



City and County of Swansea

Minutes of the Pension Fund Committee

Committee Room 6 - Guildhall, Swansea

Thursday, 14 March 2019 at 10.00 am

Present: Councillor C E Lloyd (Chair) Presided

Councillor(s)

J P Curtice

Councillor(s)

D G Sullivan

Councillor(s)

W G Thomas

Neath Port Talbot Council Co-opted Member

P Rees

Advisors

N Jellema

W Marshall

N Mills

Advisor - Hymans Robertson

Advisor - Hymans Robertson

Independent Investment Advisor

Officer(s)

Karen Cobb

Jeffrey Dong

Jeremy Parkhouse

Stephanie Williams

Senior Accountant

Interim Deputy Chief Finance Officer and Deputy S151 Officer.

Democratic Services Officer

Principal Lawyer

Apologies for Absence

Councillor(s): P Downing and M B Lewis

42 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:

Councillors J P Curtice, C E Lloyd and W G Thomas - 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 D G Sullivan - agenda as a whole – Daughter-in-law works for the Authority and I am in receipt of a pension administered by Dyfed County Council Pension Scheme - personal.

Officers:

K Cobb, J Dong, J Parkhouse and S Williams – Agenda as a whole – Member of Local Government Pension Scheme – personal.

43 Minutes.

Resolved that the Minutes of the Pension Fund Committee meetings held on 29 November and 18 December 2018 be approved and signed as correct records.

44 Administering Authority Discretions.

The Interim Deputy Section 151 Officer presented a report which sought approval of the discretions available to the City & County of Swansea Administering Authority under the relevant Local Government Pension Scheme Regulations. This was to ensure compliance with the Local Government Pension Scheme Regulations.

A list of all the discretions that the Administering Authority exercises, or chooses not to exercise was provided at Appendix A. Discretions that were new or had been reviewed as a result of the implementation of revisions, were emboldened for ease of reference.

It was added that not all discretions needed to be published. However, it was the intention, for reasons of transparency, to publish the decisions taken in relation to all the available discretions. The discretions would be published on the Pension Fund's website and would be circulated to Employer's participating in the Fund.

Furthermore, whilst the list of discretions outlined the general position, the Council had to consider every application on its merit and it may depart from the list in extraordinary or justifiable circumstances.

The Regulations also required the Employers, who participated in the Local Government Pension Scheme (LGPS) to formulate, publish and review areas of the Scheme where they may exercise their discretion. The Pension Section was actively working with Employers to ensure compliance.

Resolved that the updated LGPS Administering Authority Discretions for the City & County of Swansea Pension Fund attached at Appendix A, be approved.

45 Admission Body Application - Parkwood Leisure.

The Interim Deputy Section 151 Officer presented a report which sought to approve the admission body application for Parkwood Group to ensure compliance with the Local Government Pension Scheme Regulations 2013 (as amended).

It was outlined that following a procurement exercise undertaken by the Authority, Parkwood Group were awarded the contract to run Plantasia. They would be responsible for the operation of the leisure facility and this included the day to day operation, staffing, customer service, health and safety and marketing of the facilities. It had been determined that these services satisfied the criteria required for

admitted body status under LGPS Regulations. The contract for services commenced on the 1st February 2019.

It was added that under the contract conditions, it was proposed that the current workforce be transferred under TUPE arrangements from the current employer, the City & County of Swansea to Parkwood Group. In order to preserve the pension rights of the transferred staff, it was also proposed that Parkwood Group be granted Admitted Body status to the City & County of Swansea Pension Fund and that the admission agreement be granted on a closed scheme basis, to include only the named staff in schedule 1 of the admission agreement.

Resolved that: -

- 1) The Admission Body Application of Parkwood Group, subject to completion of a satisfactory Admission Agreement be approved;
- 2) The Deputy S. 151 Officer be given authority to finalise the Admission Agreement as outlined in this report, with the Pension Fund's appointed Legal Advisers.

46 Breaches Report.

The Interim Deputy Section 151 Officer presented a 'for information' report which presented any breaches which had occurred in the period in accordance with the Reporting Breaches Policy.

Appendix A provided the details of breaches that occurred since the previous Pension Fund Committee in November 2018. The details of the breaches and the actions taken by the Management were highlighted.

47 Business Plan 2019/20.

The Interim Deputy Section 151 Officer presented the City & County of Swansea Pension Fund Annual Business Plan 2019/20 to provide a working framework for the Pension Fund's programme of work for 2019/20. The Business Plan for 2018/19 was attached at Appendix 1.

Resolved that the City & County of Swansea Pension Fund Annual Business Plan 2019/20 be noted and its contents approved.

48 Minister for Housing Communities and Local Government (MHCLG) Draft Guidance on Asset Pooling - Wales Pension Partnership Response.

The Interim Deputy Section 151 Officer presented a report which sought approval of the joint response of City & County of Swansea Pension Fund and the Wales Pension Partnership Response to the MHCLG Consultation on LGPS Asset Pooling.

The draft Ministry of Housing, Communities and Local Government (MHCLG) guidance on some pooling principles circulated for consultation was provided at Appendix 1.

It was added that the appointed consultants of the Pension Fund advised a large number of LGPS funds, had appraised the guidance, made some observations and provided feedback to their clients. This was provided at Appendix 2. Appendix 3 provided the first draft response to the consultation on draft pooling guidance.

Resolved that the attached joint response at Appendix 3 be approved.

49 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)

50 Wales Pension Partnership (WPP) Stock Lending Policy.

The Interim Deputy Section 151 Officer presented a report which sought approval of the Wales Pension Partnership Stock lending programme.

It was outlined that the City & County of Swansea Pension Fund had previously approved a stock Lending policy within its portfolio with a view to enhancing investment income. With the planned transition (of the majority) of listed assets into the Wales Pension Partnership (WPP) ACS Pool, it was necessary to formulate and approve a Stock Lending Policy / Programme for the Wales Pension Partnership.

The benefits of stock lending were highlighted at Appendix 1. Appendix 2 provided the proposed stock lending programme for the Wales Pension Partnership.

Resolved that the Wales Pension Partnership Stock Lending Programme at Appendix 2 be approved.

51 Wales Pension Partnership (WPP) - Tranche 3 Fixed Income.

The Interim Deputy Section 151 Officer presented a report which sought to approve the tranche 3 (fixed income) sub funds structure of the Wales Pension Partnership (WPP).

It was explained that the Tranche 3 sub funds were scheduled to be the active fixed income sub funds. After many months of sub fund design and consideration by the 8

member funds, in conjunction with their advisors Russell, had developed the structure recommended for approval. Appendix 1 provided the proposed sub fund structure for the Tranche 3, fixed income.

Resolved that: -

- 1) The sub fund structures at Appendix 1 be approved;
- 2) Delegated approval be given to the Deputy S 151 Officer / Investment Consultants / Independent Advisors to allocate across the funds in consultation with the Chair of the Committee.

52 Report of the Investment Consultant.

William Marshall and Nick Jellema, Hymans Robertson presented the quarterly investment and the market update of the appointed investment consultants to the fund, including an update paper on the equity protection programme.

Appendix 1 provided the investment strategy implementation paper, Appendix 2 the Equity Protection Update and Appendix 3 the quarterly investment report from Hymans Robertson.

Reference was made to the Equity Protection Summary at Table 1 in Appendix 2. An update was provided on the implementation of the Equity Protection programme, with implementation due to commence 18 March 2019.

Various questions were asked by the Committee, which were responded to accordingly. The Investment Consultants were thanked for their update.

Resolved that the that the deployment of the de-risking strategy outlined in Appendix 1 be delegated to officers / investment consultants in consultation with the Chair of the Pension Fund Committee, be approved.

53 Report of the Independent Advisor.

The "For Information" report presented the economic update and market commentary from the perspective of Mr Noel Mills, Appointed Independent Investment Advisor.

The quarterly report ending 31 December 2018 was attached at Appendix 1.

The content of the report was noted by the Committee and various questions were asked, which were responded to accordingly. The Appointed Independent Investment Advisor was thanked for his report.

54 Investment Summary.

The Interim Deputy Section 151 Officer provided a "For Information" report, which presented the investment performance for the quarter, year and 3 years ended 31 December 2018.

Minutes of the Pension Fund Committee (14.03.2019)
Cont'd

The quarterly investment summaries for the Pension Fund for the quarter, year and 3 years ended 30 December 2018 were attached at Appendix 1.

Resolved that the report be noted.

The meeting ended at 11.25 am

Chair