



City and County of Swansea

Minutes of the **Local Pension Board**

Committee Room 6, Guildhall, Swansea

Thursday, 28 September 2017 at 10.00 am

Present: I Guy (Chair) Presided

Employer Representatives:

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

Local Pension Board Member Representatives:

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

Officer(s)

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

Apologies for Absence

Employer Representative(s): Alan Lockyer

15 Disclosures of Personal and Prejudicial Interests.

Board Members:

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

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

I Guy – Agenda as a whole – Member of Local Government Pension Scheme – personal.

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

Councillor T M White – Agenda as a whole – Member of Local Government Pension Scheme and member of Audit Committee – personal.

Officers:

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

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

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

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

16 Minutes.

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

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

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

17 ISA 260 Report.

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

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

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

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

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

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

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

Resolved that the contents of the report be noted.

18 Annual Report 2016/17.

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

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

The Board discussed the following: -

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

19 Breaches Report.

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

The Breaches Report was attached at Appendix A.

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

20 MIFID II.

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

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

21 Corporate Class Actions Monitoring Service.

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

22 GMP Reconciliation Exercise.

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

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

23 Exclusion of the Public.

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

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

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

(Closed Session)

24 GMP Reconciliation Exercise.

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

An amendment to paragraph 5.1 was noted.

25 Wales Pension Partnership, Investment Pooling - An Update.

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

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

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

26 Next Meeting.

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

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

The meeting ended at 11.25 am

Chair