

CITY AND COUNTY OF SWANSEA

MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE

HELD AT COMMITTEE ROOM 5, GUILDHALL, SWANSEA ON THURSDAY
2 JULY 2015 AT 10.00 A.M.

PRESENT:

Councillor(s):

P Downing
C E Lloyd

Councillor(s):

J Newbury

Councillor(s):

D G Sullivan

Neath Port Talbot County Borough Council Councillor:

P A Rees

Officers:

J Dong - Chief Treasury and Technical Officer
K Cobb - Accountant
S Richards - Principal Lawyer
J Parkhouse - Democratic Services Officer

ALSO PRESENT:

N Mills - Independent Investment Advisor
V Furniss - Independent Investment Advisor
R Nelson - Pricewaterhouse Coopers
I Lookey - Pricewaterhouse Coopers

1. ELECTION OF VICE-CHAIR FOR THE MUNICIPAL YEAR 2015/2016

RESOLVED that Councillor P Downing be elected Vice-Chair for the Municipal Year 2015/2016.

(Councillor P Downing presided)

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors R C Stewart and M Thomas.

3. **DISCLOSURES OF PERSONAL AND PREJUDICIAL INTERESTS**

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

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

NOTED that Councillor P Downing had received dispensation from the Standards Committee in this respect.

Councillor J Newbury - I am in receipt of a Council pension that was passed to me upon my wife's death - personal.

Councillor D G Sullivan - agenda as a whole - I am in receipt of a Local Government Pension - administered by Dyfed Pension Scheme - personal.

4. **MINUTES**

RESOLVED that the Minutes of the Pension Fund Committee Meeting held on 12 March 2015 be approved as a correct record.

5. **2015 AUDIT PLAN - CITY AND COUNTY OF SWANSEA**

R Nelson and I Lookey presented the 2015 Audit Plan - City and County of Swansea Pension Fund. It was outlined that under the Code of Audit Practice the external auditor must examine and certify whether the City and County of Swansea Pension Fund Accounting Statements were "true and fair". The purpose of the plan was to set out the proposed work, when it will be undertaken, how much it would cost and who will undertake it. There had been no limitations imposed upon the external auditor in planning the scope of this audit and his responsibilities, along with those of management and those charged with governance were set out at Appendix 1 of the report.

It was added that the external auditor had responsibility to issue a report on the accounting statements for the year ending 31 March 2015 which included an opinion on their "truth and fairness". This provided assurance that the accounts were free from material misstatement, whether caused by fraud or error; comply with statutory applicable requirements; and comply with all relevant requirements for accounting presentation and disclosure. Appendix 1 provided the responsibilities of the external auditor in full and the audit approach undertaken by him. The risks of material misstatement which the auditor considered to significant and which therefore required special audit consideration were set out at Exhibit 2 along with the work the external auditor intended to undertake to address these risks.

The report also highlighted the areas of audit including financial systems, systems of control, management control, potential risk of fraud; the Pension Fund Annual Report; independence of the audit, including threats and safeguards; relationships and investments; and details of the audit fee, Audit Team and timetable.

The Committee expressed concern that in future audits would be undertaken by the Wales Audit Office and not an independent firm. It was noted that the Wales Audit Office was independent of the Welsh Government and that future audits would remain independent.

6. **TRUSTEE AND PENSION FUND COMMITTEE TRAINING - CIPFA CODE OF PRACTICE PUBLIC SECTOR FINANCIAL KNOWLEDGE AND SKILLS**

The Chief Treasury and Technical Officer presented the report to determine an annual training programme for Trustees and officers of the Pension Fund. Reference was made to paragraphs 3.5 and 3.6 which identified the training for Councillors and officers.

The Committee discussed the details contained within the report.

RESOLVED that the training identified for Councillors and officers in sections 3.5 and 3.6 of the report be approved.

7. **I-CONNECT ROLLOUT - FUNDING REQUEST**

The Chief Treasury and Technical Officer presented a report which requested approval for funding from the Pension Fund to include more employers in the automatic transfer of data to the Pension Fund using the I-Connect software. It was added that this was required in order to ensure compliance with the Local Government Pension Scheme Regulations 2013 (as amended) and the Pension Regulators Code of Practice 2014.

The Committee discussed the information contained within the report.

RESOLVED that the funding to include more employers in the automatic transfer of data to the Pension Fund using I-Connect be approved.

8. **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 involve(s) 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)

9. **TO COMMISSION INVESTMENT STRATEGY REVIEW**

The Chief Treasury and Technical Officer presented a report which sought to commission an investment strategy review of the Pension Fund's investment arrangements. This would ensure that an appropriate investment strategy was implemented in line with risk/return, funding level and cash flow considerations.

RESOLVED that an investment review of the City and County of Swansea Pension Fund as outlined in 5.1 of the report be commissioned in accordance with CPRS as outlined in paragraph 4.2 of the report.

10. **INDEPENDENT INDEPENDENT ADVISORS' REPORTS**

The report presented the economic update and market commentary from the perspective of the appointed Independent Investment Advisors. Mr N Mills provided an economic and market update and Mr V Furniss provided an investment report for the quarter ended 31 March 2015.

The content of each report was noted by the Committee and the Independent Advisors were thanked for their reports.

11. **INVESTMENT REVIEW**

The Chief Treasury and Technical Officer provided a “for information” report which presented the investment performance for the quarter year ended 31 March 2015. Attached at Appendix A of the report were the Quarterly Investment Summaries for the Pension Fund for the quarter ended 31 March 2015.

12. **PRESENTATION(S) OF THE FUND MANAGERS**

- (1) A presentation was provided by Sue Noffke on behalf of Schroders.
- (2) A joint presentation was provided by Andy Brown and Richard Dyson on behalf of Aberdeen.

Questions in relation to the content of the presentations were asked at the end of each presentation by the Committee and responses were provided by the respective Fund Managers.

The contents of the presentations were noted and the Chair thanked each of the Fund Managers for attending the meeting.

The meeting ended at 12.30 p.m.

CHAIR