ongoing
3	Manage the Infrastructure tender exercise	Feb 2017- April 2017	Section 151 Officer, Chief Treasury & Technical Officer	Achieved
4	Undertake formal Review of Investment Strategy Statement post 2016 triennial valuation	Sep 2017	Section 151 Officer, Chief Treasury & Technical Officer, Principal Pension Officer	Achieved
5	Implement revised pension SORP and CIPFA guidance in producing annual report and statement of a/cs	June 2017	Section 151 Officer, Chief Treasury & Technical Officer, Advisors	Achieved
6	Appoint investment consultancy	May 2017	Section 151 Officer, Chief Treasury & Technical Officer, Advisors,	Achieved
7	Monitor LGPS Regulation Changes and provide response to consultation where necessary to DCLG	DCLG timetable	Section 151 Officer/ Chief Treasury & Technical	Achieved

			Officer/Principal pensions officer	
8	Review Compliance with Revised Myners Principles for investment decision making.	2017/18	Section 151 Officer, Chief Treasury & Technical Officer	Achieved
9	Support the All Wales Investment Pool project (procurement, governance & oversight arrangements)	Continuous	Section 151 Officer, Chief Treasury & Technical Officer/Principal Pensions Officer	Achieved & Ongoing
10	Consider and approve Pension Fund Accounts and Annual Report	September 2017	Section 151 Officer, Chief Treasury & Technical Officer	Achieved
11	Review performance of Fund and each individual Manager, taking into account behaviour of world equity markets	July 2017 September 2017 Dec 2017 March 2018	Section 151 Officer/Chief Treasury & technical Officer/external advisers	Ongoing
12	Review Socially Responsible/Ethical Investment Policy	November 2017	Section 151 Officer/external advisers/Chief Treasury & Technical Officer	ongoing
13	Annual consultative meeting with employers re. annual report	November 2017	Section 151 Officer/Principal pension Officer/Chief Treasury & Technical Officer	Achieved Dec 2016
14	Receive presentations from Fund Managers	July 2017 September 2017 December 2017	Section 151 Officer/external adviser/Chief Treasury & Technical Officer	Achieved

		March 2018			
15	Implement any amendments as a result of revised regulations	DCLG Timetable	Principal Officer	Pensions	Achieved
16	Review Pension Administration Strategy to ensure compliance with legislation	June 2017	Principal Officer	Pensions	Achieved
17	Review Communication Strategy to ensure fit for purpose and compliance with regulations	June 2017	Principal Officer	Pensions	Achieved
18	Reconciliation of GMPs for Fund members	Dec 2019	Principal Officer	Pensions	Ongoing

Business Plan 2018/19 to Year Ending 31 March 2019

Action	Description	Time-scale	Primary Responsibility
1	Formulate Annual Business Plan for 2018/19	Aug 2018	Chief Treasury & Technical Officer
2	Implement 2019 Triennial Valuation Planning	Oct 2018	Chief Treasury & Technical Officer
3	Implement Pension Administration Team restructure	Jul 2018	Chief Treasury & Technical Officer
4	Undertake formal Review of Investment Strategy Statement pre 2019 triennial valuation	Mar 2019	Chief Treasury & Technical Officer
5	Implement revised pension SORP and CIPFA guidance in producing annual report and statement of a/cs	June 2019	Chief Treasury & Technical Officer
6	Implement GDPR Compliance	May 2018	Chief Treasury & Technical

			Officer
7	Monitor LGPS Regulation Changes and provide response to consultation where necessary to DCLG	DCLG timetable	Chief Treasury & Technical Officer
8	Review Compliance with TPR for investment decision making.	2018/19	Chief Treasury & Technical Officer
9	Support the All Wales Investment Pool project (procurement, governance & oversight arrangements, prospectus design, sub fund design, tax, transition management)	Continuous	Chief Treasury & Technical Officer
10	Consider and approve Pension Fund Accounts and Annual Report	September 2018	Chief Treasury & Technical Officer
11	Review performance of Fund and each individual Manager, taking into account behaviour of world equity markets	July 2018 September 2018 Dec 2018 March 2019	Chief Treasury & Technical Officer
12	Monitor Socially Responsible/Ethical Investment Policy	2018/19	Chief Treasury & Technical Officer
13	Annual consultative meeting with employers re. annual report	November 2018	Chief Treasury & Technical Officer
14	Receive presentations from Fund Managers	July 2018 September 2018 December 2018 March 2019	Chief Treasury & Technical Officer
15	Implement any amendments as a result of revised regulations	DCLG Timetable	Chief Treasury & Technical Officer
16	Review Pension Administration Strategy to ensure compliance with legislation	Nov 2018	Chief Treasury & Technical Officer
17	Review Communication Strategy to ensure fit for purpose and compliance with regulations	Nov 2018	Chief Treasury & Technical Officer
18	Reconciliation of GMPs for Fund members	Dec 2019	Chief Treasury & Technical Officer

19	Data Quality audit	Dec 2018	Chief Treasury & Technical Officer
20	Review employer covenants	Mar 2019	Chief Treasury & Technical Officer
21	Transition first WPP assets	Nov 2018	Chief Treasury & Technical Officer

City & County of Swansea Pension Fund Risk Register 2018/19

Risk	Existing control measures /new control measures	Impact	Likelihood	Assigned	Date	Risk status
CCSPF1- Failure to comply with LGPS Regulation If there is failure to comply with regulation, there would be adverse audit opinion and loss of trust from employers within scheme	<ul style="list-style-type: none"> Well trained staff CPD Pensions Officer Group Society of Welsh Treasurers Internal/external audit regime 	High	Low	JD	2018/19	Green
CCSPF2 – Failure to process accurate pension benefits in a timely manner If a pension benefit is paid incorrectly there could be a cost to the fund or penalty imposed for lateness of payment	<ul style="list-style-type: none"> Well trained staff Established procedure with imbedded checks and segregation of duties in place Regular KPI monitoring Use of market leading software Altair NFI checks Atmos checks 	High	Low	JD	2018/19	Green
CCS PF3- Failure to collect and account for full receipt of contributions from employers and employees on time If there is a failure to collect appropriate contributions there may be a rise in employers contributions and an adverse impact on cashflow and the ability to pay benefits and adverse audit opinion	<ul style="list-style-type: none"> Contribution timetable/monitoring procedure Administering Authority agreement Escalation and fines for non compliance Internal audit 	High	Low	JD	2018/19	Green
CCS PF4 – Failure to keep pension records up to date If pension records are not up to date, a wrong benefit may be	<ul style="list-style-type: none"> Administering Authority agreement with employers to ensure timely passing of information 	High	Medium	JD	2018/19	Amber

calculated and paid	<ul style="list-style-type: none"> • Data accuracy checks undertaken • Data validation on Altair system • Periodic data validation by scheme actuary/NFI • 					
CCSPF 5 Failure to hold personal data securely If there is breach of data there is a risk to the individual's details and loss of trust in the Authority	<ul style="list-style-type: none"> • Compliance with Data Protection Act 1998 • Business Continuity plan • IT Security Policy • Systems and pension payroll audit annually 	High	Low	JD	2018/19	Green
CCSPF6 Loss of funds through fraud or misappropriation by Administrative staff If funds are lost through fraud or misappropriation by Administrative staff could lead to increase in employer contributions	<ul style="list-style-type: none"> • Segregation of duties • Clear roles and responsibilities and schemes of delegation • Internal external audit 	High	Low	LM	2018/19	Green
CCSPF7 – Loss funds through fraud or misappropriation in investment related functions If funds are lost through fraud or misappropriation in investment related functions could lead to increase in employer contributions	<ul style="list-style-type: none"> • Segregation of duties • Clear roles and responsibilities and schemes of delegation • Internal/external audit • Regulatory control reports by external fund managers, custodians, fund administrators • FCA registration • Due diligence upon appointment 	High	Low	JD	2018/19	Green
CCSPF8- Liquidity/cashflow risks – insufficient liquid assets with which to meet liabilities as they fall due If levels of liquidity are insufficient then pension payments may not be able to be met	<ul style="list-style-type: none"> • Weekly pension fund cash investments monitoring • SIP allocation to liquid assets 	High	Low	JD	2018/19	Green

CCSPF 9- Volatility in employer contribution rates due to decrease/increase in valuation of assets/liabilities	<ul style="list-style-type: none"> Engage with expert actuary to make appropriate assumptions and employ suitable mechanisms to mitigate unaffordable rises Regular monitoring of investment manager performance Diversified investment asset allocation 	High	Medium	JD	2018/19	Amber
CCSPF10- Prolonged failure of investment managers to achieve their objective returns	<ul style="list-style-type: none"> Regular investment monitoring by officers Regular presentation to pension fund committee Ability to sack managers Diversified investment strategy with a number of different managers 	Medium	Medium	JD	2018/19	Green/Amber
CCSPF11- Price Risk- the volatility of the price of the quoted investments held exposes the fund to the risk of price movements in the market	<ul style="list-style-type: none"> A comprehensive diversified investment approach is adopted 	High	Low	JD	2018/19	Green
CCSPF 12- Interest rate risk- The risk of exposure to significant interest rate rises	<ul style="list-style-type: none"> A comprehensive diversified investment approach is adopted 	Medium	Low	JD	2018/19	Green
CCSPF 13 Discount Rate Risk- Volatility in the discount rate used inflates the level of liabilities to be paid	<ul style="list-style-type: none"> Engage professionally qualified actuary who can mitigate the effects of abnormal discount rates 	High	Medium	JD	2018/19	Amber
CCSPF 14 Foreign Exchange Risk- The risk of fluctuation the value of foreign currencies (the fund holds foreign investments whilst its liabilities are payable in sterling)	<ul style="list-style-type: none"> A comprehensive diversified investment approach is adopted Good cashflow management 	High	Low	JD	2018/19	Green

CCSPF 15 – having suitably trained/experienced staff	<ul style="list-style-type: none"> • Training, development and succession planning 	High	Medium	JD	2018/19	Amber
CCPF 16- Having suitably trained knowledgeable Pension Fund Committee Members/Local Pension Board Members	<ul style="list-style-type: none"> • CIPFA Knowledge and Skills framework • Training Plan • Professional Advisors/Officers advising 	High	Low	JD	2018/19	Green

Pension Fund – Budget 2018/19

	Actual 2016/17	Actual 2017/18	Estimate 2018/19
Membership Numbers			
Contributors	17,903	19,685	20,000
Pensioners	12,200	12,671	12,800
Deferred	11,583	11,535	11,550
	Actual 2016/17 £'000	Actual 2017/18 £'000	Estimate 2018/19 £'000
Income			
Employer Contributions	64,818	70,032	72,147
Employee Contributions	16,903	17,666	18,308
Transfers In	3,841	3,191	3,400
Other Income	194	180	185
Investment Income	29,838	30,891	32,000
	115,594	121,960	126,040
Expenditure			
Pensions Payable	58,454	61,207	63,043
Lump Sum Benefits	17,779	16,202	16,500
Refunds	120	101	110
Transfers Out	4,750	4,452	4,500
	81,103	81,962	84,153
Administrative Expenses			
Support Services	690	755	755
Actuarial Fees	55	43	70
Advisors Fees	45	46	23
Consultancy Service	0	77	95
External Audit Fees	50	50	50
Performance Monitoring Fees	10	14	15
Printing & Publications	18	18	18
Other	169	305	460
Pension Fund Committee	6	5	10
Pension Board	1	2	5
Wales Pension Partnership Fees	97	77	510
	1,141	1,392	2,011
Investment Expenses			
Management Fees	4,894	4,402	5,000
Performance Fees	494	1,400	1,000
Custody Fees	124	135	135
	5,512	5,937	6,135



Report of the Section 151 Officer

Pension Fund Committee - 5 July 2018

Pension Fund Committee Member Training

CIPFA Code of Practice Public Sector Finance Knowledge & Skills

The Pension Regulator Knowledge and Understanding Duty on Committee Members

Purpose:	To determine an annual training programme for Trustees and Officers of the Pension Fund
Policy Framework:	CIPFA Public Sector Pensions Finance Knowledge & Skills Code of Practice The Pension Regulator Knowledge and Understanding Duty on Committee Members
Consultation:	Legal, Finance and Access to Services.
Recommendation(s):	It is recommended that: 1) the Training identified for Members in sections 3.7 be approved
Report Author:	Jeffrey Dong
Finance Officer:	Jeffrey Dong
Legal Officer:	Stephanie Williams
Access to Services Officer:	Sherill Hopkins

1 Introduction

- 1.1 In March 2000, the Chancellor of the Exchequer commissioned Paul Myners to conduct a review of institutional investment in the UK. The review was asked to consider whether there were distortions in institutions' investment decision-making. The efficiency of investment decision-making is an important driver of productivity, helping ensure that capital is allocated

effectively and that managers are monitored and held accountable for performance.

1.2 One of Myners' main conclusions was that many pension fund trustees lack the necessary investment expertise to act as strong and discerning customers of the investment consultants and fund managers who sell them services.

1.3 In order to address the distortions identified, Myners recommended that pension fund trustees voluntarily adopt, on a 'comply or explain' basis, a series of principles codifying best practice for decision-making in relation to investment. These principles would be a powerful force for behavioural change. The central tenets included:

- decisions should be taken only by those with the right skills and expertise, and trustee boards should ensure they have access to appropriate skills and resources;
- fund managers should be set clear objectives and timescales;
- the performance of all managers should be measured, and trustees should assess their own performance;
- trustees should engage with investee companies where it is in the interests of their fund members so to do; and
- the investment strategy and returns of the fund should be reported annually to members and the public.

1.4 The Government agreed that the principles represent a clear and coherent approach, which will help the pensions industry respond to the challenges it faces, and from which everyone – consumers, industry and Government, but especially pension funds themselves – stands to benefit. The Government committed to reviewing after two years the extent to which the principles had been effective in bringing about behavioural change.

2 Progress

2.1 The Government has concluded that the voluntary approach is beginning to work, but considerably more efforts are needed to ensure that problem areas identified by the review are satisfactorily addressed. It believes that pension funds would better serve their members' and sponsors' interests if the best practice embodied in the Myners principles were to be strengthened and amplified, particularly in relation to trustee expertise and the process of investment decision-making.

2.2 Strengthening trustee skills and expertise is fundamental to achieving Myners' goals. The Pensions Act requires all trustees and officers to have appropriate knowledge and understanding of funding, investment, and relevant legal and scheme-specific issues. The Pensions Regulator will be responsible for enforcing this legal requirement, and the Occupational Pensions Regulatory Authority (OPRA) has developed a detailed code of practice to provide trustees with guidance.

- 2.3 The Government proposed that the Myners principle in relation to effective decision-making (principle 1) should be strengthened to align it with the objective standard of expertise set in the Pensions Act; but also to incorporate the review's conclusion that: the role played by the chair of the trustee board; having a critical mass of trustees with investment expertise; and the availability of additional resources to support the trustee board, are all key factors in promoting effective investment decision-making by pension funds. It therefore proposed to add three new elements to the principle. In all pension funds, the chair has a critical role in ensuring that the board as a whole has appropriate skills to address its responsibilities, and sets aside the appropriate time and resources to address investment decision-making.

3 CIPFA Code of Practice & The Pension Regulator's Knowledge & Understanding Requirements

3.1 CIPFA Code

The CIPFA Code of Practice represents a key element in complying with Myners' requirements for knowledge & skills in decision makers in public pension funds.

3.2 The Code of practice is underpinned by 4 key principles:

1. Organisations responsible for the financial administration of public sector pension schemes recognise that effective financial management, decision-making and other aspects of the financial administration of public sector pension schemes can only be achieved where the those involved have the requisite knowledge & skills.
2. Organisations have in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of pension scheme finance knowledge and skills for those in the organisation responsible for financial administration and decision-making.
3. The associated policies and practices are guided by reference to the requirements outlined in the CIPFA Pensions Finance Knowledge & Skills framework.
4. The organisation has designated a named individual to be responsible for ensuring that policies are implemented.

3.3 CIPFA recommends that all LGPS organisations adopt the following statements:

1. This organisation adopts the key recommendations of the Code of Practice
2. This organisation recognises that effective financial administration and decision making can only be achieved where those involved have the requisite knowledge and skills
3. accordingly that organisation will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant knowledge and skills

4. The policies and practices will be guided by reference to CIPFA knowledge and skills framework
5. The organisation will report on an annual basis how these policies have been put into place
6. this organisation has delegated the responsibility for the implementation of the requirements of the CIPFA Code of practice to the Section 151 Officer

3.4 **The Pension Regulator**

Key points

- You must have the required knowledge and understanding of scheme rules, documents recording scheme administration policies and pensions law.
- You should have adequate training to meet the knowledge and understanding requirements.

3.5 Knowledge and understanding requirements

You must:

- be conversant with (ie have a working knowledge of) your scheme rules and any document recording policy about the administration of your scheme
- have knowledge and understanding of the law relating to pensions

Scheme rules and administration policies

You must have a working knowledge of your scheme rules and documented administration policies. You should understand them in enough detail to:

- know where they are relevant to an issue
- understand and if necessary challenge any advice that you're given

3.6 **The City & County of Swansea Pension Fund Policy Statement**

The City & County of Swansea Pension Panel recognises the importance of ensuring that all staff and members charged with the financial management and decision making with regard to the LGPS are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. The City & County of Swansea Pension Fund formally adopted the CIPFA Pensions Finance Knowledge & Skills Code of Practice in June 2012. It will provide/arrange training for staff and members of the pensions decision making body to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

The Pension Committee has designated the Section 151 officer to be responsible for ensuring that the policies are implemented.

The majority of the Pension Fund Committee have been in post for some time now and have undertaken considerable training in the LGPS and are

consolidating that knowledge with continuous development.

There are 2 relatively new members following local elections in 2017 who have undertaken formal introductory training and have taken part in training day on investment beliefs and ESG recently, with a completely new member of committee attending today for the first time, whose training programme is being developed in discussion with the member.

With the revision of LGPS Governance Regulations, the importance of minimum Trustee competence, knowledge and skills shall greatly increase

3.7 In 2017/18, the following Trustee training was undertaken by elected members:

1. LGE (Local Government Employers) Trustee Fundamentals day 1, 2 & 3
2. LGC Investment Summit
3. Infrastructure Investment
4. ESG (in house)
5. Investment beliefs (in house)
6. LAPFF AGM

In 2018/19, the following training has been identified as appropriate training to be undertaken by members of the Committee along with any appropriate training opportunities which present themselves during the year to be agreed by the Section 151 Officer:

1. LGE (Local Government Employers) Trustee Fundamentals day 1, 2 & 3
2. LGC Investment Summit
3. LAPFF AGM
4. CIPFA trustee training
5. ESG
6. Investment Pooling and the regulatory framework re. an ACS provided by Link/Russell
7. Triennial Valuation training

3.8 The determination of the training requirements for officers shall be delegated to the Chief Treasury & Technical Officer.

4 Financial Implications

4.1 The financial implications of the report are that costs will be maintained within the training budget of the Pension Fund.

5 Legal Implications

5.1 The underlying legal framework is set out in the Report.

6 Equality Impact Assessment Implications

6.1 An EIA Screening has been undertaken and no E&EIs have been identified.

Background Papers: None.

Appendices: None.

Agenda Item 6



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

Pension Fund Committee – 5 July 2018

Exclusion of the Public

Purpose:	To consider whether the Public should be excluded from the following items of business.	
Policy Framework:	None.	
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's.	Relevant Paragraphs in Schedule 12A
	7-11	14
Report Author:	Democratic Services	
Finance Officer:	Not Applicable	
Legal Officer:	Tracey Meredith – Chief Legal Officer (Monitoring Officer)	

1. Introduction

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

2. Exclusion of the Public / Public Interest Test

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

3. Financial Implications

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

4. Legal Implications

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

Background Papers: None.

Appendices: Appendix A – Public Interest Test.

Public Interest Test

No.	Relevant Paragraphs in Schedule 12A
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: (a) To give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (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 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
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fel y'i diwygiwyd gan Orchymyn Llywodraeth Leol (Mynediad at
Wybodaeth) (Amrywiad) (Cymru) 2007.

Document is Restricted

Agenda Item 8

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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fel y'i diwygiwyd gan Orchymyn Llywodraeth Leol (Mynediad at
Wybodaeth) (Amrywiad) (Cymru) 2007.

Document is Restricted

Agenda Item 9

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 10

Yn rhinwedd paragraff(au) 14 Atodlen 12A
o Ddeddf Llywodraeth Leol 1972
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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.

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