



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

S Williams
S Woon

Principal Lawyer
Democratic Services Officer

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