



City and County of Swansea

Minutes of the Pension Fund Committee

Remotely via Microsoft Teams

Thursday, 11 March 2021 at 10.00 am

Present: Councillor C E Lloyd (Chair) Presided

Councillor(s)

J P Curtice
D G Sullivan

Councillor(s)

P Downing
W G Thomas

Councillor(s)

M B Lewis

Neath Port Talbot Council Co-opted Member

P A Rees

Advisors

N Jellema
D Morton

Advisor - Hymans Robertson

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Officer(s)

Karen Cobb
Jeremy Parkhouse
Jeffrey Dong

Senior Accountant

Democratic Services Officer

Deputy Chief Finance Officer / Deputy Section 151
Officer.

Carolyn Isaac

Lawyer

Apologies for Absence: None.

13 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 J P Curtice - agenda as a whole – member of the Local Government Pension Scheme - personal.

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 – members 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 is a member of the Local Government Pension Scheme and I am in receipt of a pension administered by the former Dyfed Council - personal.

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

Observer:

I Guy, Chair of Local Pension Board - 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.

C Isaac - Agenda as a whole – Member of Local Government Pension Scheme – personal.

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

14 Minutes.

Resolved that the Minutes of the Pension Fund Committee meeting held on 12 November 2020 be signed and approved as a correct record.

15 City & County of Swansea Pension Fund Audit Plan 2021.

Jason Garcia, Audit Wales (AW) presented the City and County of Swansea Pension Fund Audit Plan 2021.

It was outlined that the purpose of the plan was to set out the proposed work of AW, when it would be undertaken, how much it would cost and who would undertake it.

The report detailed the following: -

- The ongoing impact of Covid 19, the uncertainty going forward and how AW planned to undertake their work.
- The Audit of the Pension Fund accounts.
- The financial audit risks, including significant risks; impact of COVID 19; McCloud judgement; private equity investments; and Wales Pension Partnership.
- Statutory Audit functions.

- Fee, audit team and timetable.

The Committee expressed thanks that the audit fee remained the same amount as 2020/21.

The Chair thanked the AW representative for attending the meeting and presenting the report.

Resolved that the contents of the report be noted.

16 City & County of Swansea Pension Fund Draft Funding Strategy Statement (Employer Flexibility Revisions).

The Deputy Chief Finance Officer / Deputy S151 Officer presented a report which sought to ensure compliance with Local Government Pension Scheme Regulations.

It was outlined that In line with the Local Government Pension Scheme Regulations, the City & County of Swansea Pension Fund produced and approved a funding strategy statement, in consultation with its scheme employers, appointed actuary and advisors in March 2020.

The main purpose of the Funding Strategy Statement, the Ministry of Housing, Communities and Local Government (MHCLG) guidance and Scheme Advisory Board (SAB) guidance was also detailed. The draft Funding Strategy Statement – March 2021 was provided at Appendix 1.

The Committee discussed the following: -

- Ensuring against the potential loss as a result of third party employers entering the Fund and not being able to honour their commitments, the options available upon entry such as a bond being paid to insure against loss and overarching sponsoring guarantees provided by Swansea or Neath Port Talbot Councils;
- Ensuring that the Fund, its members and the taxpayer does not suffer any losses as a result of third parties going out of business;
- The consultation process;
- The potential impact of the Goodwin case.

Resolved that the revisions to the funding strategy statement be approved, subject to consultation.

17 Breaches.

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report which presented any breaches which had occurred in the period in accordance with the Reporting Breaches Policy.

Appendix A provided the details of breaches that had occurred since the previous Pension Fund Committee in November 2020. The details of the breaches and the actions taken by Management were highlighted.

18 City & County of Swansea Pension Fund Business Plan 2021/22.

The Deputy Chief Finance Officer / Deputy S151 Officer presented a report which provided a working framework for the Pension Fund's programme of work for 2021/22.

It was outlined that in line with best practice, the Pension Fund produced a business plan to inform its work programme for the forthcoming 12 month period. The business plan for 2021/22 was provided at Appendix 1.

The Committee discussed the information contained within the plan as follows: -

- The amendment to recognise scheme member representative on JGC;
- Continue to evolve the carbon reduction programme within the equity portfolio.

Resolved that the City & County of Swansea Pension Fund Annual Business Plan and budget 2021/22 be approved.

19 Trustee Training.

The Deputy Chief Finance Officer / Deputy S151 Officer presented a report which sought to determine an annual training programme for the Pension Fund Committee, Local Pension Board members and officers of the Pension Fund.

The background and progress made in respect of training needs and knowledge gained, including the CIPFA Code of Practice and the Pension Regulator's knowledge and understanding requirements and the Pension Fund Policy Statement were outlined.

Details of the LGPS National Knowledge Assessment (NKA) launched by Hymans in 2020, the Trustee training undertaken in 2020/21 and the proposed training programme in 2021/22 were provided.

Resolved that the assessment and outline training plan at paragraphs 3.7, 3.8 and 3.9 be approved and further opportunities which are identified during the year be delegated to the Deputy S 151 Officer for approval.

20 Exit Cap Regulations Update.

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report which updated the Pension Fund Committee on the £95k Exit Cap Regulations which were disapplied on 12 February 2021.

It was outlined that HM Treasury had published The Exit Payment Directions 2021 which disapplied regulations 3.9 and 12 of the Restriction of Public Sector Exit Payment Regulations 2020. This meant that the exit cap did not apply to exits taking place on or after 12 February 2021. The LGA had published guidance notes for Administering Authorities which were provided at Appendix 1. It was noted that although the Exit Cap in its original form had been disapplied, the Government was

committed to introducing an alternative capping mechanism to public sector exit payments 'at pace'.

It was added that there were no exits breaching the cap between 4 November and 12 February for the City & County of Swansea Pension Fund. In addition, it was reported that The Ministry of Housing, Communities and Local Government (MHCLG) had halted a consultation seeking views on proposals for further reform on exit payment terms and this consultation was still in progress.

21 Exclusion of the Public.

The Committee were 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)

22 Wales Pension Partnership Update.

The Deputy Chief Finance Officer / Deputy S151 Officer presented a 'for information' report which updated the Committee on the progress of the Wales Pension Partnership (WPP).

Appendix 1 provided the progress and update report provided by the ACS Operator Link Asset Services. Appendix 2 provided the WPP Private Markets timeline.

23 Report of the Investment Consultant.

David Morton and Nick Jellema, Investment Consultants provided a 'for information' report, which presented the Quarter 4 2020/21 Investment Monitoring Report.

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

24 Investment Summary.

The Deputy Chief Finance Officer / Deputy S151 Officer provided a "for information" report, which presented the investment performance for the quarter, year and 3

years ended 31 December 2020 plus a funding update as at 31/12/20 which showed the funding level at 99.6%

The quarterly investment summaries for the Pension Fund for the quarter, year and 3 years ended 31 December 2020 were attached at Appendix 1.

25 Fund Manager's Presentation(s):

A presentation was made by Aidan Quinn and Taran Paik of Russell Investments.

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 Managers for providing the presentation.

The meeting ended at 12.00 pm

Chair