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Introduction

The purpose of the Annual Report is to provide information for contributors and other interested parties on the management and administration of the Pension Fund during the year.

The report for 2023/24 includes the accounts for the year, an outline of the City & County of Swansea Pension Fund together with details of membership and changes to basic scheme details that have either taken place during the year or are proposed for the future. In addition, the report includes the Actuarial Statement applicable for the year and a report on Investments and Investment performance for the year.

The accounts included in the report have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2023/24* which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The key statistics for the Fund are illustrated in the three year profile of the Fund on page 3.

Three Year Profile of Statistics of the Fund

	2021/22 £'000	2022/23 £'000	2023/24 £'000
Income			
Contributions (Net)	107,528	119,581	116,015
Transfer Values (Net)	3,740	-	-
Expenditure			
Pensions and Benefits (Net)	89,892	94,392	107,911
Transfer Values (Net)	-	51	2,657
Other (Net)	16,670	14,341	17,830
Net new money	4,706	10,797	12,383
	£'000	£'000	£'000
Net Asset Value at 31 March	2,924,232	2,905,758	3,322,682
Number of Contributors	Nos.	Nos.	Nos.
at 31 March	21,424	22,699	22,703
Number of Pensioners at 31 March	14,294	14,737	15,203
Number of Deferred Members at 31 March	12,263	12,390	12,176

PART A

ADMINISTRATION REPORT

The Pension Fund is governed by Regulations exercised by powers conferred under the Superannuation Act 1972, and includes employees of Swansea Council, Neath Port Talbot County Borough Council and other bodies listed in Appendix 1.

Pension administration continues to adapt to the increased complexity of the Scheme, resulting from the change in the LGPS with effect from 1st April 2014, from a Final Salary scheme to a Career Average Revalued Earnings (CARE) scheme and other overriding legislation. This report encapsulates the service delivery of the pension Fund to its members and employers.

The benefits payable and the employees' rates of contribution are set out in the Local Government Pensions Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014. The rates of contribution by employing authorities are based on actuarial valuation and are set out in Part D.

The sole responsibility of the Pension Section team is to administer member benefits; the Section is a separate entity to the Finance Department whose responsibilities include overseeing the investment portfolio of the Fund. Traditionally the Section has been blessed with a wealth of pension knowledge and job satisfaction at the close of the day; this has led to a very low turnover of staff. With the ever-changing complexities of the scheme and evolving pension legislation the Fund has increased its staffing numbers to ensure that the service delivery for the future is fit for purpose to enable us to meet the needs of our stakeholders. The make-up of the Team currently stands at 25.5 full-time equivalent posts; this includes the McCloud Team and the Pension Manager. Our work ethos has always been to review working practices with the aim of enhancing our service delivery to our members, employers and third parties. The Fund dedicates itself to the focus of ensuring value for money for all stakeholders.

The principal benefits provided by the Fund include:

- Retirement pensions
- Tax free lump sums on retirement
- Lump sum death benefits
- Survivors' pensions (including Children)
- Deferred benefits, refunds or transfers of pension rights.
- Pensions and lump sums payable on premature retirement due to ill health and early retirement/redundancy.

The Pensioner Payroll is administered in-house by Swansea Council payroll system and pensions are paid monthly, in arrears, on the last banking day of each month. Swansea Council has recently invested in Oracle Fusion Cloud Enterprise Resource Planning a single digital solution which is inclusive of pension payroll.

Where applicable member pensions are subject to an annual increase under the Pensions Increase Act each April, in line with the official rate of inflation, the Consumer Price Index (CPI) as at the previous 30 September. The rate for the year ending September 2022 was 10.10% and applied to qualifying pensions from 10 April 2023.

The benefits are statutory and are effectively guaranteed by Parliament. They do not depend on investment performance, but the actuary will take account of how well the investments perform in setting the employers' contribution rate in the actuarial valuation.

The LGPS 2014 Scheme did not affect the provisions for elected member pensions in Wales as their pension benefits continue to accrue on a career average revalued earning basis.

Membership

Membership of the Fund is largely comprised of:

- Active members - contributors who are still working and paying money into the Fund.
- Deferred members – former members who have elected to retain their pension rights in the Scheme until such a time as they become payable.
- Pensioner members – in receipt of their pension
- Survivor members (including children) – in receipt of a pension in respect of a former member who is deceased.

Membership of the Scheme is automatic and is open to all employees irrespective of the number of hours or weeks worked. Where an employee is not eligible for automatic entry under auto-enrolment legislation, they may elect to join the Scheme if they so wish. All employees also have the right to choose a personal pension as an alternative or in addition to membership of the LGPS.

Membership of the Fund continues to grow and the latest statistics at Appendix 1 show the total membership of the Fund in 2023/24.

Memberships are monitored to assess trends and events; publications and employer engagement are utilised to ensure a robust membership and working partnership.

Premature Retirement - Pension Costs

(a) Ill Health Retirement

- ☐ Employers do not have to pay separately for the Pension Fund costs for ill health, as the cost is included in the employer's contribution rate as a percentage for such cases; however, the actuarial costs of ill health retirees from current service are calculated for reporting purposes and for the past two years this was:

Ill-Health Retirement	2022/23		2023/24	
	No. of Cases	Cost £'000	No. of Cases	Cost £'000
City & County of Swansea	37	3,452	42	2,426
Neath Port Talbot CBC	28	2,062	19	844
Tai Tarian	4	193	3	105
Gower College	1	22	1	20
POBL Group	1	45	-	-
University of Wales TSD	1	168	1	9
NPTC Group	-	-	1	92
Coedffranc Community Council	1	189	-	-
Celtic Leisure	1	80	1	271
Freedom Leisure	-	-	1	80
Total	74	6,211	69	3,847

(b) Early Retirement

- ☐ Employers are required to take immediate account of the costs of the financial strain on the Pension Fund where they grant early retirement. The actuarial costs of early retirements for the past two years are as follows:

Early Access to Pension				
Employing Body	2022/23		2023/24	
	No. of Cases	Cost £'000	No. of Cases	Cost £'000
City & County of Swansea	37	3,622	30	1,361
Neath Port Talbot CBC	28	1,892	12	141
NPTC Group	-	-	-	-
Coedffranc Community Council	1	189		
University of Wales Trinity St David	1	167	-	-
Tai Tarian	4	193	-	-
POBL Group	1	45	-	-

Gower College	1	23	-	-
Celtic Leisure	1	80	-	-
Total	18	6,211	42	1,502

Administration

Resulting from technological improvements and the implementation of advanced streamlined methods of data processing the Section proficiently embraces a hybrid fashion of working. As a section we have access to a suite of offices on two set-days each week with key administration tasks continuing to be addressed in full during the remaining three days working from home. Thus, ensuring the continuance of a full and effective service-delivery.

To allow for communication channels between the section and its stakeholders to be maintained staff continue to operate on a rota basis to oversee the incoming / outgoing mail function on the days that the section is deemed to be homeworking. The availability of Cisco Jabber (telephone software) on the laptops has allowed the section to continue to engage with our stakeholders. Upon request we are now conducting face-to-face meetings with our members however staff meetings and training sessions continue in main via virtual means. Modification to procedures such as accepting electronic documentation via Member Self Service (MSS) have contributed to ensuring a business-as-usual approach and avoiding any unnecessary delays in the processing of member benefits.

All pension administration staff are trained in their specific area of work and must successfully complete a training matrix, which for a full-time staff member is 12-months before they begin to work independently; albeit support will always be readily available. Caseloads are processed by means of utilising our software task management and workflows, which outline the process to be followed and contain checklist items. All work, which results in a payment, is peer checked and approved before advancing to the payment stage. The operational staff undertake regular training to ensure their knowledge, understanding of the LGPS is up-to-date, and the Local Government Authority are regularly reviewing and presenting training events of which most of the staff have attended. All staff are encouraged to appraise their own self-development with an aim of future progression. Training needs are monitored via the annual appraisal process and quarterly 1:2:1 meetings with senior personnel. Several staff members have already completed a foundation degree in Pension Administration and Management and the CIPP Certificate in Pension Administration.

As a means of forward thinking, we are constantly reviewing our working practices with an aim of reducing our carbon footprint; as a section we embrace a paperless office environment.

IT systems

The Pension Section administers the LGPS through the pension administration system *altair*, a system which is subject to regular updates to ensure compatibility with published Regulations / Legislation and our service delivery needs with an onus on benefit calculation accuracies and business efficiencies. This also includes

document imaging and workflow procedures. All hardcopy member documentation received is scanned and indexed to the relevant member record with appropriate process checks in-place to ensure accuracy of documentation upload.

i-Connect has been in use for several years with 93.40% of the Fund's active membership now fully implemented.

The Pension Regulator continues to push towards full electronic data submissions from all employers. The Fund continues to promote i-Connect and the benefits of onboarding to the electronic interface. The interface allows for speed and accuracy of the transfer of membership data from employers' payroll systems to the pension administration system. This benefits both Fund and employer as it enables clean data to be submitted in a timely manner thus improving year-end submission and ensuring compliance with the requirements of LGPS 2014 and the Pensions Regulator's Code of Practice for accurate record keeping. Smaller employers are being encouraged to use the on-line returns facility; unfortunately, the pandemic slowed down the progress of onboarding these employers however we are actively engaging with these employers to support the transition in the very near future.

The Pension Fund continues to monitor its website www.swanseapensionfund.org.uk to ensure that information available to active, deferred and pensioner members is accurate and informative and adheres to national standards concerning accessibility.

Along with the availability to view published policies, strategies, and statements, members can download forms and scheme literature. Scheme employers have been issued with login details to access the employer only site. Latest news bulletins are available to view.

'My Pension Online' the on-line digital service allows members to view their member record; review documentation published to MSS and make amendments to the basic details held on our database, such as change of address and death grant nomination. Active members are also able to calculate their own retirement estimates based on voluntary retirement; any estimates that require an employer's consent must be requested by the members employer. The Pension Section is actively promoting the service and registration instructions are included within most member communications. We regularly review how many of our members are registered and aim to undertake further promotional communications as and when possible. The Fund strives to reduce its carbon footprint.

Percentage of members already registered for My Pension Online based on membership status:

	Active	Pensioners	Deferred pensioner members
March 2024	51.60%	25.24%	37.97%

In partnership with Heywood Pension Technologies, (formally Aquila Heywood Limited) the Fund carries out its administration activities via a Cloud Hosting Service; to-date no major incidents have occurred which warranted any downtime to the service delivery of the Fund. The Cloud Hosting Service is a highly secure, virtualised service offering a logically separated and ring-fenced server resource,

which embrace significant benefits as a 'one-stop-shop'. Heywood Pension Technologies are forward thinking concerning cyber security threats and have published a Cyber Security Policy, which provides evidence and peace of mind regarding the comprehensive safeguards in operation to ensure strict protections are in place relating to member data. Additional benefits include a full disaster recovery plan, reduction to the ongoing cost of software and license updates, network and system monitoring, data back-up/restore and is fully GDPR compliant.

The Fund continues to utilise the Insights reporting tool. Benefits of which include the capture and analysis of member data in a real-time fashion; this facilitates the requirements of ongoing statutory reporting.

Managing Performance

The Fund uses several performance standards to assess whether it is meeting its statutory requirements. The Pension Fund is dedicated to improving its service delivery to its customers and reviews current measures in place to ensure full compliance with the published Pension Administration Strategy by monitoring performance on an ad-hoc / annual basis to identify any areas where improvements can be made.

The Fund aims to put our members at the centre of everything that we do; expectations are met by:

- Providing a high quality, professional, customer focused service to all members and Fund employers using appropriate technology in a cost effective and resourceful manner.
- Be accessible, fair, and helpful and treat everyone equally and courteously.
- Communicate effectively where possible, using easy to understand language.
- Be accountable by monitoring the quality of service and reporting on whether the standards have been achieved and regularly review the target times.
- Consult members and fund employers wherever possible considering their views before making any changes.
- Always ensuring GDPR compliant.

Any complaints, compliments, disputes, and all other feedback is reviewed to ensure any learning points are identified. Several channels are utilised to achieve these objectives:

- A Pension Administration Strategy has been prepared in accordance with the LGPS regulations. The purpose of the Strategy is to formulate administrative arrangements between the City and County of Swansea Pension Fund and its participating employers to ensure that each employer is fully aware of its role and responsibilities and that the flow of data is improved by having clear communication in place. To review the policy statement please refer to the following link <https://www.swanseapensionfund.org.uk/pension-fund-administration-strategy/>

To complement the Strategy, a Customer Charter has also been produced which gives information about the level of service the Fund aims to provide.

Policies and Factsheets are reviewed on a regular basis; to view current documentation please refer to the following website link: www.swanseapensionfund.org.uk.

- The Fund has regularly published its own performance indicators. The standards are detailed in Appendix 6

Where an area of poor performance has been identified, the Pension Section will review the reason/factors which has led to this failing and put in place appropriate processes to improve the level of service delivery in the future.

The Section continues to communicate on a month-by-month basis with the employers highlighting the importance of providing retirement and early leaver data in a timely manner. The Fund is working closely with the Fund's largest employers to ensure this; this is also addressed during the Employer's Annual Meeting.

- The Fund participates in the National Fraud Initiative, a data matching exercise to detect and prevent fraud and overpayments across England and Wales. The initiative is organised by the Audit Commission who require the provision of details of pensioners to compare against data provided by other public bodies to ensure:
 - Pensions are not paid to persons who are deceased or no longer entitled to them.
 - Occupational pension income is declared when any benefit (e.g. council tax or housing benefit) is applied for.
 - The best use of public funds
- The Pensions Scheme Act 2021 provides the legal framework for a UK Pensions Dashboards and the requirement for pension schemes to supply data to the programme. In readiness of the implementation of the DWP Pension Dashboard, the Fund continues to work in partnership with Target Professional Services and Heywood Pension Technologies as a means of address tracing and mortality screening across the deferred and pensioner memberships for those members who are UK residents. The Fund continues to regularly monitor legislative guidance and reporting standards to ensure compliance with our statutory duties in readiness of the LGPS onboarding date of 31st October 2026. The Fund is working in partnership with Heywood Pension Technologies who have been appointed as the Funds Integrated Service Provider.
- In conjunction with LGPS Funds in England and Wales the City and County of Swansea Pension Fund participates in the LGPS National Insurance (NI) Database ('the database'). The database has been developed to allow LGPS Administering Authorities to share data to prevent the duplication payments of death grants and to observe member status held with other Funds.

- Crown Agent Bank is the Funds newly appointed administrator to oversee the annual pensioner member continued eligibility check for overseas pensioner members. If a member fails to comply with the instruction given the pension in payment is suspended pending proof by the member of continued eligibility. The verification process has changed in so much as the proof of life exercise can be completed using an online tool. However, should a member opt not to complete the verification process via this method a member can elect to complete a Declaration of Entitlement form which requires both countersigning and an official stamp by a person listed within the attestation list provided within the Form.

Compliment and Complaints Policy

In accordance with our Communications Policy Statement the aim of the Pension Fund is to provide a high-quality cost-effective service delivery to all our customers, this applies to prospective, active, deferred and pensioner members along with fund employers and external bodies. We are happy to receive any feedback from our customers whether negative or positive. If, however, an individual feels that the Section has failed to honour its commitment to provide an effective / efficient customer service experience we will endeavour to review any negative feedback received with an aim of addressing concerns raised.

Based on impartial feedback received from our stakeholders concerning the service delivery received when engaging with the section albeit a positive / negative statement given as a percentage for the period 01/04/2023 – 31/03/2024 is as follows:

Compliments	86%
Complaints	14%

An example of a compliment is:

‘Thank you for all your help, expertise, and excellent communication throughout this process. Please pass on my comments to your manager or head of service (both). A big pat on the back, the department should be made aware of the type of service you are providing’.

The complaints received during the period 2023/24 did not advance to the Internal Dispute Resolution Process stage and was dealt with proficiently in-house.

Customer service satisfaction survey

With the aim of embracing transparency, the Fund engaged with its employers and members to ascertain whether they deem that the service delivery received from the Fund was that of a positive experience and met with expectations? Employers have been informed that any feedback given would be treated anonymously. Members have been asked to evaluate the overall customer service experience received. The objective of the annual exercise is to evaluate the feedback received from both employers and members to ensure this is consistent with the aims and objectives set out within the Fund's Communication Policy Statement. The results of the survey have been collated and are as follows:

Employing authorities were asked do you agree that the City & County of Swansea Pension Fund...

	Strongly Disagree	Disagree	Agree	Strongly Agree
...offers documentation, guidance and information in a professional manner?			20%	80%
...is proactive in their approach to provide a service to its employers?			40%	60%
...gives an appropriately timed service with regular updates?			40%	60%
...is customer focused and meets the needs of its employers?			40%	60%
... has provided a high-quality service to you in your role as employer?			40%	60%
... ensures you are aware of your LGPS employer related roles and responsibilities for the administration of the City & County of Swansea Pension Fund?			20%	80%
... communicates in a clear and concise manner?			20%	80%
... uses the most appropriate means of communication?			20%	80%

The above statistics have been based on five anonymous responses received from differing employer Payroll & HR Sections.

Comments:

- Pleased with personal one to one service

Pension members where asked do you agree that the City & County of Swansea Pension Fund...

		Strongly Disagree	Disagree	Agree	Strongly Agree
Administration	...offers documentation, guidance, and information in a professional manner?		2.33%	60.46%	37.21%
	...is proactive in their approach to provide a service to members?		6.82%	59.09%	34.09%
	...gives an appropriately timed service with regular updates?		11.90%	59.52%	28.57%
	...is customer focused and meets the needs of its members?		09.52%	64.29%	26.19%
	... has provided a high-quality service throughout your membership?		09.09%	59.09%	31.82%
Communications	... promotes the scheme as valuable and provides sufficient information so you can make informed decisions about your pension?		08.89%	64.44%	26.67%
	... communicates in a clear and concise manner?		06.82%	63.64%	29.55%
	... uses the most appropriate means of communication?		06.66%	60.00%	33.33%
		Didn't Say	Active	Deferred	Pensioner
Please tick your membership status		08.89%	17.78%	33.33%	40.00%

Additional feedback given by members includes:

- Too busy to answer phone queries
- I am really grateful for your help and the swiftness of the response
- Email standard reply "use website"
- I really really appreciate that you've taken the time to answer my question and in a way that I can understand. You've helped me wrap my head around this so much and now I finally get it. You really took the time to answer what I asked and break it down for me.
- Told "too many people retiring" to answer questions
- I would like to sincerely thank you all, and particularly Sarah Amour -Thomas who has been amazing sorting all this out!
- I didn't receive any notice regarding access to my deferred pension. I had to chase up the issue with emails and phone calls which made me quite anxious about the process and the proximity to my retirement date without any

information or contact. I understand this was due to staffing issues and work volumes, but the process and timescales were unclear. This is not a criticism of the staff personally with whom i communicated but of the lack of clarity of the process.

- Very satisfied with the service i received i dealt with Vicky Harris and she was very helpful

Internal Dispute Resolution Process

As stipulated in Regulation 72 of the LGPS Regulations 2013 an active, pensioner, deferred pensioner member or potential beneficiary can submit a complaint against either the Fund or an employer concerning a matter relating to the LGPS. A member has the right to ask for scheme decisions to be looked at again under the formal complaints procedure and they also have the right to use the procedure if a decision should but has not been made by their employer or the Fund. The provision for this resolution is known as the Internal Dispute Resolution Process (IDRP). The disputes process follows a set procedure.

Individual employers consider Stage 1 appeals if the dispute is against decisions made by them, or by the Administering Authority if the dispute is against a Pension Fund decision. Where the appellant remains dissatisfied with the outcome of Stage 1, they may refer the complaint to the Administering Authority for reconsideration under Stage 2 of the appeal process. The Administering Authority has appointed two independent officers to review Stage 1 complaints any complaint that progresses to Stage 2 the complaint and initial judgement is reviewed by an appointed Stage 2 IDRP Adjudicator.

Should the appellant remain dissatisfied after the Stage 2 outcome, they may refer the complaint or dispute to the Pensions Ombudsman for determination. The Pension Ombudsman contact details are as follows www.pensions-ombudsman.org.uk / 0800 917 4487.

An analysis of the dispute cases raised during the year to 31 March 2024 is as follows:

Stage	No. of Appeals	Appeals upheld
Stage 1	4	2
Stage 2	0	0
Referred to Pensions Ombudsman	0	0

Please note that all Stage 1 appeals are resulting from the decision reached by an employer as part of the ill health review process. No Stage 1 appeals progressed to stage 2; one complaint is ongoing and is with the members employer subject to further review. A complaint submitted to the Pension Ombudsman in 2019/2020 by a pensioner member is still outstanding and we are awaiting receipt of the adjudicator's opinion.

Communications

The Fund is required to have a formal Communications Policy Statement under the regulations, which sets out the mechanisms used to meet its communication needs to review the policy statement please refer to the following link <https://www.swanseapensionfund.org.uk/communications-policy-statement/>.

With the digital world constantly evolving the Fund continues to review the way in which it engages/communicates with its stakeholders to meet both member and employer expectations. The Fund continues to keep employers and members updated with the latest changes affecting the scheme, options to increase pension entitlements, HMRC pension tax implications and any other legislative changes. The key activity being:

- Member roadshows are in main delivered by virtual means.
- Attending member pre-retirement courses by virtual means.
- Distribution of Annual Benefit Statements to both active and deferred members.
- Newsletters sent to both Active members and Pensioner members.
- Annual consultative meetings to discuss the Fund's Annual Report and Accounts and to communicate strategic issues and significant legislative changes to operational staff continue by virtual means.
- Training for and meetings with operational staff and employers regarding the changes impacting on the LGPS continue by virtual means.
- All Wales Communication Group continue to meet on a half yearly basis in main by virtual means. The aim of the group is to share knowledge and experience gained within this key area and to recognise different means of best practice within pension communications. By working on a collaborative basis cost, time & effort are shared.
- The Fund's website (www.swanseapensionfund.org.uk), continues to be a valuable source of information about the LGPS to active members, councillor members, deferred members, pensioners, and their dependents as well as an 'Investment and Fund' section which provides details of the governance of the Fund.

The website provides members with access to pension forms and online literature, which assists with the reduction to the Fund's carbon footprint by reducing printing and postage costs. Members also have access to the Additional Pension Contribution (APC's) calculator if a member is considering

increasing their benefits or buying back lost pension. There is a suite of short videos on the LGPS, taxation matters and benefits of scheme membership.

The website also includes a dedicated employer section that contains all information, including standard forms, which an employer needs to administer the LGPS.

Data quality

Data quality requirements are rooted in the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations in 2014. The Pension Regulator (TPR) requires the City and County of Swansea Pension Fund to monitor and improve member data held. The Fund undertakes a review of the quality of data held on an annual basis to ensure data is present and accurate and provides TPR with the results of the data score based on members common and specific data. The scores are presented as a membership percentage as part of the scheme return each Autumn.

Confirmation of the results are below broken down into the following two data categories:

- **Common Data** – basic data items used to identify scheme members for example name, address, national insurance number etc.
- **Scheme Specific Data (formerly Conditional Data)** – key data to running the Scheme and meeting legal obligations.

Date data quality check undertaken	Data Area	Data Score	AIM
June 2018	Common Data	94.40%	100%
	Scheme Specific Data	72.10%	100%
June 2019	Common Data	97.10%	100%
	Scheme Specific Data	88.10%	100%
June 2020	Common Data	97.1%	100%
	Scheme Specific Data	89.1%	100%
June 2021	Common Data	99.6%	100%
	Scheme Specific Data	97.4%	100%
June 2023	Common Data	96.7%	100%
	Scheme Specific Data	93.41%	100%
June 2024	Common Data	96.5%	100%
	Scheme Specific Data	86.76%	100%

McCloud Judgement

Background information

The coalition government called for savings to the costs incurred by taxpayers concerning public sector pensions. Lord Hutton was commissioned to undertake an investigation into the sustainability of such costs, which led to The Independent Public Services Commission report being published, and the dawn of a new public sector Career Average Revaluation Earnings pension scheme being unveiled. The directive for the change was date effective 01/04/2014 in the LGPS in England and Wales and other public sector pension schemes from 01/04/2015.

When the Government reformed the LGPS members in England and Wales were automatically moved into the CARE scheme and an underpin protection was introduced to provide assurances that the retirement benefits payable within the CARE scheme equalled the benefits that the member would have received had they remained in the final salary scheme. The underpin protection applied to members who were in active membership on 31/03/2012 and transitioned into the new scheme on 01/04/2014. The protection applied to a certain group of members; those who were within 10-years of their 2008 normal pension age or aged at least 55-years on 31/03/2012 with no disqualifying break of more than 5-years in public sector membership. Members of the Judges and Firefighters Pension Schemes appealed to the Court of Appeal, as the perception was that younger members of the Pension Schemes had been discriminated against. The Courts found in favour of the complaintive, ruling that the underpin protection was indeed unlawful age discrimination.

The revised underpin will apply to current active members within scope and extend to qualifying members who were active members of the 2008 LGPS on 31/03/2012 and 31/03/2014 and transitioned to CARE on 01/04/2014. This encompasses pensioner, deferred members, and those members whose member status is that of exit liability as they have transferred benefits out to an alternative pension arrangement. The remedy will also apply to death in service and survivor benefits. The remedy will be in place up to and including 31/03/2022 and apply to those members within scope.

On 27 July 2022 LGPS funds received confirmation that the Public Service Pensions and Judicial Offices Act 2022 had received Royal Assent. The initial draft regulations were updated to reflect the new powers of the 2022 Act. Considering the said changes a further period of consultation began in 2023 to ensure accuracy of the published Regulations. The final Regulations came into force on 01 October 2023.

Progress to-date

The McCloud Team has been in place since 01 January 2021; and during this time there has been several challenges faced one being a change to experienced

personnel. The McCloud Team currently consists of 3.5 staff members whose main purpose is to oversee the application of the McCloud remedy to member benefits. Regardless of the number of challenges faced there has been considerable employer engagement along with in-depth data cleansing of the database to ensure the accuracy of all part-time hours and service breaks recorded on member records.

Brief overview:

7447 records need data verified – employers provide data

- 19 employers with members in scope
- 19 employers have provided data so far although some is incomplete
- Data received for 6500 records representing 87.28%
- NPTC Group, UWTSD and Gower College – received and partially reviewed
- A few employers will need reminders to provide data – 16 records affected
- Swansea Council stopped providing data during their transition to Oracle Fusion resulting in 928 currently outstanding records representing 22.38% of their members in scope left to update. The slight improvement on these figures are due to members terminating employment, rather than any dedicated project work.

What has been achieved from 01/10/2023 when the McCloud Rectification Regulations came into effect:

- New calculations from 01/10/2023 include McCloud rectification for members in scope
- Treatment of unaggregated membership with other LGPS funds and public sector schemes was determined late in the preparation window. Remedy is to include unaggregated membership on City & County of Swansea records which may put members in scope. This is a significant undertaking as data needs to be gathered from other sources than employers.
- 263 Members who retired on the grounds of Flexible Retirement have had their records reviewed to include previous membership on their new ongoing flexible records.
- The same exercise will need to take place on active member records with separate deferred membership within our own fund. Over 1300 records will need to be reviewed.
- Over 3000 members who joined the City & County of Swansea Pension Fund between 01/04/2012 – 31/03/2014 will need to be contacted to determine if previous LGPS or public sectors membership will put them in scope of the McCloud Remedy. Initial disclosure communication requested members to come forward, but few responses have been received.

Audit of Fund

To ensure efficiencies are met the Fund is subject to both internal by Swansea Council Audit Department and external audit by Welsh Audit Office of its practices and internal controls on a regular basis. Full compliance is essential in response to reasonable requests. Recommendations presented are considered and actioned

accordingly. Alternative means of gathering evidence of the efficiencies of the administration management includes:

Pension Committee Reporting
Reporting of breaches policy
The Pension Regulators annual scheme return.

The Pensions Regulator Code of Practice (TPR)

The Fund fully complies with the Pensions Regulator Public Service Code of Practice (Governance and Administration of the Public Service Pension Schemes) which came into force with effect from 1st April 2015. The main ethos of the Code is to provide pension funds inclusive of LGPS Funds with a summary of their key governance and administration duties and the standards of conduct, record keeping, and practice expected by the Pensions Regulator.

A new Single Code of Practice came into force on 28th March 2024. The code contains new governance requirements and sets out TPR's expectations of how occupational pension schemes should be managed and the policies, practices and procedures that should be in place. The General Code of Practice consolidates ten existing codes of practice and provides guidance to those running occupational, personal and public service pension schemes; previously there were 15 Codes of Practice.

The Fund continues to uphold its commitment to tackling pension scams by adhering to the Pensions Regulators Scams Pledge. The fund has robust procedures in place to protect scheme members, by undertaking stringent checks before transferring benefits out of the scheme and regularly warn members about the risk of scams. By taking the pledge it tells scheme members and the pensions industry that the fund is committed to stopping scammers in their tracks.

Legislative Changes in the LGPS during 2023/24

Other impacting legislation

Cessation of Contracting Out

The basic state pension and state second pension (S2P) were abolished on 5th April 2016 and replaced by a single-tier pension.

For LGPS members, this has meant an increase in National Insurance (NI) contributions for both members and their employers as the previous rebate allowed, to contract-out pension schemes out of S2P, now no longer applies.

An additional implication of the cessation of contracting out is that members of all pension schemes, which had contracted-out status, have a Guaranteed Minimum Pension (GMP), which relates to the part of their pension between 6th April 1978 and 5th April 1997 for which they were contracted out. The GMP is not an additional amount but is an amount which the Scheme must ensure at least equals the members equivalent LGPS pension at State Pension Age.

To ensure that pension scheme records reconcile with those of HMRC, the formerly contracted-out pension schemes, including the LGPS, are undertaking an exercise to ensure the correct information is held on members' records. The reconciliation exercise initially had to be completed by December 2018; however, to address outstanding queries this has been extended in accordance with HMRC direction.

This exercise has proved to be extremely challenging and time consuming and has led to considerable work to ensure that the Fund does not incur unwarranted liabilities. To assist the Fund with the GMP reconciliation exercise a decision was taken to outsource this to a third party. The results of the GMP Reconciliation have been received and a total number of 444 member records were subject to rectification and can be broken down into the following categories:

355 – Total number of members in receipt of reduced benefits.

99 – Total number of members in receipt of inflated benefits.

Tax Reform

On 15 March 2023 the Chancellor announced radical changes to pension taxation in the Spring Budget. The Annual Allowance will increase from £40,000 to £60,000 from 6 April 2023, with individuals continuing to be able to carry forward unused Annual Allowances from the three previous tax years. The Chancellor also confirmed that from 06 April 2023 the Lifetime Allowance charge will be reduced to zero before being fully abolishing in a future Finance Bill. Other changes were made to the Money Purchase Annual Allowance and Tapered Annual Allowance. More detail can be found in [the Budget document](#) and [the Pension Tax Limits policy paper](#).

2020 Valuation – Local Government Pension Scheme (England & Wales)

At the request of the Secretary of State for Levelling Up, Housing and Communities, the Government Actuary's Department carried out an actuarial valuation of the Local Government Pension Scheme (England and Wales) as at 31 March 2020. The valuation has been undertaken in accordance with the [Public Service Pensions \(Valuations and Employer Cost Cap\) Directions 2023](#), which specify certain assumptions and require other assumptions to be the Secretary of State for Levelling Up, Housing and Communities' best estimates. For further details on GAD's findings please refer to the following link <https://www.gov.uk/government/publications/2020-valuation-local-government-pension-scheme-england-wales>

Statutory Instruments

March 2023 – Employee Pension Contribution Rates – England and Wales – confirmation of employee pension contribution rates from 01 April 2023 were published.

27 March 2023 – HM Revenue and Customs – Further to the Government's announcement that it will abolish the lifetime allowance HMRC published a Lifetime Allowance Guidance Newsletter confirming that from 06 April the current lifetime allowance framework remains in place and that the lifetime allowance for 2023/24 remains at £1,073,100.

01 April 2023 - THE AUTOMATIC ENROLMENT (EARNINGS TRIGGER AND QUALIFYING EARNINGS BAND) ORDER 2023/24 prepared by the Department for Work and Pensions and laid before Parliament by Command of Her Majesty. This sets out revised amounts for the 2022/23 tax year for the upper and lower thresholds of the automatic enrolment qualifying earnings band, and rounded figures for the earnings trigger and qualifying earnings band. It has been concluded that the amounts for the qualifying earnings band should continue to be aligned with the National Insurance Contributions Lower and Upper Earnings Limits for the tax year 2022/23 and that the automatic enrolment earnings trigger should remain at £10,000.

01 April 2023 – The Local Government and Elections (Wales) Act 2021 (Corporate Joint Committees) (Consequential Amendments) Order 2023 – made by the Welsh Office and laid before Parliament by Command of His Majesty on 30th March 2023. This Order seeks to make technical changes to legislation to place Corporate Joint Committees in Wales on the same footing as Welsh local authorities.

01 April 2023 - LGPS Additional Pension purchase limit applicable for 2021/22 in England and Wales - Regulations 16(6) and 31(2) of the LGPS Regulations 2013 state that the additional pension limit is increased on the 1 April each year as if it were a pension beginning on 1 April 2013 to which the Pensions (Increase) Act 1971 applied. The pensions increase due on the 1 April 2023 is the increase that applied on 11 April 2022. The additional pension limit of £7,352 that applied in 2022/23 is increased by 3.1% to £7,579.00 from the 1 April 2023.

06 April 2023 – Annual and Lifetime Allowance Limits - On 15 March 2023, the Chancellor of the Exchequer announced in the 2023 Spring Budget that, from 6 April 2023, the standard lifetime allowance will remain at £1,073,100 but nobody will face a lifetime allowance charge for 2023/24 onwards. The Chancellor also announced that, from 6 April 2023:

- The standard annual allowance will increase from £40,000 to £60,000
- The money purchase annual allowance will increase from £4,000 to £10,000
- The adjusted income for the tapered annual allowance will increase from £240,000 to £260,000
- The minimum tapered annual allowance will increase from £4,000 to £10,000.

From April 2024 the lifetime allowance will be abolished entirely.

06 April 2023 – The Occupational and Pension Schemes (Pension Protection Fund (Compensation Payments) (Amendment) Regulations 2023 – prepared by the Department for Work and Pensions and laid before Parliament on 07 March 2023 and come into force on 06 April 2023. These Regulations amend the Pension Protection Fund (Compensation) Regulations 2005 (S.I. 2005/670) and the Occupational Pension Schemes (Fraud Compensation Payments and Miscellaneous Amendments) Regulations 2005 (S.I. 2005/2184). Regulation 3 amends the Pension Protection Fund (Compensation) Regulations 2005 to remove the requirement for a dependent child survivor to commence a qualifying course within one year of leaving the previous course. Regulation 3 allows dependent children to continue to receive compensation payments if they begin the new qualifying course before reaching the age of 23. Regulation 4 amends the Occupational Pension Schemes (Fraud Compensation Payments and Miscellaneous Amendments) Regulations 2005, to include an additional specific liability incurred by the trustees of a scheme, when they make an application for compensation from the Fraud Compensation Fund.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, public or voluntary sectors is foreseen.

06 April 2023 – The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023 – Laid before the House of Commons on 06 February 2023 by HM Revenue & Customs. The regulations modify various tax legislation, so the correct tax treatment is applied when public service schemes implement the McCloud remedy.

06 April 2023 – The Social Security Revaluation of Earnings Factors Order 2023 - has been prepared by The Department for Work and Pensions and is laid before Parliament by Command of Her Majesty. This instrument is being made to ensure that earnings factors relating to National Insurance contributions for historic tax years, used in the calculation of additional State Pension and Guaranteed Minimum Pensions (GMPs), maintain their value in line with the increase in average earnings. The percentage increase for the tax year 2023/24 is 7%.

06 April 2023 - THE SOCIAL SECURITY (CONTRIBUTIONS) (RATES, LIMITS AND THRESHOLDS AMENDMENTS AND NATIONAL INSURANCE FUNDS PAYMENTS) REGULATIONS 2023 - prepared by HM Revenue and Customs and laid before Parliament by Command of His Majesty. This instrument gives effect to the annual re-rating of various National Insurance contributions (NICs) rates, limits and thresholds for the purposes of calculating Class 1, Class 2, Class 3 and Class 4 NICs liability (or voluntary payment) for the tax year beginning 6 April 2023. It also allows for payments of a Treasury Grant not exceeding 5% of the estimated benefit expenditure for the 2023-24 tax year to be made into the National Insurance Fund and makes corresponding provision for Northern Ireland.

6 April 2023 -The Guaranteed Minimum Pensions Increase Order 2023 - This Order specifies the percentage by which that part of any guaranteed minimum pension attributable to earnings factors for the tax years 1988-89 to 1996-97 and payable by contracted-out, defined benefit occupational pension schemes. This instrument specifies that the GMP is to be increased by 3 per cent from 06 April

2023 in accordance with Section 109(3) of the Pension Schemes Act 1993 (c. 48) am dos applied to the post-5 April 1988 element of a pension in payment.

6 April 2023 - THE PUBLIC SERVICE PENSIONS REVALUATION ORDER 2023 – prepared by HM Treasury and laid before the House of Commons on 06 March 2023 by Command of His Majesty. This Order specifies the annual percentage change in prices, and earnings, to be applied for the purposes of revaluation required by schemes under the Public Service Pensions Act 2013 (“the Act”) in relation to the period 1 April to 31 March and applies to Career Average Revalued Earnings Schemes. The prices metric that was used for revaluation from April 2022 to 31 March 2023 inclusive is the September 2022 CPI figure, which represents an increase of 10.1%. CPI is the Government’s preferred measure of change in prices for the indexation of public service pensions in payment and deferment.

06 April 2023 – The Employment Rights (Increase of Limits) Order 2023 – as prepared by the Secretary of State and laid before Parliament on 15th March 2023. This order increases the maximum week’s pay for calculating a statutory redundancy payment from £571 to £643 per week if the appropriate date is after 5 April 2023. In the case of entitlement to a redundancy payment by virtue of section 135(1)(a) of the Employment Rights Act 1996 (dismissal by reason of redundancy), the appropriate date means the relevant date as defined by section 145 or 153 of that Act.

10 April 2023 – The Pensions Increase (Review) Order 2023 - in accordance with the Pension Increase (Review) Order 2023 - This Order Laid before Parliament on 20 March 2023 came into force 10 April 2023 and makes provision for the annual increase of official pensions (as defined in the Pensions (Increase) Act 1971). The Order provides for an increase of 10.1% from 10 April 2023 for all official pensions, except for those, which have been in payment for less than a year, which will receive a pro-rata increase.

02 May 2023 – Pensions Dashboards (Prohibition of Indemnification) Act 2023 – The primary purpose of this Act is to increase protection for pension savers by making it a criminal offence for pension scheme trustees or managers to reimburse themselves using the assets of the pension scheme in respect of penalties imposed under pensions dashboards regulations. It achieves this by adding section 238G of the Pensions Act 2004 to the list of statutory provisions in section 256(1)(b) of that Act. Section 256(1)(b) prohibits any amount being paid out of the assets of an occupational or personal pension scheme for the purpose of reimbursing, or providing for the reimbursement of, any trustee or manager of the scheme in respect of a penalty they are required to pay under or by virtue of a statutory provision listed in (1)(b).

01 June 2023 – The Local Government Pension Scheme (Amendment)(No. 2) Regulations 2023 – laid before Parliament on 11th May 2023 by Department for Levelling Up, Housing and Communities (DLUHC). The changes better align the Scheme Advisory Boards’s (SAB) cost management process with H M Treasury’s (H M T’s) reformed cost control process. They give the SAB greater flexibility in the making of recommendations to the Secretary of State where there is a breach.

14 June 2023 – The Pension Regulator published a blog '**Make time to get your data dashboard-ready**'. The blog encourages pension schemes to continue working on their data to ensure they are ready for dashboards. It also sets out what schemes should be considering as part of their preparations.

21 June 2023 – Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 – The Department for Work and Pensions (DWP) agreed to publish a review within 18-months of the Regulations being operational; the review was published on 21 June 2023. The report concludes that the original policy intent remains appropriate. However, there is concern about applying the regulations in particular regarding the incentive red flag and overseas investment amber flag. DWP will work with industry and The Pension Regulator to consider if changes could be made to the regulations to improve the transfer experience without undermining the policy intent.

23 June 2023 – Economic Activity of Public Bodies (Overseas Matters) Bill – The Scheme Advisory Board responded to the recently published Bill by stating that the LGPS is a well-funded and well-run scheme. Administering authorities take their statutory and fiduciary duties around the investment of pension funds very seriously. They also take very seriously their duties under the Equality Act to foster good relations between different communities and to eliminate discrimination. As far as the Board is aware, there is no evidence that any LGPS fund has instituted inappropriate politically motivated boycott or divestment policies."

July 2023 – The Pensions Dashboards Amendment Regulations 2023 – Prepared by the DWP and laid before Parliament by Command of his Majesty. A revised staging timetable will be set out in guidance and all schemes in scope will need to connect by 31 October 2026. The staging timetable will indicate when schemes are scheduled to connect, based on their size and type.

July 2023 – The Pension Regulator has updated its '**Failing to comply with dashboards duties**' guidance. The purpose of the updates is to outline what schemes will need to do to demonstrate that they have had regard to the staging timetable. The staging timetable will be set out in connection guidance.

10 July 2023 – Mansion House Speech 2023 – the Chancellor delivered a speech at Mansion House. The Chancellor announced a number of measures aimed at increasing returns for savers and encouraging growth. 24 The announcements included launching a consultation on accelerating the consolidation of LGPS assets in England and Wales.

11 July 2023 – The Finance (No.2) Act 2023 - received Royal Assent on 11 July 2023. The Act delivers the tax changes announced in the Spring Budget, including:

- no lifetime allowance tax charges for the 2023/24 year or any future year
- certain lump sums to be taxed at the marginal rate
- changes to lifetime allowance protections
- increase in the annual allowance to £60,000
- changes to the tapered annual allowance and money purchase annual allowance.

13 September 2023 – The Pension Regulator (TPR)- published a blog titled '**Why we are building relationships with pension administrators?**'. The blog

emphasises the importance of fostering closer relationships with administrators, as it allows TPR to gain a better understanding of the challenges they face and address risks more effectively. The blog also highlights several instances of TPR's work in this area. For example, TPR has been actively supervising several strategically important administrators and has initiated voluntary engagements with third-party administrators.

14 September 2023 – The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) (No.2) Regulations 2023 – second set of rectification regulations made by HMRC on 15 August 2023 and Laid before the House of Commons on 17 August 2023 as a means of addressing issues not dealt with by the first set of regulations (The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023). For more information on the second set of regulations, see guidance from HMRC.

18 September 2023 – Pensions (Extension of Automatic Enrolment) Act 2023 - The Act gives the UK Government the power to make regulations that will lower the minimum age for automatic enrolment from 22 to 18 and remove the lower earnings limit for contributions. The regulations will apply in England, Scotland and Wales.

01 October 2023 – The Local Government Pension Scheme (Amendment) NNo.3) Regulations 2023 - The Department for Levelling Up, Housing and Communities (DLUHC) issued a correction slip to the regulations on 20 September 2023 to fix a couple of minor typographical errors. The regulations implement the McCloud remedy and amend the underpin rules to make sure they work correctly. Part 2 of the regulations replaces the underpin rules in the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014. It also makes some related changes to the LGPS Regulations 2013. Part 3 requires administering authorities to check past calculations for events that happened between 1 April 2014 and 30 September 2023

18 October 2023 – The Office for National Statistics announced that the Consumer Price Index (CPI) rate of inflation for September 2023 was 6.7%. Government policy in recent years has been to base increases under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of C P I in September of the previous year. We await confirmation from Government that the revaluation and pensions increase that will apply to LGPS active pension accounts, deferred pensions, and pensions in payment in April 2024 will be 6.7 per cent.

13 November 2023 – Simon Hoare – MP appointed Parliamentary Under Secretary of State at DLUHC. Simon replaces Lee Rowley – MP who has become Minister of State (Housing) at DLUHC.

December 2023 – The Pensions Dashboards (Prohibition of Indemnification) Act 2023 (Commencement) Regulations 2023 - The primary purpose of this Bill is to increase protection for pension savers by making it a criminal offence for pension scheme trustees or managers to reimburse themselves using the assets of the

pension scheme in respect of penalties imposed under pensions dashboards regulations.

22 February 2024 – Finance Act 2024 - contains provisions on the abolition of the lifetime allowance and its replacement by two new lump sum allowances.

27 February 2024 – The East Midlands Combined County Authority Regulations 2024 – Established the East Midlands Combined County Authority. The regulations also amended the L G P S Regulations 2013 to assign Nottinghamshire County Council as the appropriate administering authority for employees of the new authority. This took effect from 28 February 2024.

04 March 2024 – The Pensions Act 2004 (Codes of Practice) (Revocation) Order 2024 – As Laid by The Department for Work and Pensions; came into force on 28 March 2024. The Order revokes the 10 codes of practice from The Pensions Regulator that are now covered by the new general code of practice. This includes Code of Practice 14 (governance and administration of public service pension schemes).

15 March 2024 – The Finance Act 2004 (Registered Pension Schemes and Annual Allowance Charge) Order 2024 Laid before House of Commons coming into force 06 April 2024. Applicable for the tax year 2023/24 and all subsequent years, the regulations insert a new section 236ZA into the Finance Act 2004. The new section provides for service in a specified legacy public service pension scheme and service in a reformed scheme to be combined for calculating an individual's annual allowance pension input amount. This allows individuals to balance any negative input from a legacy scheme with a positive input from a reformed scheme. The Order has no effect on LGPS annual allowance calculations. This is because separate pension input amounts are not calculated for final salary and CARE benefits.

26 March 2024 – The Pensions Act 2004 (General Code of Practice) (Appointed Day, Amendment and Revocations) Order 2024 – as laid by The Department for Work and Pensions. The Order appoints 28 March 2024 as the day for the coming into effect of TPR General Code of Practice.

Wales Pension Partnership (WPP)

The WPP was established in 2017 with the objective to deliver:

- economies of scale
- strong governance and decision making
- reduced costs and excellent value for money, and
- an improved capacity and capability to invest in infrastructure

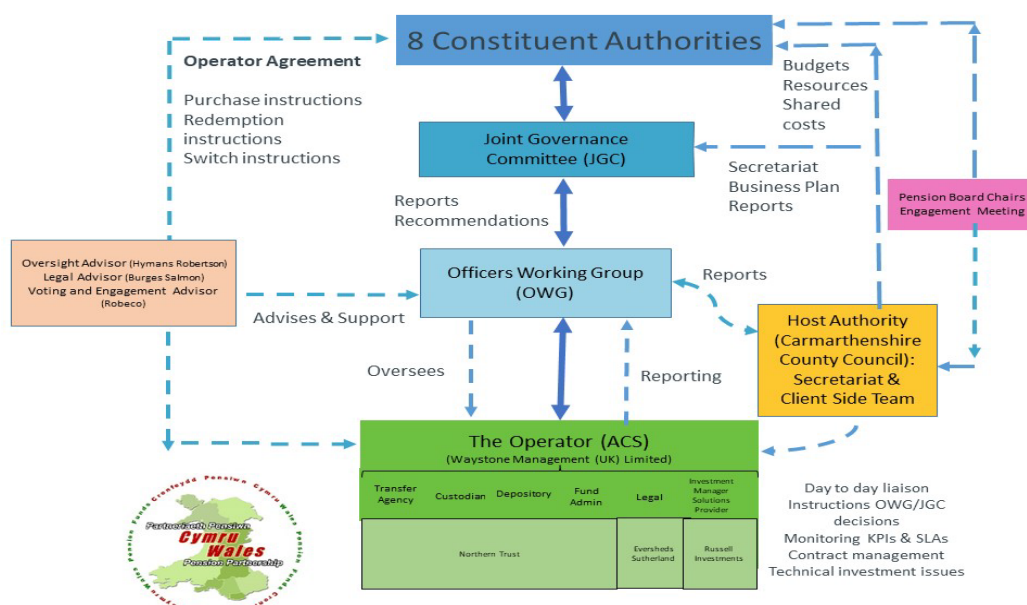
The WPP is one of the eight Local Government Pension pools nationally and is a collaboration of the eight LGPS funds in Wales including Cardiff and the Vale of Glamorgan, Clwyd, Dyfed, Greater Gwent (Torfaen), Gwynedd, Powys, Rhondda Cynon Taff and Swansea. The eight funds have a long, successful history of collaboration including a collaborative tender for a single passive equity provider for the Welsh funds pre-dating the Government's pooling initiative.

Collective investment management offers the potential for investment fee savings, opportunities to broaden investment portfolios, enhanced voting and engagement activity as well as access to shared knowledge and best practice. Whilst the WPP is responsible for providing collaborative investment solutions, each constituent authority remains responsible for setting their own investment strategy.

WPP's operating model is designed to be flexible and deliver value for money. WPP appointed an external fund Operator and makes use of external advisers to bring best of breed expertise to support the running of the Pool. The Operator is Waystone Management (UK) Limited (Waystone) and they have partnered with Russell Investments to deliver effective investment management solutions and provide strong net of fee performance for all the Constituent Authorities.

Governance

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA) which was approved by all eight Constituent Authorities in March 2017. The IAA defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers and includes a Scheme of Delegation outlining the decision-making process. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure:



The eight Constituent Authorities of the WPP are:

- Carmarthenshire County Council (Host)
- City and County of Swansea Council
- City of Cardiff Council
- Flintshire County Council
- Cyngor Gwynedd
- Powys County Council
- Rhondda Cynon Taff County Borough Council
- Torfaen County Borough Council

The Constituent Authorities sit at the top of the WPP's governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving the WPP's Business Plan, which outlines the WPP's budget and workplan, as well as its Beliefs and Objectives.

Joint Governance Committee

The Wales Pension Partnership Joint Governance Committee (JGC) was formalised in June 2017 and meets a minimum of 4 times a year and each meeting is webcasted for the public. The WPP ensures open and transparent meetings and publication of agendas, minutes and webcasts, where appropriate. The JGC is comprised of one elected member from each of the eight Constituent Authorities and a co-opted (non-voting) scheme member representative. The elected member must be a member of that Constituent Authority and that Constituent Authority's Pensions Committee. The Chair and Vice-chair are rotated on an annual basis. The JGC is responsible for overseeing the pooling of the investments of the eight Local Government Pension Scheme funds in Wales. The JGC's full set of responsibilities are set out in Schedule 3 (JGC Matters) and Schedule 4 (JGC Terms of Reference) of the Inter Authority Agreement.

Officers Working Group

A WPP Officers Working Group (OWG) was established with the purpose of providing support and advice to the Joint Governance Committee. The group meets quarterly with additional meetings held as and when required. The OWG comprises of practitioners and Section 151 officers from all eight Constituent Authorities. The remit of the OWG is set out in Schedule 8 of the IAA.

Host Authority

Carmarthenshire County Council has been appointed as the Host Authority for the Wales Pension Partnership, providing administrative and secretarial support to the JGC and liaising day to day with the operator on behalf of all the LGPS funds in Wales. The role of the Host Authority is set out in Section 6 of the IAA.

Monitoring Officer

The Monitoring Officer (Head of Administration & Law) is responsible for maintaining the IAA to ensure that it reflects up to date legislative requirements and the WPP's Governance needs and is also responsible for ensuring that the provisions are fully complied with at all levels.

The Monitoring Officer attends all JGC meetings and is well placed to play a proactive role in supporting Members and Officers in both formal and informal settings to comply with the law and with the WPP's own procedures. As the Head of Service with ultimate responsibility for the Democratic Services Unit, the Monitoring Officer is also responsible for the formal recording and publication of the democratic decision-making process. The Monitoring Officer works closely with the Section 151 Officer in accordance with the provisions of the Local Government and Housing Act 1989 and will report to the Joint Governance Committee if he/she considers that any proposal will give rise to unlawfulness. Section 151 Officer The Director of Corporate Services is the responsible officer for the administration of the WPP's affairs under Section 151 of the Local Government Act 1972 and carries overall responsibility for the financial administration of the WPP.

The Operator

Waystone (previously Link Fund Solutions) carries out a broad range of services for the WPP, which includes facilitating investment vehicles & sub-funds, performance reporting, transition implementation and manager monitoring and fee negotiations. There is an Operator Agreement in place which sets out the contractual duties of the Operator and governs the relationship between the Operator and the WPP. The JGC and OWG, with the support of Hymans Robertson, oversee the work that Waystone carries out on behalf of the WPP. Waystone engages with the Constituent Authorities by:

- Direct engagement – attendance at annual pension committee meetings
- Indirect engagement – with CAs collectively, through the JGC and OWG

In collaboration with Waystone, Russell Investments provide investment management solution services to the WPP and they work in consultation with WPP's eight Constituent Authorities to establish investment vehicles.

Northern Trust is the Depository for the WPP ACS vehicle and provides numerous services including securities lending, fund administration, compliance monitoring and reporting.

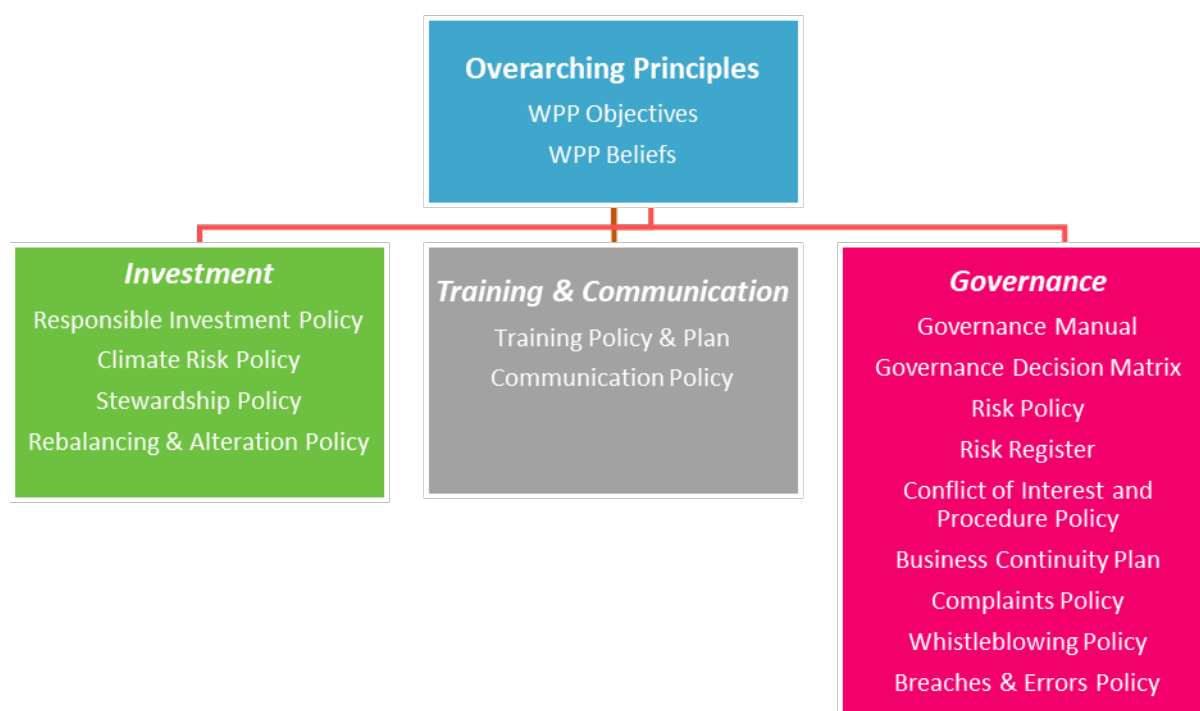
Hymans Robertson are WPP's Oversight Advisor and their role spans oversight and advice on governance arrangements, operator services, strategic investment aspects and project management support.

Burges Salmon are WPP's legal advisors, and they provide legal advice in relation to FCA regulated funds, tax and governance arrangements, including assisting with complex procurement processes.

Robeco UK has been appointed as WPP's Voting and Engagement provider and are responsible for implementing the Voting Policy across WPP's portfolio and undertaking engagement activity on behalf of the WPP.

The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies. The WPP, in consultation with the Constituent Authorities, has developed a set of governing policies. In all instances the WPP's policies and

procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities. The WPP's key policies, registers and plans are listed below and can be found on the WPP website.



Responsible Investment

Responsible Investment (“RI”) continues to be a key priority for the Welsh Constituent Authorities. In 2020/21 WPP worked towards drafting and agreeing a Climate Risk Policy – this outlined the unified climate risk beliefs and the measures we have adopted to manage climate risk within the WPP Sub-Funds. In August 2020, a dedicated WPP RI Sub-Group was established in recognition of the important of this subject matter.

The Sub-Group meets twice a quarter and is responsible for progressing any RI related workstreams. The RI Sub-Group has already demonstrated its effectiveness and efficiency by delivering on one of the main commitments made in both the WPP’s RI and Climate Risk Policies – the development of reporting that allows the WPP to monitor and manage RI and Climate Risk risks. The sub-group now receives detailed RI and Climate Risk monitoring reports for each of the WPP’s Sub-Funds on a quarterly basis.

In 2022 the WPP established its approach as a responsible investor involving oversight and monitoring of its voting policy, the establishment of an engagement framework, Environmental, Social and Governance (ESG) metrics monitoring and reporting output in accordance with the requirements namely the Task Force on Climate Related Financial Disclosures (TCFD). This guidance is currently out for consultation.

(TCFD - A description of the governance-related arrangements of an organisation to measure and managing climate-related risks and opportunities. A description of the

processes in place for measuring and managing climate-related risks and opportunities).

WPP has developed an overarching Responsible Investment Policy. This policy has been developed in consultation with the Constituent Authorities and covers the following main areas:

- Introduction and Oversight
- Ambition and Beliefs
- Investment Strategy
- Climate Change
- Exclusions
- Implementation of Strategy
- Stewardship – Voting, Stock Lending and Shareholder Engagement
- Collaboration
- Monitoring, Reporting and Measurement

Governance Matrix

The WPP has developed a Governance Matrix which focuses on outlining the different roles that bodies within the WPP play in the WPP's decision making process. It also articulates that the WPP consults / or seeks input from several different bodies within the WPP before decision are formalised. This process highlights the number of checks and balances that the WPP has built into its decision-making process to ensure good governance is delivered.

Engagement Protocol

The WPP believes in regularly engagement with its key stakeholders. The WPP has an Engagement Protocol Framework in place, this is carried out via the following engagement mechanisms:

- Strategic Relationship Review meetings - Bi-Annual
- JGC Engagement – Quarterly
- OWG Engagement – Quarterly
- Pension Board Engagement – Every 6 months
- Pension Fund Committees – Annual
- Manager Engagement Days – Annual
- Member Communications – Annual
- Engagement via the website & LinkedIn – continuous

As well as regular engagement between Officers, Members and External Parties, as detailed on the Governance Structure diagram, these engagements also involve engagements between Pension Committee Members, Pension Board Members and Investment Fund Managers, both existing and potential.

The WPP's Business Plan, Governance Manual and all other policies detailed in the chart above can be found on the WPP website:

<https://www.walespensionpartnership.org/>

Risk

Risk management is a critical element of WPP's commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy which seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP's Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders.

WPP maintains a Risk Register which is reviewed regularly by a dedicated Risk Sub-Group which reports back to the OWG and JGC on a quarterly basis.

Training

The WPP has its own training policy and develops an annual training plan which is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities. Induction training is also provided to all new JGC members.

WPP personnel must have appropriate knowledge and understanding of:

- the regulations and markets relating to the Local Government Pension Scheme;
- the pooling of Local Government Pension Funds; and
- relevant investment opportunities.

The Host Authority arranges quarterly training sessions which cover major areas such as investments, administration, regulation requirements, government guidance and market developments. A training plan log is kept as a record of all the training completed to date and the training that is due to take place in the foreseeable future.

The training events primarily focus on meeting the training needs of members of the OWG and JGC, however Constituent Authorities are encouraged to invite Pension Committee Members, as well as Pension Board Representatives if they believe that the training would be beneficial to these individuals.

In accordance with the approved training plan, the following training was undertaken by both Committee and Board members during 2023/24 :

Date	Product Knowledge
June 2023	Private markets as an asset class – Property & Private Equity The Levelling Up Agenda
September 2023	Sustainable Investing at Robeco and RI within the WPP Sub funds
December 2023	Performance Reporting
March 2024	Department of Levelling Up, Housing and Communities (DLUHC) – Pooling Overview and Pooling Guidance

Communication

The WPP believes that effective internal and external communication is vital to achieving its objectives. The WPP has developed a communication policy which is reviewed annually. The policy outlines the WPP's:

- Target Audience
- Key Messages / Key Purpose
- Means of Communication
- Responsibilities
- Review & Reflection Process

The WPP also has a website and LinkedIn page which is regularly updated. The website (www.walespensionpartnership.org) covers a number of areas including Governance, Publications (including WPP Policies), Sub Fund developments and News (including press releases).

External Regulators

Audit Wales as External Auditors to the WPP, reviews and comments on the financial aspects of Corporate Governance which includes the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and corruption. The External Audit plan is approved by the Joint Governance Committee.

Pooling progress to date

The WPP aims to deliver investment solutions that allow the Constituent Authorities to implement their own investment strategies with material cost savings while continuing to deliver investment performance to their stakeholders. The WPP has made significant progress towards delivering on this objective, from the launch of the first three active equity sub-funds in 2019 through to launching the initial Private Markets Investment programmes in 2023. Alongside the Constituent Authorities existing passive investments, this means that that the WPP has now pooled 74% of assets.

As at 31 March 2024, WPP's Constituent Authorities has total assets worth £25bn, £18.5bn of which sits within the pool, see breakdown below:

Asset Class	Managed by	Launch Date	31 March 2024 £000	%
Global Growth Equity Fund	Waystone Management (UK) Ltd	February 2019	3,585,735	14.4
Global Opportunities Equity Fund	Russell Investments	February 2019	3,286,471	13.1
UK Opportunities Equity Fund	Russell Investments	September 2019	743,530	3.0
Emerging Markets Equity Fund	Russell Investments	October 2021	259,410	1.0

Sustainable Active Equity Fund	Russell Investments	June 2023	1,570,357	6.3
Global Credit Fund	Russell Investments	July 2020	1,033,734	4.1
Global Government Bond Fund	Russell Investments	July 2020	488,815	2.0
UK Credit Fund	Waystone Management (UK) Ltd	July 2020	707,817	2.8
Multi-Asset Credit Fund	Russell Investments	July 2020	732,391	2.9
Absolute Return Bond Fund	Russell Investments	September 2020	572,982	2.3
Private Markets * <ul style="list-style-type: none"> • Infrastructure closed ended – GCM Grosvenor • Infrastructure open ended – IFM, CBRE and Octopus • Infrastructure – Capital Dynamics • Private Credit – Russell Investments • Private Equity – Schroders Capital 			314,241	1.3
Passive Investments	BlackRock	March 2016	5,200,324	20.8
Investments not yet pooled			6,508,700	26.0
Total Investments across all 8 Pension Funds			25,004,507	100

* This is the drawn down value as at 31 March 2024 and does not include commitments

Investment assets split between City & County of Swansea Pension Fund and WPP

	31 March 2024 £000	%
WPP Global Opportunities Equity Fund	1,192,523	36
WPP Sustainable Equity Fund	227,345	7
WPP Fixed Income Funds	136,710	4
Passive Equities	728,322	22
Private Credit	1,927	0
Private Equity	16,690	1
Infrastructure	10,535	0
Assets not yet Pooled	1,005,178	30
Total Investment Assets	3,319,230	100

The above table is an extract taken from the note on page 132 of the accounts and summarises City & County of Swansea Pension Fund's investment in the WPP, together with the assets that remain under the direct oversight of the Fund.

Pooling costs

Carmarthenshire County Council, as the Host Authority for the Wales Pension Partnership is responsible for providing administrative and secretarial support and liaising day to day with the Operator on behalf of all of the LGPS funds in Wales. The WPP budget is included in the WPP Business Plan and approved annually by all eight Constituent Authorities.

The Host Authority and External Advisor costs, the running costs are funded equally (unless specific projects have been agreed for individual Funds) by all eight of the Constituent Authorities and recharged on an annual basis. The amount recharged to the City & County of Swansea Pension Fund for the financial year ending 31 March 2024 was £226k, see table below.

Included in the management expenses is the cost of our involvement in the Wales Pension Partnership (WPP) collective Investment Pooling arrangements.

The table below reflects the costs incurred in financial years 2022/23 and 2023/24

	2022/23	2023/24
	£'000	£'000
WPP Oversight & Governance Costs		
Host Authority Costs	158	226
WPP Investment Management Expenses		
Fund Manager Fees	1,063	1,002
Custody Fees	224	206
Transaction Costs	846	906
Total	2,291	2,340

The oversight and governance costs are the annual running costs of the pool which includes the host authority costs and other external advisor costs. These costs are funded equally by all eight of the local authority Pension Funds in Wales. The investment management expenses are fees payable to Waystone previously Link Fund Solutions (the WPP Operator) and include fund manager fees (which also includes the operator fee and other associated costs), transaction costs and custody fees. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from the Net Asset Value (NAV).

Transition Costs

In addition to the WPP Oversight and Governance costs shown above, the Fund also incurred costs associated with the transition of its assets into the pool. To date, the Fund has undergone four transitions in relation to the WPP, one in 2018/19 (Global equities), two transitions in 2020/21 (Fixed Income) and a transition to the Sustainable Global Active Equity Fund in 2023.

The costs of transitioning assets can be categorised in terms of direct and indirect costs. Direct costs include the costs of appointing a transition manager to undertake the transition, together with any additional oversight of this process undertaken from a research and reflection perspective. Indirect costs are both the explicit and implicit costs of transition, such as commissions, spread and impact and opportunity costs known as Implementation Shortfall. Aside from the direct transition costs disclosed above, the majority of transition costs are directly attributable to the assets undergoing the transition and are therefore deducted from their value as opposed to a direct charge to the Fund.

In 2023/24 direct transition costs incurred by the City & County of Swansea Pension Fund amounted to £167,419. This was in respect of the transition of £200m of equities from the Global Opportunities Equity fund to the new Sustainable Global Active Equity fund.

Ongoing Investment Management Costs

The table below discloses the investment management costs split between those held by the WPP (including the passive equities) and those held outside of the WPP. Noting that only the Direct costs are chargeable to the Fund, the Indirect costs represent the underlying fees paid to fund managers and are disclosed as a note only in the accounts.

Fund Manager Fees 2023-24

	Asset Pool			Non-Asset Pool			Fund Total
	Direct £000s	Indirect £000s	Total £000s	Direct £000s	Indirect £000s	Total £000s	£000s
Management Fees	731	2,783	3,514	5,945	8,115	14,060	17,574
Performance Fees	0	0	0	5,254	0	5,254	5,254
Asset pool shared costs	226	0	226				226
Transaction costs	907	1,490	2,397	2,517	0	2,517	4,914
Custody	206	0	206	86	0	86	292
Other	270	0	270				270
Total £000	2,340	4,273	6,613	13,802	8,115	21,917	28,530

Asset Allocation and Performance

The following table shows how each of the investment mandates has performed during the year, with opening and closing values and one year performance included net of fees where available. In addition, the table splits out investments under pooled arrangements with the WPP and those that remain under non-pooled investment arrangements with the Fund's legacy managers as at 31st March 2024.

Asset Class	Mandate	Opening Value		Closing Value		1 Yr	Benchmark
	Pooled Assets	£'000s	%	£'000s	%	Performance %	%
Global Equities	WS Wales PP Global Opportunities Fund	1,230,954	42.4	1,182,944	36.0	19.60	20.60
	WS Wales PP Sustainable Active Equity Fund	0		227,345	6.8	-	-
	Derivatives	11,491	0.4	9,579	0.3	-	-
	Blackrock ACS World Low Carbon Tracker Equity Fund (Passive)	573,830	19.8	654,784	19.7	24.40	24.00
	Blackrock Emerging Market IDX FD GBP	45,052	1.6	47,202	1.4	5.09	5.86
Fixed Income	WS Wales PP Multi Asset Credit Fund	60,421	2.1	66,555	2.0	10.20	9.20
	WS Wales PP Absolute Return Bond Fund	65,711	2.2	70,155	2.1	6.80	7.20
	Aquila Life All Stk UK ILG IDX S1	27,681	0.9	26,336	0.8	-4.85	-4.98
Infrastructure	Capital Dynamics CEI WPP Infrastructure Fund	0	0.0	3,018	0.1	-	-
	GCM Grosvenor WPP Infrastructure Fund	0	0.0	4,888	0.1	-	-
	GCM Grosvenor - Octopus Renewables	0	0.0	2,629	0.1	-	-
	GCM Grosvenor - CBRE	0	0.0	0	0.0	-	-
	GCM Grosvenor - IFM	0	0.0	0	0.0	-	-
Private Credit	Russell WPP Global Private Credit Fund	0	0.0	1,927	0.1	-	-
Private Equity	Schroders Capital WPP Global Private Equity Fund	0	0.0	16,690	0.5	-	-
	Sub Total	2,015,140	69.4	2,314,052	70.0		

Assets not yet pooled

Property	Schroders UK Property Fund	58,917	2.0	60,834	1.8	0.40	-0.70
	Partners Group Global Property Fund	11,306	0.4	7,838	0.2	-28.30	-0.70
	Invesco Real Estate European Property Fund	29,805	1.0	26,056	0.8	-9.60	-0.70
Hedge Funds	EnTrustPermal Global Absolute Return Fund	27,840	1.0	30,248	0.9	8.80	5.20
	Blackrock Appreciation Strategy Fund	33,371	1.1	36,255	1.1	8.60	5.20
Private Equity	HarbourVest Private Equity Fund	155,150	5.3	168,866	5.1	4.50	8.40
	Blackstone Strategic Capital Holdings	63,845	2.2	71,405	2.2	3.30	8.40
Infrastructure	Igneo EDIF 11 Infrastructure Fund	93,971	3.2	98,162	2.9	0.30	7.70
	Blackrock Global Renewable Power Fund 111	13,217	0.5	20,399	0.6	9.60	10.00
	Blackrock Global Renewable Power Fund 1V	0	0.0	0	0.0	-	-
	Schroders Greencoat - Project Brecon Bio Mass Plant	0	0.0	25,042	0.7	-	-
Private Credit	Alcentra European Direct Lending Fund 111	16,808	0.6	14,912	0.4	7.00	7.00
	CVC Credit Partners Europe Direct Lending Fund 11	21,431	0.0	16,421	0.5	3.90	7.00
	CVC Credit Partners Europe Direct Lending Fund 111	10,155	1.1	20,806	0.6	3.90	7.00
	GSAM Broad Street Loan Partners 1V	22,327	0.8	23,360	0.7	11.40	7.00
	Blackstone Green Private Credit Fund	0	0.0	1,370	0.0	-	-
Residential Housing	Columbia Threadneedle - UK Housing Fund	0.0	0.0	10,034	0.3	-	-
	Man Group - Community Housing Fund	22,659	0.8	24,313	0.7	-0.10	6.00
Tiberland & Farmland	Manulife - Hancock Timberland & Farmland Fund	136	0.0	51,361	1.6	0.30	7.70
	Stafford International Timberland Fund X	0	0.0	29,042	0.9	-	-
	Stafford Carbon Offset Opportunities Fund	0	0.0	0	0.0	-	-
Global Bond Funds	Fidante - Global Bond Fund	23,421	0.8	46,084	1.4	3.40	5.20
	T Rowe Price - Global Bond Fund	163,889	5.6	95,288	2.9	-3.80	5.20
Trade Finance	Allianz Global Investors - Trade Finance Fund	50,928	1.8	54,375	1.6	6.80	7.00
	Pemberton - Trade Finance Fund	51,231	1.8	55,025	1.6	7.40	5.20
Cash	Cash (In-house and with Managers)	15,967	0.6	17,682	0.5	0.00	0.40
	Sub Total	886,374	30.6	1,005,178	30.0		
	Total	2,901,514	100.0	3,319,230	100.0		

* Where Net Performance Return is unavailable or where the fund is less than one year old

Securities Lending

Securities lending commenced in March 2020. Revenue is split on an 85:15 basis between WPP and Northern Trust with all costs for running the securities lending programme taken from Northern Trust's share of the fee split. A minimum of 5% of the nominal quantity of each individual equity holding is held back and a maximum of 25% of total AUM is on loan at any one time. A proxy recall service was implemented in December 2023.

Total revenue of LF Wales during 2023/24 was £1,077,100 (gross) / £915,594 (net) with £473,209,901 out on loan as at 31 March 2024.

Objectives 2024/25

In establishing the WPP pool, the prime focus has been on pooling the listed assets, namely equities and fixed income. Progress continues to be made with the rationalisation of the existing range of mandates. In July 2021, the Joint Governance Committee appointed bfinance as WPP's Allocator Advisor and they have assisted the WPP with the identification of Private Markets Allocators. WPP's Infrastructure, Private Credit and Private Equity investment programmes were launched in 2023.

Work has been progressing in formulating WPP's Real Estate requirements and the optimal means of implementation. With the assistance of bfinance, the procurement process for appointing investment managers is underway with the announcement due to take place in August 2024 and the investment programmes due to launch in 2024/25.

The Sustainable Active Equity Sub-Fund was also launched in 2023/24 and this sub fund, along with the Private Market investment programmes have incorporated Responsible investment in their allocation and appointment. With further programmes in development, WPP is now working closely with its service providers to develop a common reporting framework to allow the consistent disclosure of information to its stakeholders.

During 2023/24, the WPP published its third annual Stewardship Report, remaining a signatory to the UK Stewardship Code and published its first All-Wales Climate Report (AWCR). The AWCR assessed climate exposures across all the Welsh funds and the recommendations that came out of the report are now being progressed, including the evolution of WPP's investment offerings (in particular within the passive allocations and within fixed income) and the implementation of a climate framework.

WPP's existing Oversight Advisor and Voting & Engagement provider contracts come to an end on 31 December 2024 and 31 March 2025 respectively. Work is underway with the contract re-tenders with both appointments due to be made by the end of this calendar year.

There will be focus on reviewing existing WPP policies, in particular the RI focused policies, evolving the Stewardship Policy and incorporating an escalation strategy. Training also continues to be a key area of focus and the WPP will continue to provide timely and relevant training facilitated by the pool for the benefit of its wider stakeholder groups.

Pooling Risks

The following risk table identifies two frequently monitored risks from a Fund perspective when managing the arrangements in place through transitioning assets into the WPP.

Risk Identified	Potential Consequences	Risk Score Range	Controls / Mitigation
Financial losses experienced during the process of transitioning Fund assets into the Wales Pension Partnership (WPP) pool.	Poorly executed transitions of pension assets could result in high trading costs or loss of Net Asset Value in the short-term.	High	<ul style="list-style-type: none"> • The WPP and its constituent authorities take professional and timely advice from its advisors to ensure it is undertaking transition activity within an appropriate market environment. • A reconciliation of assets transferred to the pool is undertaken by the investments team following each transition. • A detailed report from the appointed transition experts commissioned by the WPP will be produced following each transition to provide added assurance to constituent Funds and their elected members.
Investment pooling with the Wales Pension Partnership (WPP) fails to deliver long-term investment returns.	The WPP fails to deliver long-term investment returns beyond what the Fund would have expected to generate had pooling not occurred. This would result in a longer payback period on the initial investment envisaged, and the likelihood of needing to increase employer contribution rates as a result in order to ensure pension liabilities are fully funded in the future.	High	<ul style="list-style-type: none"> • Substantial governance arrangements are in place at both officer (Officer Working Group) and shareholder (Joint Governance Committee) levels. • Both the WPP and the constituent authorities take professional external advice on the opportunities for investment through the contractual relationship with Link Fund Solutions and Russell Investment advisors. • The WPP, together with constituent authorities, monitor the performance of investments and hold Link and Russell to account as necessary.

Whilst the risk score range attributable to the above is categorised as high, the Fund is comfortable with the level of mitigation in place in which to manage them. The Fund recognises that the process of transitioning assets will continue for a number of years and so this risk will continue to be monitored as appropriate until such time that we feel it can be reduced to an acceptably low level or removed altogether. The risk of the WPP failing to deliver long-term performance remains high as this underpins the justification for pooling collaboration generally. As such, this risk is likely to remain in place for the foreseeable future. However, as the WPP continues to establish itself and the governance arrangements mature it is expected that this level of risk will be reduced to an acceptable level.

City & County of Swansea – WPP Progress Update

City & County of Swansea Pension Fund is invested in the following sub funds via WPP :

- Global Opportunities Fund – Global Equity portfolio
- Multi Asset Credit fund – Fixed Income Mandate
- Absolute Return Bond fund – Fixed Income Mandate
- Global Sustainable Active Equity Fund - during 2023/24 £200m of holdings in the Global Opportunities Fund were transitioned into this new fund.

Together with the Blackrock Passive equity fund, this equates to 70% (£2.3b) of the fund being pooled as at 31st March 2024.

The fund also committed to the following WPP private market mandates during 2023/24 :

	£m
GCM Grosvenor WPP Global Infrastructure Fund	20.0
GCM Grosvenor – WPP Octopus Renewable Infrastructure Fund	4.5
GCM Grosvenor – WPP IFM Global Infrastructure Fund	7.5
GCM Grosvenor – WPP CBRE Infrastructure Fund	3.0
Russell Investments WPP Global Private Credit	20.0
Schroders Capital WPP Global Private Equity Fund	53.0

As part of the WPP, City & County of Swansea officers participate in the Responsible Investment (RI) Sub Group. The group meets twice a quarter and is responsible for progressing any RI related work streams.

More detailed information can be found in WPP's Annual Return which is published on the WPP website - <https://www.walespensionpartnership.org/>

Local Pension Board - Annual Report 2023/24

Introduction

In April 2016, the LGPS Scheme Advisory Board (SAB) was established as a statutory body, to encourage best practice, increase transparency and co-ordinate technical and statutory issues at national level. To assist each Pension fund achieve these standards each Pension Fund has a new Local Pension Board working to standard guidance set nationally.

In addition, 2015 saw the Pensions Regulator's (tPR) role extended from private sector pension to also cover public sector schemes. New procedures were introduced during the year to meet the requirements of the Pensions Regulator's Code of Practice, including the reporting of statutory and regulatory breaches such as late payment of contributions.

The purpose of the board is not to be involved in the day to day running of the Pension Fund but rather to assist the Administering Authority in the work carried out by the Fund and ensure that it complies with laws and regulations, including the requirements of the Pensions Regulator.

The Regulator has set clear standards which it expects Pension Funds to meet and will place reliance on the Local Pension Board to ensure these standards are met and that they assist the Pension Fund in continually improving its operations. Since the Board was established the Board has attended appropriate training to understand requirements of the role, including the specific requirements of the Pensions Regulator

Details of Membership

The Board consists of 6 members, 3 member representatives and 3 employer representatives. All members are unpaid volunteers. During 2023/24 the Board was made up of the following members :

Type	Status	Name	Organisation
Member	Current Chair 23/24	Mr Ian Guy (Chair)	Union nominated representative
Employer	Current	Cllr Ryland Doyle	City & County of Swansea
Employer	Current	Cllr Simon Knoyle	Neath County Borough Council
Employer		Vacant	
Member	2019 - 2023	Mr David White	Union nominated representative
Member	Current	Ms Rosemary Broad	Union nominated representative

Summary of 2023/24

During the year the Local Pension Board have reviewed the Pension Fund Committee Reports around:

- Breaches Reporting
- CCS PF Business Plan 2023/24
- Trustee Training
- Actuarial Valuation Results
- The 2022/23 Annual Report and Statement of Accounts
- The Wales Audit Office Audit Plan and the ISA 260 Audit Report
- Draft Funding Strategy Statement
- Investment Strategy Implementation Update
- Net Zero Journey Plan
- Admission Body Status
- Internal Control Assurance Reporting
- Pensions Dashboard – Preparedness & Resourcing
- Pension Administration Resources
- Wales Pension Partnership – Asset Pooling Updates
- Wales Pension Partnership – Annual Report & Accounts and Business Plan
- Quarterly Investment Managers Reports

Attendance at Meetings

The terms of reference for the Board state that there should be a minimum of 2 meetings per financial year. The Local Pension Board met on the following dates in 23/24 :

- 19th April 2023
- 25th July 2023
- 25th October 2023
- 5th January 2024

Attendance at the above meetings was recorded at 65% by the appointed Board members.

Skills & Development Activities

As the work of the Local Pension Board continues to develop, there is understandably a focus on training and skills and knowledge attainment.

Local Pension Board Member Training

At the meeting of the Local Pension Board on the 19th April 2023, The Chief Treasury and Technical Officer presented a report as part of the Business Plan

outlining the importance of member training. The training ensures compliance with the CIPFA Public Sector Pensions Finance Knowledge & Skills Code of Practice and the requirements for tPR.

Training Undertaken in the last 12 months as part of the Wales Pension Partnership Training programme included :

Date	Product Knowledge
June 2023	Private markets as an asset class – Property & Private Equity The Levelling Up Agenda
September 2023	Sustainable Investing at Robeco and RI within the WPP Sub funds
December 2023	Performance Reporting
March 2024	Department of Levelling Up, Housing & Communities (DLUHC) – Pooling Overview and Pooling Guidance

In addition, the following training was identified as appropriate training to be undertaken by members of the Local Pension Board :

- LGE (Local Government Employers) Trustee Fundamentals day 1, 2 & 3
- ESG training
- Pension Governance - the role of the Committee and the Board
- Pension Accounting & audit standards
- Actuarial valuation methodologies

Any other training identified by the Deputy Section 151 officer which is considered appropriate.

Budget

The Board agreed a budget of £6k per annum to assist with its operation.
In 2023/24 the Board incurred £2k in costs (includes Training).

Scope of Responsibility

- 1.1 The City and County of Swansea is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under Part 1 of the Local Government Act 1999 requires authorities to make arrangements to secure continuous improvement in the way they carry out their functions and have due regard to a combination of economy, efficiency, and effectiveness when exercising their functions. The Local Government and Elections (Wales) Act 2021 requires Councils to continually assess their performance and their effectiveness in their use of resources and governance.
- 1.2 In discharging this overall responsibility, the City and County of Swansea is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 The City and County of Swansea adopted a Code of Corporate Governance on 24 August 2017, which is consistent with the principles of the new CIPFA/SOLACE Framework '*Delivering Good Governance in Local Government 2016*'. A copy of the Code can be found on the Council's website.

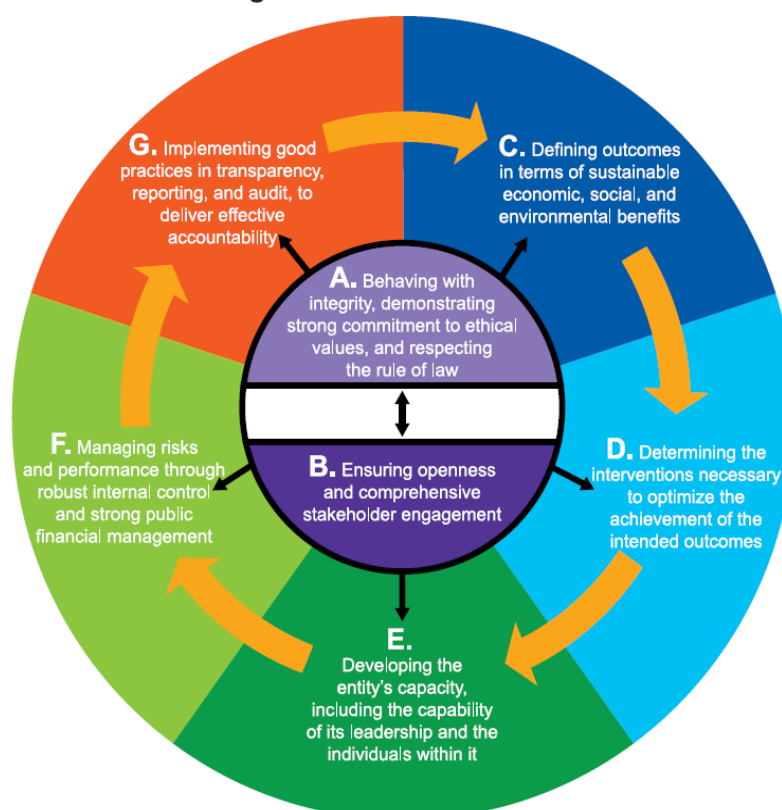
2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the City and County of Swansea throughout the year ended 31 March 2024 and up to the date of approval of the Statement of Accounts.

3. The Governance Framework

- 3.1 The Council has adopted a Code of Corporate Governance based on the "*Delivering Good Governance in Local Government*" framework published by CIPFA and SOLACE in 2016.

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



3.2 This Statement explains how the Council has complied with the Governance Framework and meets the requirements of the Accounts and Audit (Wales) Regulations 2014 (as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018). The Council aims to achieve a good standard of governance by adhering to the 7 key principles of the CIPFA/Solace 2016 Guidance.

3.3 The 7 key principles are:

- A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B) Ensuring openness and comprehensive stakeholder engagement.
- C) Defining outcomes in terms of sustainable economic, social and environmental benefits.
- D) Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E) Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F) Managing risks and performance through robust internal control and strong public financial management.
- G) Implementing good practices in transparency, reporting and audit to deliver effective accountability.

3.4 The application of the principles of good governance is summarised below which sets out supporting information for the 7 key principles.

- 3.5 **Note - although the impact from the pandemic had lessened during 2023/24, the issues set out within the Governance Statement have been materially affected by the COVID-19 pandemic. However, it should be noted that the Statutory Governance Chief Officers and CMT continued to maintain corporate grip to ensure that sufficient governance was maintained.**

Principle A

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Sub Principles:

Behaving with Integrity

- The behaviour and expectations of officers/members is set out in the Constitution, Officer and Member Code of Conduct and Protocol.
- The Monitoring Officer provides training on the code of conduct and ensures the highest standards of conduct by the authority, members and officers – including use of Council email protocol.
- The Standards Committee is responsible for monitoring and scrutinising the standards of Members.
- Member led authority principles with training to senior officers and Cabinet members.
- Compliance with a suite of policies/rules set out in the Constitution.
- The Constitution sets out requirements as to gifts and hospitality and there are regular reminders circulated to both officers and members.
- Adoption of Member Dispute Resolution Protocol.
- Officers/members declarations of interest.
- Officer Secondary Employment Policy.

How
do
this:

Demonstrating strong commitment to ethical values

- The Council's appraisal and recruitment system based on competencies, training and objectives underpin personal behaviours with ethical values.
- Commitment to working to promote high standards of performance based on the Nolan principles.
- Adoption of Welsh Government ethical ways of working.
- The Swansea Pledge.
- The Constitution contains comprehensive Procurement and Financial Procedure Rules.

we

Respecting the rule of law

- The Statutory officers and Members ensure compliance with legislative and regulatory requirements via a robust framework including the scheme of delegation, induction training, standing procedures and rules set out in the Constitution.
- Reports to Committees have legal/finance clearance.
- Robust Scrutiny and Call-In function.
- Robust audit challenge.
- External challenge from auditors, Ombudsman and other external agencies.
- The Monitoring Officer ensures the Council complies with statute and reports on any maladministration.
- An effective anti-fraud and corruption framework supported by a suite of policies i.e. whistleblowing.

Principle B

Ensuring openness and comprehensive stakeholder engagement

Sub Principles:

Openness

Engaging comprehensively with institutional stakeholders

Engaging stakeholders effectively, including individual citizens and

How we do this:

- The Council is committed to ensuring an open culture evidenced by open meetings and publication of agendas and minutes.
- A Forward Plan showing key decisions to be made by Council and Cabinet is published.
- There is appropriate Consultation and Engagement supporting the decision making process including annual budget consultation, co-production, engagement with trade unions and engagement with Disability and LGBTQ+ communities.
- There are Public questions at Council and Cabinet and Scrutiny meetings.
- Service Transformation Committees are open to the public.
- There is engagement with children and young people to meet the requirement of the UNCRC.
- There is pre-decision scrutiny of Cabinet decisions and Call-In procedure
- Corporate risks are published.

- The Council adopts a Team Swansea approach working as a whole Council and effectively engages with stakeholders to ensure successful and sustainable outcomes by:
 - targeting communications;
 - effective use of social media;
 - formal and informal meetings with key stakeholder groups i.e. External auditors, Welsh Government, Health board.
- The Council has an extensive range of partnerships to support the delivery of the Council's objectives including:
 - The Public Services Board.
 - The Safer Swansea Partnership.
- The Council has adopted the Community/Town Council Charter and facilitates the Community/Town Council forum meetings with the 24 Councils.

- The Council has appropriate structures in place to encourage public participation which is used to inform proposals and key decisions including:
 - A Consultation and Engagement Strategy.
 - A Co-production Framework.
 - "Have your Say" consultations on website.
 - Scrutiny invites stakeholder contributions and participation.
 - A Staff Survey with responses considered by CMT/Senior Management.
 - A Complaints Policy and Annual Report to assess organisational learning and change.
 - The appointment of Councillor Champions who provide a voice for under-represented groups.
 - An Integrated Impact Assessment to assess the equality, socio-economic and sustainability impacts on people with protected characteristics and future generations.

Principle C

Defining outcomes in terms of sustainable economic, social and environmental benefits

Sub Principles:

How we

Defining outcomes

- The Council has a clear vision which is set out in the Corporate Plan *Delivering a Successful & Sustainable Swansea* which prioritises 6 Well-being Objectives.
- Delivery of the Corporate Plan is monitored through the Council's Performance Management Framework with quarterly and annual performance monitoring by CMT/Cabinet.
- There is an Annual Performance Review.
- Annual Service Plans address the sustainability of service delivery along with key corporate priorities.
- There is monthly Performance and Financial Monitoring meetings held for each Directorate.
- There is a Corporate Risk Management Policy ensuring consistent application of risk registers and terminology and audit scrutiny.

do this:

Sustainable economic, social and environmental benefits

- The Council takes a long term and sustainable view and balances the economic, social and environmental impact of policies and plans by:
 - Medium Term Financial Planning covering 3 financial years approved annually by Council.
 - Refresh of the Corporate Plan annually
 - Annual service planning.
- The Council's Corporate Transformation Plan to modernise and transform the council to meet the longer term challenges and ensure sustainable provision of services.
- There is public and stakeholder engagement.
- Council has passed a motion on tackling the climate emergency and has set a target and means to achieve net zero carbon emissions by 2030, including expanding our fleet of green vehicles, increasing tree cover, installing solar panels and improving energy efficiency.

Principle D

Determining the interventions necessary to optimise the achievement of the intended outcomes

Sub Principles:

Determining interventions

Planning interventions

Optimising achievement of intended outcomes

How we do this:

- The Council ensures that decision makers receive objective and rigorous analysis of options with intended outcomes and risks by:
 - written reports from Officers;
 - report clearance by legal, finance and Access to Services officers;
 - embedding of impact assessment in decision making process;
 - clear option appraisals reflected in reports detailing impact, risk and any best value considerations.
- The results of consultation exercises are fully considered by decision makers with consultation responses set out in report.
- Consultation on budget proposals is extensive and includes roadshows with staff.
- The Council has a Corporate Risk Management Policy.

- The Council has established robust planning and control cycles covering strategic and operational plans, priorities and targets which is achieved through:
 - A timetable for producing and reviewing plans on an annual basis.
 - Working with a consultation and engagement strategy.
 - Quarterly and annual performance monitoring including achievement of national and local performance indicators.
- There is robust Medium Term Financial Planning.
- There is an Annual budget setting process in place including an extensive consultation exercise.

- The Council ensures the Medium Term Financial Strategy integrates and balances service priorities, affordability and other resource constraints by setting out any shortfall in resources and spending requirements in the context of service priorities.
- To ensure that the budget process is all inclusive there is regular engagement with members with robust scrutiny by Scrutiny Performance Panel.
- Corporate Transformation Plan.
- The Council ensures the achievement of “social value” through the effective commissioning of service in compliance with CPR’s e.g. Beyond Bricks and Mortar (community benefit clauses in council contracts).

Principle E

Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Sub Principles:

How we

Developing the entity's capacity

do this:

Developing the capability of the entity's leadership and other individuals

- The Council aims to ensure that Members and Officers have the right skills, knowledge and mind set to operate efficiently and effectively to achieve intended outcomes by:
 - adopting a comprehensive induction training programme for members and officers;
 - a Councillor Training Programme based on a Training Needs Assessment;
 - annual performance review of staff;
 - adoption of a mentoring scheme.
- Operational capacity is supported by the Transformation & Financial Resilience Council objective to help tackle rising demand and reducing revenue budget.
- The Organisational Development Strategy aims to develop the right staff with the right skills to work in a sustainable way.
- There is engagement with benchmarking groups such as APSE, CIPFA.
- There is collaborative and partnership working including the Public Service Board, Regional Partnership Board, Partneriaeth.

- Effective shared leadership and understanding of roles and objectives is supported by:
 - The Leader and Chief Executive have clearly defined leadership roles.
 - The Chief Executive Appraisal and Remuneration Committee have responsibility for the appraisal of the Chief Executive.
 - There has been member led training with both senior officers and cabinet members.
 - There has been a Scrutiny Training & Development Programme, delivered by the WLGA.
 - There are regular 1-2-1 meetings with the Leader, Cabinet members, Chief Ex, CMT and Heads of Service.
 - The Transformation and Future Council objective and the Organisational Development Strategy.
- The Constitution sets out the Scheme of Delegation which is regularly reviewed.
- Annual appraisal and performance review.

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Principle F

Managing risks and performance through robust internal control and strong public financial management

Sub Principles:

Managing risk

- Risk management is an integral part of decision making supported by:
- A Corporate Risk Management Policy with clear nominated officer responsibility.
- A risk register application.
- Monthly review of risks by CMT.
- Monthly review of Directorate Risks at PFM meetings.
- The publication of Corporate Risks allowing greater scrutiny.
- The Governance & Audit Committee regular review of risks (see paras 8.34 & 9)

Managing performance

- There are quarterly performance monitoring reports to Cabinet.
- Each Head of Service produces an Annual Service Plan setting out clear objectives and SWOT analysis of their service.
- There are regular reports as to performance indicators and milestones against intended outcomes.
- There is robust scrutiny challenge through pre decision scrutiny, inquiries, performance monitoring and Call-In.
- Monthly Directorate Performance and Financial Monitoring meetings.

Robust internal control

- CIA provides independent assurance on the adequacy of internal control through the IA plan approved by the Governance & Audit Committee.
- The Governance and Audit Committee provides independent assurance of the adequacy of the risk management framework, the internal control environment and the performance assessment of the Council.
- The Council is dedicated to tackling fraud and corruption and has an Anti-Fraud and Corruption Policy and Whistleblowing Policy
- The Governance & Audit Committee receives an annual report on the fraud function and Anti-Fraud Plan.
- The Internal Audit Plan is approved by Governance & Audit Committee.

Managing data

- The Council demonstrates effective safeguarding of personal data and information by:
 - The appointment of a Data Protection Officer.
 - The adoption of a Data Protection Policy.
 - An Information Governance Unit and Senior Information Risk Officer.
 - An information asset register
 - The Council is signed up to the Wales Accord for Sharing Personal Information (WASPI).
 - Data Protection training is mandatory.

Strong public financial

- The Council ensures both long term achievement of outcomes and short term performance through the delivery of the Medium Term Financial Plan.
- Financial management is integrated at all levels of planning and control by:
 - financial implications are included in all decision making reports;
 - there is a specific Corporate risk around Financial Control and MTFP owned by the S151 officer.

Principle G

Implementing good practices in transparency, reporting and audit to deliver effective accountability

Sub Principles:

Implementing good practice in transparency

Implementing good practices in reporting

Assurance and effective accountability

How we do this

- The Council aims to present understandable and transparent reports for both stakeholders and the public which is supported by:-
- - A Report Authors Protocol which ensures consistency in reports.
- - A Clear Writing guide for Officers.
- - All reports are signed off by Cabinet Member, legal, finance and Access to Services officers.
- - The Council has a Publication Scheme which is available on the website.
- - Where possible exempt reports are split so that the main report can be heard in public with confidential information being a separate exempt report.
- - Publication of delegated decisions.
- - Reports are published on the website and agendas are published in the Welsh Language.

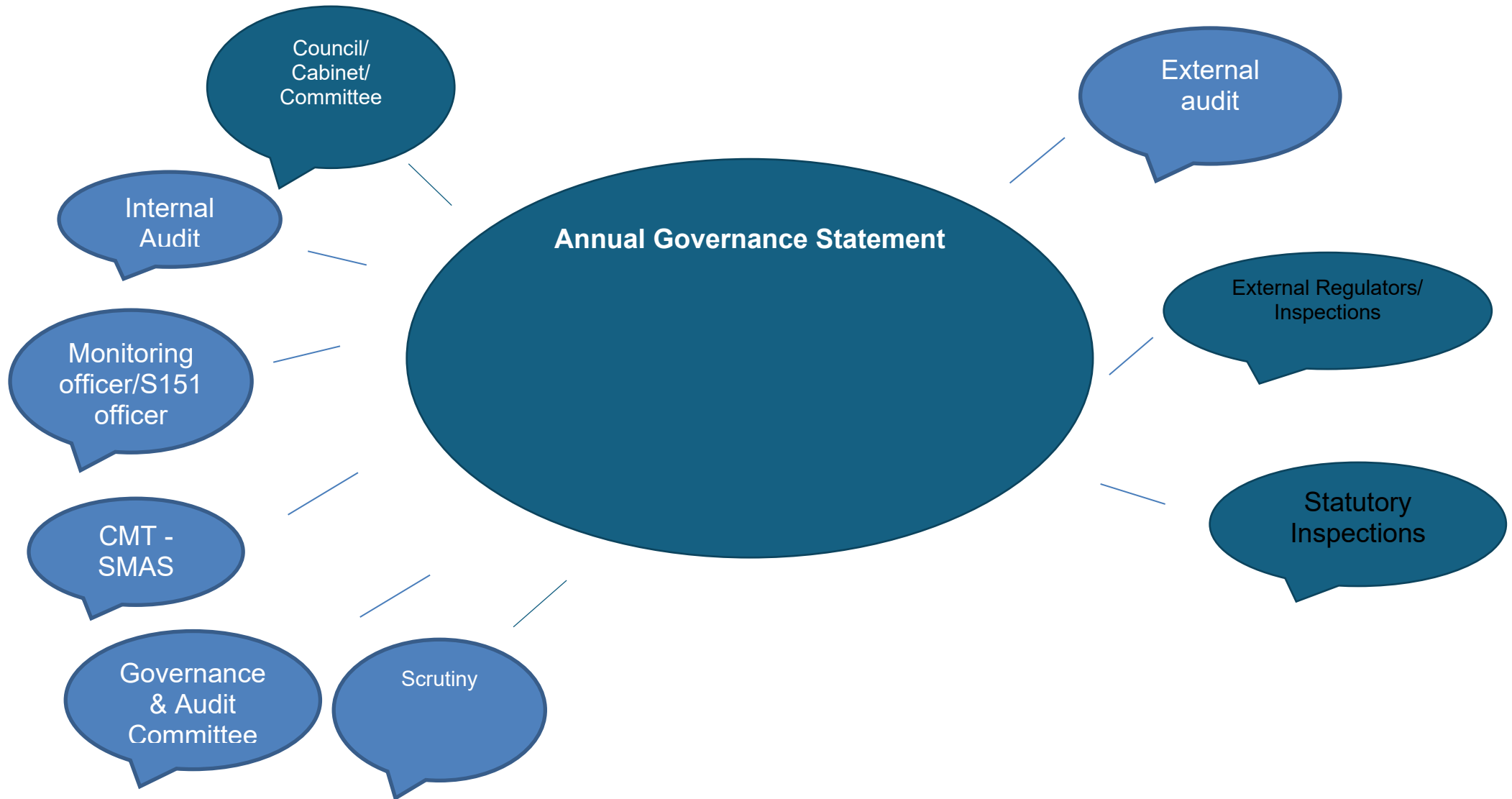
- The Council reports at least annually on performance as evidenced by:
 - Quarterly and annual reports to Cabinet on performance.
 - An annual Review of Performance report setting out how the Council has performed in meeting its Corporate Objectives and the performance duty.
 - The Annual Statement of Accounts audited by external auditor and approved by Council and published demonstrates how the Council has achieved performance, value for money and the stewardship of resources.
- Senior Managers complete Self-Assessment & Management Assurance Statements (SMAS) reflecting performance against governance, risk management and internal control. The SMAS contribute to the Annual Governance Statement.
- The Council have adopted the Code of Corporate Governance based on CIPFA framework.

- Through the assurance mechanisms set out below the Council can demonstrate effective accountability:
- The Internal Audit work plan provides assurance on the council's control mechanisms, risk management and governance arrangements which is monitored by the Governance & Audit Committee.
- All agreed actions from Internal Audit reviews are monitored.
- Reports and plans to implement Audit Wales, Estyn, CiW and Internal Audit recommendations reported (as relevant) to Scrutiny and Governance & Audit Committee.
- Peer Review and inspection from regulatory bodies and external compliance reviews which are reported to CMT/Cabinet and used to improve service delivery.
- Monitoring internal and external reviews providing assurance, strengthening governance.
- Assurance on risks associated with delivery of services through third parties is achieved by:
 - Commissioning and monitoring arrangements and compliance with Contract Procedure Rules.
 - SMAS reflect risk assessments in relation to partnership/third party working.

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Internal Assurance

External Assurance



4. Review of Effectiveness

- 4.1 The City and County of Swansea annually reviews the effectiveness of its governance framework including the system of internal control.
- (a) Statements from Corporate Management Team (CMT), Statutory Officers, the Internal Audit Manager and the Governance and Audit Committee.
 - (b) External organisations i.e. Audit Wales and regulators.
 - (c) Core evidence mapped to Council, Cabinet and Committees.
- 4.2 The following highlights the review of the governance framework in order to compile the Annual Governance Statement and sets out the assurance of CMT, officers and external organisations.

INTERNAL SOURCES OF ASSURANCE

5. Corporate Management Team/SMAS

- 5.1 The Senior Management Assurance Statements (SMAS) form part of the governance assessment framework. Through the SMAS each Director responds to 15 good governance statements covering:
- Risk Management.
 - Partnership/Collaboration governance.
 - Compliance with Policies/Rules/Legal & Regulatory requirements.
 - Programme and Project Assurance.
 - Budget Monitoring.
 - Planning and Decision Making.
 - Internal Control Environment.
 - Fraud & Financial Impropriety.
 - Performance Measurement & Management.
- 5.2 The Directors assess assurance using a 5-point maturity scale for their areas of responsibility ranging from “Not in place” to “Embedded”. Directors are expected to consult with their Heads of Service to support a directorate approach to each statement.
- 5.3 The assurance statements showed overall in 2023/24 that there were no categories that were deemed as being “Not in place” and 2 (3%) with “Limited Application” (Performance Reviews and Data Security). A small number 8 (11%) of categories were regarded as showing “Mixed Application”. These categories were: Compliance (3), Compliance Improvement (2); Future Generations & Equality (1); and Performance Reviews (2) These will be captured in the significant governance risks for 2023/24 where relevant. However, 42 (56%) demonstrated “Strong Application” and 23 (31%) were described as “Embedded”.
- 5.4 The Council established an Strategic Governance Group for the purpose of challenging the SMASs and assisting and overseeing the development of the Annual Governance Statement. The Group is chaired by the Interim Director

of Corporate Services and members include the Council's Section 151 Officer and Monitoring Officer, as well as the Strategic Delivery & Performance Manager and a member of the Governance & Audit Committee. The Chief Internal Auditor attends in an advisory capacity. The Strategic Governance Group met on 28th February 2024 to review the draft SMAS submitted by each Director. The Strategic Governance Group reviewed the revised SMAS and the draft Annual Governance Statement on 17th April 2024. The Significant Governance Issues for 2024/25 as identified by the Strategic Governance Group after reviewing the draft Annual Governance Statement are those set out below.

6. The Monitoring Officer

- 6.1 The Chief Legal Officer is the Monitoring Officer with a specific duty to ensure that the Council, Officers and Members maintain the highest ethical standards of conduct. The Standards Committee has the responsibility for monitoring the ethical standards of conduct and to deal with any breaches of the Code referred to the Committee by the Public Service Ombudsman (PSOW).
- 6.2 During 2023/2024 the Monitoring Officer was notified of 9 complaints relating to members conduct by the PSOW. The PSOW decided not to investigate all 9 of those complaints. In relation to complaints reported to the PSOW the Committee receive regular updates as to the status of complaints. Regular PSOW bulletins are circulated to all councillors as to Code of Conduct issues when issued.
- 6.3 The Local Government and Election (Wales) Act 2021 brought in new duties for Standards Committees and Group Leaders in Wales from May 2022. The Committee considered changes to their Terms of Reference on 9 March 2022 so as to comply with the legislation. Council approved the changes to the terms of reference on 24 May 2022.
- 6.4 The Chair presented the Standards Committee Annual Report 2022/23 to Council on 21 March 2023. The Report reflected the Committee's view that generally the conduct of members was high.
- 6.5 In March 2024, the Standards Committee interviewed the Leaders of the Opposition Groups. The discussion with group leaders focused on their new duties under the legislation and how they would meet that duty. The Monitoring Officer is therefore of the view that the Authority is in a good position to comply with the new legislative requirements.
- 6.6 The Monitoring Officer has not had to issue any statutory Section 5 Local Government and Housing Act 1989 reports during 2023/24.
- 6.7 Members and co-opted members are required to register their personal interests in any business of the authority and to comply with the rules set out in the Members Code of Conduct. Members must also comply with the rules around Gifts and Hospitality.

- 6.8 All staff are required to disclose any personal interests which actually or potentially conflict with their duties to the council and to register any secondary employment.
- 6.9 Significant amendments have been made to the Council Constitution during the period 2023/24. These include amendments to Public Questions, amendments to the Councillor/Councillor Dispute Resolution Protocol (building on the duty of Group Leaders to maintain the highest ethical standards within their group), amendments to the Officer/Councillor Relations Protocol, amendments to the Scheme of Delegation, the creation of a Petitions Committee and changes to the Terms of Reference of the Constitution Working Group. The Constitution will be further reviewed in 2024/25 and further changes progressed.

7. The S151 Officer

- 7.1 Quarterly **Financial Monitoring Reports** were presented to Cabinet throughout 2023/24. The third quarter report identified a net £1.507m of shortfall in service revenue budgets and an exceptional £15m equal pay provision. Offsetting actions were projected available to reduce the overspend to a residual £3.284m, which the S151 officer continued to strongly advise Cabinet had to be eliminated in full to avoid otherwise destabilising the 2024/25 budget round. Even if balancing back to budget, substantial draws from reserves and schools reserves was clearly inevitable and not sustainable longer term.
- 7.1.1 The current indication is that, for 2023/24, and for 2024/25 there needs to be continued targeted mitigating action and delivery of savings proposals to help reduce the overall overspend or likely future overspends. It looks inevitable major some significant draws from contingency and earmarked reserves will be needed to achieve a fully balanced budget for the year but this was somewhat anticipated throughout the year. Any inroads to net spending will reduce the necessary draw from reserves and preserve the amount of reserves available to carry into 2024/25 and the anticipated need for a repeat of the mitigation strategy given our biggest cost driver, local government and teacher pay, remains far from resolved, agreed or fully funded, once again.
- 7.2 A verbal **Mid Term Budget Statement 2023/24** was presented to Council in December 2023 given the substantially delayed settlement. The written report on the **Review of Reserves** was presented to Council on 07/12/2023, which provided a strategic and focussed assessment of the current year's financial performance and an update on strategic planning assumptions over the next 3 financial years.
- 7.2.1 The conclusion of the Statement was that the Council could potentially struggle to deliver within the overall resources identified to support the budget in 2023/24 and beyond unless the local government settlement was continued to be permanently much enhanced and preferably routinely multi-year. Neither continued to materialise regrettably, the settlement being held at an average of just over 3%, one off, and the outlook worsening. The likely projected

outturn was dependent upon the ability of the Council to reduce and restrict ongoing expenditure across all areas, its continued reliance on active capital financing strategies to maximise the short-term savings to enable the capital equalisation reserve to be bolstered for the medium to long-term recognising the major future capital commitments already irrevocably made by Council decisions on the size of the capital programme and associated borrowing.

- 7.2.2 The Revenue and Capital Budgets were approved by Council on 06/03/24. They continued to set out an ongoing ambitious programme of approved capital spending plans and future capital spending plans (partly financed by the Swansea Bay City Deal but predominantly by unsupported borrowing now fully externalised at fixed rates for up to 50 years de-risking general fund exposure to future interest rate movements) which would require modest budget savings to be delivered to help facilitate that major capital investment and economic regeneration stimulus. Future capital spending plans of up to a further £50m are nominal only at present and require financing from capital borrowing and revenue headroom to be yet created with only a temporary and interim reserve funding solution. These plans are likely to still be affected by ongoing ripple effects of COVID-19 and much wider economic aftershocks. It remains entirely unclear as to the scale of additional spending, the loss of income, and the funding arrangements for reimbursement in part, or in full, that the Authority faces in responding both locally, with partners, and supporting the national strategic response to COVID-19 and the economic outlook.
- 7.2.3 The impact will be very financially material on the delayed 2023/24 accounts but the prioritisation of the response to COVID-19 and wider economic crises may have impaired our ability to fully prepare the accounts to our normally exceptionally high standards (and timeliness) in line with accounting standards. Any necessary deviation caused will be disclosed separately throughout these accounts.
- 7.3 The **Medium-Term Financial Plan 2025/26 – 2027/28** was approved by Council on 06/03/2024. The Plan outlined the range of options around funding faced by the Council over the period, the key reliance on the scale and value of future local government finance settlements and the strategy to be adopted to address the various scenarios as well as the inherent risks to the success of the adopted strategy.
- 7.3.1 All spending and funding assumptions were set in a challenging outlook for public. Whilst the Authority will consider future spending plans in line with projected funding announcements there is no indication at present that any of the assets of the Authority may be impaired as a result of a need to close facilities and reduce the level of service provision.
- 7.4 Each Corporate Director held monthly **Performance and Financial Monitoring** meetings where Chief Officers and Heads of Service reported on progress in terms of continuous improvement and budgets.

- 7.5 **Audit Wales Annual Audit Summary 2023.** Audit Wales provided their opinion on the financial statements which was an unqualified opinion. Their report outlined their continuing challenges in delivering the audit within their original timetable and deadlines resulting in the accounts not being formally presented for audit until October 2023. Overall, Audit Wales said that the quality of the draft statements presented for audit was generally good.
- 7.5.1 Audit Wales reviewed the arrangements the Council has put in place to secure value for money in the use of its resources. Their work was focussed on the Council's arrangements for setting its well-being objectives and service user perspectives and outcomes on the use of performance information. The outcome from the work on setting well-being objectives was reported to the Service Improvement, Regeneration and Finance scrutiny panel on 17th October 2023 and Governance & Audit Committee on 6th December 2023. The report on the use of performance information will be reported to the scrutiny panel and Governance and Audit Committee in the 2024/25 municipal year. Audit Wales also carried out studies on the progress the Council is making around its Transformation Programme, on the Council's Digital Strategy and on the Council's arrangements for managing its workforce and assets. The outcome from this work was reported to the Service Improvement, Regeneration and Finance scrutiny panel and Governance & Audit Committee during 2023/24, except for the work on assets; this will be reported in the 2024/25 municipal year.
- 7.6 The Council is the Administering Authority for the City and County of Swansea Pension Fund (the Pension Fund) and Swansea Bay Port Health Authority (SBPHA). The governance arrangements detailed in this Annual Governance Statement apply equally to the Council's responsibilities to the Pension Fund and SBPHA. There are further specific requirements for the Pension Fund which are to produce:
- Investment Strategy Statement.
 - Governance Compliance Statement
 - Internal Dispute Resolution Process.
 - Funding Strategy Statement.
 - Administration Strategy Statement.
 - A full actuarial valuation to be carried out every third year.
 - Communications Strategy Statement.
- 7.6.1 In 2023/24, the SBPHA continued to operate its revised model of service delivery.

8. Chief Auditors Opinion

- 8.1 Systems of internal control are designed to help the Council manage and control the risks which could affect the achievement of the Council's objectives. However, it is not possible to eliminate all risks completely.
- 8.2 As a result, Internal Audit can only provide 'reasonable' assurance that the systems of internal control within the areas of the Council reviewed are operating adequately and effectively.
- 8.3 The Internal Audit Section awards an assurance level for all audits undertaken. The basis used for each level of assurance is shown in Appendix 6.
- 8.4 The table below provides a summary of the assurance levels awarded to the audits completed in 2023/24:

Audit Assurance Results 2023/24		
Total Number of Audits Finalised	62	
Assurance Level	Number	%
High Assurance	26	42
Substantial Assurance	30	48
Moderate Assurance	5	8
Limited Assurance	1	2

- 8.5 As can be seen in the table above, the outcome of 56 of the 62 audits completed (90%) was positive with the audits being awarded either a High or Substantial assurance level.
- 8.6 Five audits received a Moderate level of assurance in the year. A summary of the key issues that resulted in the Moderate assurance level being awarded were presented to the Governance & Audit Committee as part of the Chief Auditor's Quarterly Monitoring Reports, together with the outcome of the follow-up reviews undertaken to assure the Committee that action has been taken by management to address the issues identified. One audit received a Limited level of assurance.
- 8.7 In total there are 14 audits which are classed as Fundamental audits. The Fundamental audits are the core financial systems that are considered to be so significant to the achievement of the Council's objectives that they are audited either annually or bi-annually. Following the audits completed in 2023/24, 10 of the 14 Fundamental audits were awarded a High level of assurance and 3 were awarded a Substantial level of assurance (Accounts Payable, Business Rates and Employee Services).
- 8.8 The Accounts Receivable Fundamental audit was awarded a Limited assurance level in 2023/24. This audit has received a Moderate level of assurance in the previous five financial years. The Governance & Audit Committee has received several updates from the relevant managers within

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the service in relation to the work that is ongoing to address the issues that have been identified. The Committee will continue to receive updates on this during 2024/25 as required.

- 8.9 It is disappointing that the Accounts Receivable audit received a Limited assurance level in 2023/24, which indicates a worsening performance from the previous Moderate assurance level awarded. As detailed in previous updates to the Governance & Audit Committee from the service management, the reasons for the weaknesses identified in this audit have primarily been caused by a reduction in staff resource. However, our most recent audit also revealed that the introduction of the new Fusion financial system had resulted in an increase in the amount of manual 'workarounds' that the team have had to introduce to maintain business as usual. This has resulted in an increase in workload and reduced efficiency within the service. As noted in previous annual reports, continuity, and maintenance of core grip with changing, and often diminishing resources is recognised as a clear challenge across the Council, and this continued to be the case in 2023/24.
- 8.10 Despite this, and as stated previously it should be noted that of the 14 Fundamental audits, 10 have been awarded a High assurance level and 3 have been awarded a Substantial assurance level at the time of completion of the last audit. In addition, the results of the work undertaken in 2023/24 shows that 90% of all audits completed in year were awarded either a High or Substantial assurance level. This provides reasonable assurance that the systems of internal control are operating effectively across the Council.
- 8.11 The Internal Audit Team has continued to operate in a very challenging environment throughout 2023/24. Approximately 360 days were lost to sickness absence and vacancies. However, I wish to express my gratitude the Internal Audit Team who have worked tirelessly throughout the year to complete as much of the audit plan as possible.
- 8.12 The Audit Plan for 2023/24 contained 116 separate audit activities. As at 31 March 2024, 89 audit activities (77%) had been completed, with three additional activities (2%) substantially complete with a draft report issued. As a result, 92 activities had been completed to at least draft report stage (79%). An additional 12 activities were in progress at year end (10%). As a result, approximately 89% of the audit activities included in the 2023/24 Audit Plan had either completed or were in progress at year end. This is a very positive result given the resources available in the Team during the year. It is also pleasing to note the overall positive outcomes of the work that has been completed in year as highlighted above.
- 8.13 Throughout the year, a significant amount of effort has continued to be directed at further strengthening the systems of risk management across the Council. The Governance & Audit Committee has received regular update reports from the Strategic Delivery & Performance Manager outlining the status of risks from the Corporate Risk Register. The Corporate Management Team and Risk Owners have also reviewed the

risk register entries regularly throughout the year to ensure the registers are up to date. The new Risk Management System has also been further embedded in the year which has continued to improve the monitoring and control of risks. The Director of Corporate Services has advised the Committee that a new Risk Management System is due to be implemented in 2024/25 in conjunction with a refreshed Risk Management Policy. Progress update reports from the Strategic Delivery & Performance Manager will continue to be received by the Governance & Audit Committee throughout 2024/25 to ensure appropriate scrutiny of the risk management arrangements continues going forward.

- 8.14 At the time of writing this opinion, it is unclear as to the scale of additional spending the Council faces, from persistent relatively high service inflation across revenue and capital and demands on our services whilst also still in the midst of a cost-of-living crisis. The Director of Finance & Section 151 Officer has advised that his view is that there is adequate assurance of sufficient budget cover for 2024/25, but the future budget outlook remains extremely challenging in real terms.
- 8.15 As noted previously in the report, five moderate and one limited audit report were issued in the year. The agreed actions for these reports will be monitored to further strengthen governance. This is comparable to 2022/23 where six moderate audit reports were issued. With the Council continuing with its fundamental transformation programme and the implementation of the new Fusion system, coupled with ongoing resource and capacity issues across departments, some deterioration of governance and management controls is to be expected in pockets of the organisation. However overall, the work undertaken by the Internal Audit Team in the year did not uncover any significant concerns in relation to governance and overall management control across the areas of the Council that were subject to internal audit review that would materially weaken the Chief Auditor's overall opinion. It should also be noted that there are robust follow-up procedures in place to monitor the implementation of the recommendations made in internal audit reports, with Governance & Audit Committee oversight.
- 8.16 Given the completion rate of the 2023/24 Audit Plan noted previously, and the fact that the Internal Audit Team has completed all but one of the planned Fundamental audits in year, in addition to completing all but one of the planned tier one cross cutting reviews, the Chief Auditor feels that no impairment to the Chief Auditor's opinion is required. Assurance can be provided across a range of Council services as a result of the audits completed and other assurance work undertaken in the year.
- 8.17 In addition, for the reasons set out previously, the Chief Auditor is of the opinion that governance and risk management arrangements across the Council have proven to be robust and effective throughout 2023/24.
- 8.18 However, it should be highlighted that the Council continues to face several operational challenges following the decommissioning of the Oracle R12 system and the implementation of the new Oracle Fusion system. As noted

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following the Accounts Receivable audit in 2023/24, Officers in a range of services are currently having to implement manual workarounds to continue business as usual, which is reducing efficiency. The Director of Corporate Services assured the Governance & Audit Committee in March that the relevant Officers are working closely with the third-party IT Consultants to implement customised processes within Fusion so that the manual workarounds would no longer be required.

- 8.19 In addition, following implementation of the Fusion system the Council has experienced a number of technical issues in relation to the integration of some existing systems with Fusion. The Corporate Management Team has appropriately identified this as a risk and as such this has been captured and documented on the Corporate Risk Register.
- 8.20 The Council's External Auditors, Audit Wales, are due to commence a review of the implementation of the Fusion system and any ongoing system issues that are being experienced. It is envisaged that a summary of the outcome of the review will be provided to the Governance & Audit Committee in due course. At this point, it is not possible to fully evaluate the full impact of the operational and technical issues arising across the organisation following the Fusion system roll-out.

8.21

Chief Auditors Opinion for 2023/24

Based on the programme of audit work undertaken in 2023/24, the Chief Auditor's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control is effective with no significant weaknesses identified in 2023/24 which would have a material impact on the Council's financial affairs or the achievement of its objectives.

However, the Council is aware that the implementation of the Oracle Fusion System has resulted in a number of operational and technical issues, which has required manual workarounds to be implemented in some services to allow business to continue as usual. The manual workarounds pose a potential risk to council operations and controls, the extent to which is currently undetermined. It is envisaged that as the Council works closely with the software provider to implement solutions to the issues identified, the need for such manual workarounds will diminish in 2024/25.

9. The Governance & Audit Committee

- 9.1 On 14th June 2023 the Governance & Audit Committee considered the election of Chair for 2023/24 Municipal Year where it was resolved that Paula O'Connor be elected Chair. At the same meeting Councillor P R Hood-Williams was elected Vice-Chair for the 2023/24 Municipal Year.

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- 9.2 At the July 2023 meeting Committee were informed that Mr Phil Sharman, Lay Member, had submitted his resignation. The Committee recognised the work and value that Mr Sharman had given and wished him well for the future. The Committee were also informed that the Council would reconsider the membership of the Governance and Audit Committee with the option of reducing the membership from 15 to 12 members thus maintaining the one third two third requirements of the Local Government and Election (Wales) Act. This was agreed by Council on 7th September 2023.
- 9.3 In addition, Cllr Lesley Walton was elected by the Governance & Audit Committee to be the Representative on the Council's Strategic Governance Group. This Group ensures that the Annual Governance Statement is complete and accurate and is in harmony with the work of the Governance & Audit Committee. The draft Annual Governance Statement will be presented together with this Annual Report of the Governance & Audit Committee at a future meeting early in 2024-2025.
- 9.4 The Local Government and Election (Wales) Act requires careful co-ordination between Governance & Audit Committee and the Scrutiny Committee. To aide this, the Work Programme of both Committees are appended to every meeting of the Governance & Audit Committee. Also, a number of Elected Members are members of both Committees.
- 9.5 The Chair also attends Scrutiny Work Planning Committee (13th June 2023) and will be attending Scrutiny Planning Committee in May 2024 to discuss the Governance & Audit Committee work and Annual report.
- 9.6 Similarly, arrangements are in place to ensure that the Council's Performance Annual Report is brought to the attention of the Governance & Audit Committee. The Committee considered the draft 2022-23 Annual Report at its meeting on 13 September 2023 following scrutiny by the Service Improvement, Regeneration and Finance Scrutiny Panel early in September 2023.
- 9.7 A formal Training Programme was agreed to ensure the Committee Members understand their roles and responsibilities. The Committee's Training Programme includes Performance Management and the refreshed Risk Management Framework. This also provides a clear understanding of the roles of the Committee and its relationship with Performance and Scrutiny.
- 9.8 The Chair of the Governance & Audit Committee thanks all Elected Members of the Committee and Lay Members for serving on the Committee. All meetings have been well attended and all members have been fully engaged to ensure the Committee remains as effective as possible. The Chair also thank Officers who have professionally supported the work of the Committee with appropriate information.

- 9.9 Looking forward to 2024-25 it is anticipated that the challenges facing the Council, public services as well as the Community will be significant. The importance of assurance and challenge will remain critical as the Committee discharges its responsibilities.
- 9.10 In October 2023 the Chair attended the All-Wales Chairs Network to ensure the greatest benefit of sharing knowledge and good practice is gained. In May 2024 the Chair will also be attending an Audit Wales Seminar where further insight will be gained in ensuring effective and efficient Governance & Audit Committees.

EXTERNAL SOURCES OF ASSURANCE

10. External Auditors

- 10.1 Audit Wales provided their opinion on the financial statements which was an unqualified opinion. Their report outlined their continuing challenges in delivering the audit within their original timetable and deadlines resulting in the accounts not being formally approved until October 2023. Their report concluded that the quality of the draft statements presented for audit was generally good. The Auditor General gave an unqualified true and fair opinion on the Authority's financial statements on 25 March 2024.
- 10.2 Audit Wales reviewed the arrangements the Council has put in place to secure value for money in the use of its resources. Their work was focussed on the Council's arrangements for setting its well-being objectives and service user perspectives and outcomes on the use of performance information. The outcome from the work on setting well-being objectives was reported to the Service Improvement, Regeneration and Finance scrutiny panel on 17th October 2023 and Governance & Audit Committee on 6th December 2023. The report on the use of performance information will be reported to the scrutiny panel and Governance and Audit Committee in the 2024/25 municipal year. Audit Wales also carried out studies on the progress the Council is making around its Transformation Programme, on the Council's Digital Strategy and on the Council's arrangements for managing its workforce and assets. The outcome from this work was reported to the Service Improvement, Regeneration and Finance scrutiny panel and Governance & Audit Committee during 2023/24, except for the work on assets; this will be reported in the 2024/25 municipal year.
- 10.3 Audit Wales on behalf of the Auditor General for Wales presented the **Audit of Financial Statements Report 2022/23** to Governance & Audit Committee on 14/3/24 and to Council on 21/3/24. The report highlighted any significant issues to those charged with governance that needed to be considered prior to the approval of the financial statements. The Auditor General issued an unqualified audit report for the financial statements. The report concluded that the financial statements for the City & County of Swansea and the City and County of Swansea Pension Fund, (which was previously presented and approved separately to the Pension Fund Committee on the 15/11/23), gave a

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true and fair view of the financial position of the Council and the Pension Fund 2022/23 had been properly prepared.

11. Statutory external inspections/regulators

- 11.1 The Council was subject to several external inspections by regulators during 2023/24. These are summarised in some detail in Appendix A.

CORE EVIDENCE

12. Council & Cabinet

- 12.1 The following provide assurance based on reports covering 2023/24. In some instances, reports from 2022/23 are reflected in the Annual Governance Statement as the reports for 2023/24 are not yet available.
- 12.2 A new 5-year Corporate Plan for 2023/28 was adopted at Council on 30th March 2023. The Corporate Plan sets out the Council's values and principles underpinning the delivery of its six well-being objectives and sets out how the Council will monitor progress through quarterly and annual performance monitoring reports and the Annual Review of Performance, which is the Council's annual self-assessment and well-being report. Council approved on 21st March 2024 following an annual review that the Council's well-being objectives remain unchanged for 2024/25.
- 12.3 Performance on delivery of the Council's well-being objectives is monitored quarterly by Cabinet. The reports contain outturn compliance with performance indicators and an overview of performance for each Objective provided by Directors/Heads of Service. The End of Year Performance Monitoring Report for 2022/23 was presented to Cabinet on 20th July 2023. The report showed that 56.4% of comparable indicators showed improvement or stayed the same compared to the previous year and 69.4% met or bettered their targets.
- 12.4 The Annual Review of Performance 2022/23 was approved at Council on 9th November 2023. The Annual Review of Performance 2022/23 meets the statutory requirements to publish an annual self-assessment report and annual well-being report under Part 6 of the Local Government & Elections Act (Wales) 2021 and Well-being of Future Generations (Wales) Act 2015 respectively. The report showed the results of each performance measure for the 6 well-being objectives set out in the Corporate Plan. The results showed that the Council made strong progress delivering its functions and making effective use of its resources and that there were strong prospects for improvement for four of the Council's six well-being objectives, although mixed prospects for the Safeguarding People from Harm and Transformation & Future Council objectives.
- 12.4.1 The Service Improvement, Regeneration and Finance Scrutiny Performance Panel and the Governance & Audit Committee met to discuss the Annual Review of Performance 2022/23 on 5th September 2023 and 13th September

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2023 respectively. The following proposals for improvement that the Governance & Audit Committee identified were fully implemented in the 2022/23 Review:

- Reviewed the methods and methodologies for assessment in parts 1, 2 and 3 of the Review.
- Linked the performance and risk assessments for 2022/23.
- Recognised and made improvements within the report around stronger analysis. This will be addressed as an ongoing area for improvement.
- Improved the correlation between parts 1, 2 and 3 of the Review, ensuring that the different parts of the assessment are congruent and there is some cross-over between them, although with differing emphasis.
- Improved the links between consultation engagement / stakeholder reference.

12.5 The Annual Complaints Report 2022-23 was presented to the Governance & Audit Committee on the 28th February, Corporate Briefing on the 6th March, Child & Family / Adult Services Scrutiny Performance Panel on the 12th March, and Scrutiny Programme Committee on the 19th March. In addition, the Ombudsman's annual report was presented to Cabinet on the 19th October and Governance & Audit Committee on the 25th October. The Annual Complaints Report reflects the continued emphasis on prompt resolution of complaints and includes compliments about services. Some Ombudsman complaints can carry across different financial years. 99 Ombudsman complaints were closed in 2022-23, of the 99 complaints received and closed, only ten complaints required intervention. All of these reached an early resolution / voluntary settlement and these related to:

- Eight Corporate Complaints including: the Contact Centre (1), Housing Repairs (4), Rats (1), Council tax (1), and Housing (1)
- Two Social Services including: Child and Family (1), Adult Services (1).

12.5.1 There were no s16 Public Interest reports during the year.

12.6 The Governance & Audit Committee Annual Report 2022/23 was presented to Council on 7 September 2023 and outlined the assurance the Committee had gained over control, risk management and governance from various sources over the course of 2022/23. In particular, the report highlighted the work that had been undertaken throughout the year in line with the Committee's terms of reference.

12.7 The Annual Equality Review 2022/23 was reported to Cabinet on 18th January 2024, which highlighted progress against the Council's Strategic Equality Objectives. The report concluded that good progress had been made in the delivering of the Strategic Equality Objectives and the Strategic Equality Plan. The Strategic Equalities and Future Generations Board continued to provide strategic direction and oversee the implementation of the plan. The report outlined a summary of some of the successes and their impact and some of the challenges that need to be addressed in the year ahead.

- 12.8 The Council continued to promote the Welsh Language in 2023-24 and sought to strengthen its compliance with the Welsh Language Standards across the five categories. The introduction of the new Oracle Fusion system facilitated an increase in the number of employees reporting to have some Welsh language skills. A review has been undertaken of the Council's Staffnet and website pages to ensure the content is compliant and we have monitored our Integrated Impact Assessment compliance. We have translated all relevant staff policies and reviewed HR correspondence templates to ensure compliance with the standards. In 2023-24 the Council's first Welsh Language strategy was also reviewed and work began on a new Welsh Language Promotion Strategy. The 2023-24 Welsh Language Annual Report will be published before 30 June 2024 in line with the Welsh Language Standards.
- 12.9 There were a number of key reports presented to Cabinet/Council during 2023/24 including reports relating to Successful and Sustainable Swansea Corporate Transformation Plan, Vulnerable Learners Service Inclusion Strategy, Swansea Destination Management Plan 2023-2026, Co-production Policy amongst others.
- 12.10 In April 2023 the Cabinet approved the Successful and Sustainable Swansea Corporate Transformation Plan. The Plan outlines twelve distinct transformation programmes as shown in the diagram below.



12.10.1 The twelve programmes represent the most important and significant changes that the council needs to make over the next five years and include service specific transformation, such as a future waste strategy, as well as several cross-cutting programmes, like digital transformation, that will impact all areas of the council's business. While the twelve programmes are distinct, they are all inter-related and bringing them together in a single plan will ensure we make the most of the connections between them. Having a clearly articulated transformation plan is helping to maintain an overview and focus on the most critical elements of the corporate plan.

12.10.2 Each programme has formal governance arrangements in place with Cabinet Member oversight, a Director level sponsor and the relevant Head of Service leading the operational delivery. Delivery of the plan is overseen by a Transformation Delivery Board. A Cabinet / CMT Transformation Board provides the strategic direction and oversight and agrees any changes to it over time, A formal progress report is also provided to Cabinet annually.

13. Committees

13.1 The Council's Scrutiny function is carried out by a **Scrutiny Programme Committee**, which delivers an agreed programme of work through Committee meetings and through **Scrutiny Panels and Working Groups** established by the Committee. Through this range of activity, Scrutiny councillors make sure

the work of the Council is accountable and transparent, effective and efficient, and help the Council to achieve its objectives and drive improvement, by questioning and providing challenge to decision-makers on issues of concern. This covers a wide range of policy, service and performance issues. The Committee is a group of 10 cross-party councillors who organise and manage what Scrutiny will look at each year, and develop a single work programme showing the various topics of focus and activities that will be carried out. The Committee has questioned Cabinet Members on specific portfolio responsibilities and is the statutory Committee for Scrutiny of Swansea Public Services Board and Crime & Disorder Scrutiny. It also co-ordinates pre-decision scrutiny enabling consideration of specific Cabinet reports and views being brought to the attention of Cabinet ahead of decision-making.

- 13.2 Over the last year the work of Scrutiny has included an in-depth Scrutiny inquiry examining the issue of Anti-Social Behaviour, with the key question: How can the Council ensure that it is working with its partners to appropriately and effectively tackle Anti-Social Behaviour in Swansea? In order to ensure ongoing monitoring and challenge to key service areas there have been regular meetings of Scrutiny Performance Panels, looking at Education, Adult Services, Child & Family Services, and Climate Change & Nature, as well as one looking at Service Improvement, Regeneration & Finance focusing on corporate performance and financial monitoring, budget scrutiny and the Council's development and regeneration activity. One-off Scrutiny Working Groups met to consider the following topics: Public Rights of Way and Customer Contact, and others are planned including a look at Community Growing. There has also been collaborative Scrutiny with other Local Authorities for topics / issues of shared interest or concern, and models of regional working: Partneriaeth, Swansea Bay City Region City Deal, and South West Wales Corporate Joint Committee. There are also clear processes in place for members of the public to raise issues for Scrutiny, or ask questions and contribute views on matters being discussed. A number of public requests were considered over the past year.
- 13.3 Views and recommendations from Scrutiny activities are communicated either by reports to Cabinet or letters sent directly to individual Cabinet Members, with responses provided as requested and followed up. The practice of writing 'Chair's letters' is a well-established way of communicating quickly with Cabinet Members, and letter and responses are monitored to ensure Scrutiny is getting a timely response.
- 13.4 The **Scrutiny Annual Report 2022/23** was presented to Council on 5th October 2023. The report reflected on the first year of the 2022/2027 Council term and work carried out, showing how Scrutiny has made a difference and supported continuous improvement for the Scrutiny function.
- 13.5 Although Scrutiny and Audit have distinctive roles, there are common aims in terms of good governance, improvement in performance and culture, and financial management, and so a regular conversation is held which helps to ensure we are working together effectively. The Chair of the Scrutiny Programme Committee addressed the Governance & Audit Committee on this

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in October 2023 and the Committee also plans to hear from the Chair of the Governance & Audit Committee, at the Scrutiny Programme Committee in May 2024. This arrangement makes sure there is good awareness of each other's work, avoiding duplication and gaps in work programmes, and the ability to refer issues between Committees.

- 13.6 The **Standards Committee** met on 4 occasions during 2023/24 and the **Standards Committee Annual Report 2022/23** was presented to Council on 21 March 2024. The Committee is chaired by an independent person and is responsible for monitoring the ethical standards of the authority and maintaining the highest standards of conduct by elected councillors. The Committee has been updated as to their new duties under the Local Government and Elections (Wales) Act 2021 and has been consulted on both the statutory guidance in relation to the new duty and their new terms of reference. During 2023-2024 the Committee met with the 3 out of 4 of the political group leaders to discuss with them how they intend to discharge their new duties to ensure the highest ethical standards within their group. The Leader of the Council will meet with the Standards Committee in 2024-2025. Further informal discussions between the Group Leaders and the Standards Committee are ongoing.
- 13.7 The **Governance & Audit Committee** met on 9 occasions up to 10 April 2024, during the 2023/24 Municipal year and followed a structured work-plan, which covered all areas of the Committee's responsibilities with the aim of obtaining assurance over the areas included in its terms of reference. The membership of the Governance & Audit Committee at the start of the 2023/24 Municipal Year consisted of 5 Lay Members and 10 Non-Executive Councillors elected by Council. Lay Members are appointed for no more than two administrative terms with Council Members reappointed annually. The membership reduced to 4 Lay Members and 8 Non-Executive Councillors in September 2023. The Committee receive all Audit Wales reports once reported to Scrutiny Programme Committee. The Committee may decide to track or prioritise specific proposals or recommendations in addition to the oversight provided by Scrutiny. This arrangement provides additional assurance that the Council responds and puts in place action plans to address any recommendations. The Committee also receives quarterly updates on the overall status of risk within the Council to give assurance that the risk management process is being followed.
- 13.8 The **Pension Fund Committee** establishes and keeps under review policies to be applied by the Council in exercising its obligations duties and discretions as an administering Authority under the Local Government Pension Scheme (LGPS) Regulations and is the delegated decision making body in respect of the Council in respect of all strategic pension matters. The Committee is Chaired by a Councillor and membership consists of six elected Members, including the Chair, and two co-opted members representing other employers in the scheme and a member representative. The Committee met on 4 occasions during 2023/24, and dealt with all issues relating to investment matters, governance and administration of the Pension Fund as outlined in its terms of reference. The Chair of the Pension Fund Committee also represents

the Council on the Joint Governance Committee (JGC) of the Wales Pension Partnership (WPP), a collaborative working arrangement between the 8 local government pension funds in Wales. The WPP JGC also met on 4 occasions during 2023/24 to provide governance oversight and approve recommendations on the investment management arrangements of WPP and the accompanying responsible investment, engagement and stewardship policies.

13.8.1 In addition, the Local Pension Board established in 2015 which operationally provides the scrutiny and oversight function for the City & County of Pension Fund met on 4 occasions during 2023/24. Membership comprises 3 employer representatives and 3 scheme member representatives, with an annually alternating chair.

13.9 The **Democratic Services Committee** reviews the adequacy of provision by the authority of staff, accommodation and other resources to discharge Democratic Services functions. The Committee is chaired by a Councillor and, along with the Chair, membership consists of thirteen Councillors. The Committee met three times during 2023/24 and considered the Democratic Services Annual Report 22/23, Guidance for Attending Remote Meetings, Councillors Annual Reports, reviewed Section C of the Councillors Handbook and the Councillor Development Strategy.

13.10 The purpose of the Service Transformation Committees (STCs) is to contribute to the ongoing development of the Council's agreed transformation activities (specifically in relation to the council's corporate plan, policy commitments, Corporate Transformation Plan, and Medium-Term Financial Plan) for consideration and adoption by Cabinet Members, Cabinet and / or Council as appropriate. STCs are aligned to the Council's function of developing policy and are linked to the corporate objectives. Both STCs and Scrutiny are open to all non-executive Councillors, in developing policy then reviewing its effectiveness.

13.11 The STCs are chaired by a Councillor and, along with the Chair, membership consists of twelve elected Members. There were five Committees meeting in 2023/24: listed here with examples of both completed work and that in progress:

i) Climate Change & Nature Recovery Service Transformation Committee:

- Developing a new Sustainable Transport Strategy (2050).
- Developing a new Renewable Energy Strategy (2050).
- Developing a new Swansea Council Sustainable Food Strategy (2030).
- Waste Strategy Development to Contribute to Swansea Achieving Net Zero & Nature Recovery (2050).
- Swansea Local Nature Recovery Action Plan (LNRAP).
- Section 6 Action Plan.
- Swansea Council's contribution / commitment to Net Zero Swansea (2050).
- Public EV Charging Policy (2050).

ii) Economy & Infrastructure Service Transformation Committee:

- Local Economic Delivery Plan.
- Tawe Riverside Corridor Action Plan.
- Swansea Bay Strategy Projects.
- Maintenance of Road Infrastructure.
- More Homes Delivery Programme.
- Destination Management Plan.
- Review of the Council's Housing Allocation Policy.

iii) Education & Skills Service Transformation Committee:

- Transforming Additional Learning Needs.
- Right Schools in Right Places.

iv) Social Care & Tackling Poverty Service Transformation Committee:

- Safeguarding People from Harm Steps in the Corporate Plan 2023-2028.
- Tackling Poverty and Enabling Communities Steps in the Corporate Plan 2023-2028.
- Residential Service Development
- Enabling and promoting independence - prevention and early Help.
- Approach to enabling community resilience and self-reliance.
- Development of a corporate Volunteering Strategy and Policy.

ii) Corporate Services & Financial Resilience Service Transformation Committee:

- Transformation and Financial Resilience Steps in the Corporate Plan 2023-2028.
- Digital Transformation Programme.
- Workforce and OD Transformation Programme.
- Corporate Services MTFP savings proposals.
- Policy Commitments relevant to Corporate Services & Financial Resilience.

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Significant Governance Issues

The following table identifies issues that had been identified in 2023/24 during the review of effectiveness, together with the proposed actions to be taken during 2024/25 to address the issues.

Significant Governance Issue linked to Framework	Action to be taken 2023/24	Update	Status	Action to be taken 2024/25
The ability to recruit and retain the right staff.	<ul style="list-style-type: none"> • Workforce delivery groups lead and monitor actions and report through to the Workforce and OD Transformation Programme Board. • Implement the control measures to mitigate the Corporate risk on workforce recruitment and retention. • Help cater for effective demand management through robust service planning. 	<ul style="list-style-type: none"> • Workforce and OD Transformation Board met monthly during 2023-24 and programme has a GREEN RAG status at time of reporting. • Corporate risk control measures implemented in line with agreed timelines. • Service plan template for 2024-25 include requirement to explain workforce planning priorities. 	<ul style="list-style-type: none"> • In progress 	<ul style="list-style-type: none"> • Workforce delivery groups lead and monitor actions and report through to the Workforce and OD Transformation Programme Board. • Implement the control measures to mitigate the Corporate risk on workforce recruitment and retention. • Help cater for effective demand management through robust service planning.
Performance Reviews, i.e. appraisals system / induction training not	<ul style="list-style-type: none"> • Launch 'Goals and Performance' module in Oracle Fusion in April 2023 	<ul style="list-style-type: none"> • Commenced roll out the Oracle Fusion Goals and Performance module 	<ul style="list-style-type: none"> • In progress 	<ul style="list-style-type: none"> • Continue roll out the Oracle Fusion Goals and Performance module across all

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fit for purpose.	<p>upon go-live of the full system.</p> <ul style="list-style-type: none"> • Launch 'Learn' module in Oracle Fusion in April 2023 upon go-live of the full system; include a revised mandatory training offer for induction purposes. • Review mandatory training requirements to release frontline staff from some of the mandatory training; for example, Display Screen Equipment for staff that do not use a computer. 	across Directorates.		<p>Directorates.</p> <ul style="list-style-type: none"> • Review Social Services bespoke needs as part of Oracle Fusion roll out.
Oracle Fusion Goals and Performance module roll-out.	<ul style="list-style-type: none"> • Oracle Cloud going live April 2023. • Complete migration of corporate system to Azure. 	<ul style="list-style-type: none"> • Commenced roll out the Oracle Fusion Goals and Performance module across Directorates. 	<ul style="list-style-type: none"> • In progress 	<ul style="list-style-type: none"> • Continue roll out the Oracle Fusion Goals and Performance module across all Directorates.
Procurement – Governance around Contracts.	<ul style="list-style-type: none"> • Reinforce and rollout the recommendations outlined in the Chief Auditors 	<ul style="list-style-type: none"> • Corporate compliance with CPRS is not uniform / consistent. 	<ul style="list-style-type: none"> • In progress. 	<ul style="list-style-type: none"> • Regularly remind Heads of Service of CPRs at DMT / PFM meetings and reinforce compliance messages.

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	Procurement Memo approved on the 25/11/22.			<ul style="list-style-type: none">• Legal Services to monitor contracts valued at £140K+ to ensure appropriately sealed.
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We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness. **We will review progress during the course of the year at Corporate Management Team / Leadership Team and will monitor their implementation and operation as part of our next six monthly and annual review.**

Signed Chief Executive
Date

Signed..... Leader
Date

Appendix A

Statutory external inspections/regulators

1. Swansea's Director of Social Services' Annual Report 2022/23 was presented to full Council in October 2023. The report is an opportunity to show how well Swansea is meeting the new statutory requirements under the Social Services and Well-being (Wales) Act 2014, and how we are applying the five ways of working within the Well-being of Future Generations (Wales) Act 2015. The report evaluates the local authority's improvement journey to 2022/23, performance in achieving the six National Quality Standards and contributing the wellbeing outcomes for the citizens of Swansea.
2. The Welsh Government issued a consultation in 2023 on 'Rebalancing Care and Support' programme. The programme scope included proposed changes to the Code of Practice on the role of the Director of Social Services. These respond to changes introduced by the new Performance and Improvement Framework (Measuring social services performance and seeks to include the use of people's experiences, as well as the data collected under the framework.
3. In meeting the new regulations and code of practice, Local Authorities would be expected to undertake a self-assessment exercise to identify needs for improvement. This framework aligns with the new corporate self-assessment structure as set out under the Local Government and Elections (Wales) Act 2021. Alongside the changes to the Code of Practice, there are plans changes to the Local Authority Social Services Annual Report Regulations which set out what the new annual reports must include. These arrangements are expected to commence on the reporting for 2024/25.
4. Care Inspectorate Wales (CiW) hold an annual performance review meetings with each local authority social services. Senior management, cabinet members and senior managers are invited to the meeting to share in feedback from recent inspection activity and to discuss progress against the statutory requirements, improvement priorities and against performance measures. Minutes noting the outcome of the meeting are then sent to the Director of Social Services; the most recent meeting was held on 5th November 2023.
5. CIW confirmed that, following a consultation phase, changes to how local authority social services are reviewed, are now being implemented. The updated code of practice for local authority inspection activity has been published (May 2023). The Chief Inspectors recent report set out the context and themes from the national, regional and local work programmes. These include:
 - Unprecedented increase in demand for care and support creating significant pressure on services.
 - Partnership working and a whole system approach to ensure people receive the care and support they require.
 - Recruitment and retention of social care workers remains far from sufficient.
 - Fragility within domiciliary support services.

- Placement insufficiency for children with care and support needs.
 - Advocacy services are key to ensuring people's voices are heard and personal outcomes achieved.
 - Support for carers is crucial to provide and shape holistic care.
6. The annual performance meeting held in Swansea structures the discussion on four areas: People, Wellbeing. Prevention and Partnership & Integration. Generally positive examples were shared in all areas, and some observations for follow up: Key challenges are captured in service improvement plans and the meeting acknowledged that are challenges ahead and difficult decisions about what will "harm least" when looking at any reduction in services.
7. The meeting identified that Swansea Social Services improvements are embedded in service plans and taken forward within corporate Successful and Sustainable Swansea transformation plan, in particular the following programmes:
- Transforming Adult Services:
 - Child and Family Services Transformation
 - Enabling Communities
 - Workforce and Organisational Development
 - Successful and Sustainable Swansea - Our transformation plan .
8. CIW Feedback Surveys: Care Inspectorate Wales (CIW) is committed to putting people and their experiences at the heart of their work. Feedback is an important source of information for CIW that helps inform their inspection and enforcement processes. CIW is interested in hearing from the people who use and rely on social care or childcare and play services in Wales, as well as their relatives, visitors, staff, involved professionals or friends. To access their feedback surveys, please see: [CIW - Feedback Surveys](#). Feedback can be given at any time through the link above and not just as part of an inspection.
9. In October 2022, Welsh Government invited Care Inspectorate Wales (CiW) to lead a multi-agency rapid review of decision-making around child protection, in response to a number of tragic child deaths across Wales and England. Working alongside Healthcare Inspectorate Wales and Estyn, the initial findings were published in June 2023. The report highlights Swansea's direct work with children and working in partnership on applying thresholds within child protection cases.
10. At the same time, CiW carried out a national review and reported on:
- Report on care planning for children and young people subject to Public Law Outline pre-proceedings.
 - Report on care homes for children operating without registration in 2022/23 expectations placed on registered managers to undertake a Self-Assessment of Service Statement (SASS) SASS is an online form Registered Persons and Responsible Individuals are required to complete under the Child Minding and Day Care (Wales) Regulations 2010

11. Feedback from the CiW Report on Ty Nant, Swansea Council children's residential services, is scheduled to be presented to scrutiny performance panel in May 2024.
12. Following the Estyn inspection of Local Government Inspection Services in June 2022, there has been strong progress against the two recommendations made. The first, to strengthen Welsh-medium provision across all ages and areas of the local authority, is being delivered in accordance with the ten-year Welsh in Education Plan (WESP). The second, to review post-16 provision to ensure that it meets the needs of all learners, has shown good progress against the priorities within the Post-16 Strategy.
13. The Local Authority has made effective progress its additional learning needs (ALN) strategy, with a revised strategy in place to develop further areas required. Whilst positive progress has been made, it remains too early to fully measure the impact on a wide scale, as the transfer from the SEN system to ALN system continues in a phased approach.
14. A wholesale review of specialist provision for learners with ALN has taken place, with a proposed model in final stages of development. Further work is required to refine the model and implement changes.
15. Between April 2023 and March 2024, 20 schools were inspected, with 10 of those reports published. Of the 10 reports published during this period, nine schools have no follow-up, one school is in an Estyn Review category. To March 2024, three schools remain in an Estyn Review category, and one school is in a Special Measures category. Schools that are in an Estyn category receive support from the School Improvement Team. Two schools have been invited to submit case studies of effective practice.
16. The Council continues to take appropriate steps to ensure that the new regional partnership with two other local authorities, Partneriaeth, results in an offer that better suits the needs of schools in Swansea; this is still developing.
17. School reserves continue to be high, although are decreasing.
18. Initial progress has been made against the first year of the delivery plan in place to realise the aims of the 10-year Welsh in Education Strategic Plan. However, the needs of learners and local requirements will need to be kept under review.
19. In February 2024 Audit Wales published a report entitled **"From Firefighting to Future-proofing – the Challenge for Welsh Public Services"**. The report recognises the pressures in local government and the real terms reductions and increasing demand in some service areas in particular. The Auditor General acknowledges the funding gap for local government in 2024-25 and beyond, identified by the Welsh Local Government Association and Cardiff University and recognises that the risk of a Section 114 notice being issued in Wales will increase unless the funding outlook improves. He also recognises the risks of governance and/or service failings that arise when financial and workforce resources are stretched, and the impact that can have on public confidence in public services.

20. In responses to these challenges the report suggests public bodies could become more sustainable and achieve more from what they spend if they address themes of:
- Minimising losses through fraud and error
 - Complexity of the public service landscape
 - Workforce capacity
 - Digital transformation
 - Planning for the long term
 - Ensuring value for money
21. Below is a summary of how the Council is already addressing these themes:
- i) **Minimising losses through fraud and error:** the Council's Corporate Fraud function sits with the Internal Audit Service. It is a small team, which combined with the requirements of reactive work continues to impact the ability to be proactive in certain areas. Nonetheless the team proactively engages in the National Fraud Initiative exercise and a proactive exercise in respect of housing stock being used as short-term serviced holiday accommodation was completed in the first half of the financial year. Urgent employee investigations continue to be prioritised and time critical responses and actions are undertaken. The team also continues to receive and evaluate a consistently high level of reports of alleged fraud and continues to respond to high levels of data requests consistent with previous years. The team is also directly involved or assisting in with multi-agency investigations with the Police, DWP Organised Crime, NHS, and The Home Office.
- ii) **Complexity of the public service landscape:** the Council is a member of many partnerships and networks, but the most significant are Swansea Public Services Board, the West Glamorgan Regional Partnership, Partneriaeth Joint Committee, the South West Wales Joint Committee, and the Swansea Bay City Region Joint Committee. The Council has excellent working arrangements in place with partners as can be evidenced in the most recent [report](#) provided to the Governance and Audit Committee in October 2023 on the work being delivered by each of the strategic partnerships.
- iii) **Workforce capacity:** in 2023 the Council approved a workforce strategy which aims to enable the Council to be an employer of choice, to improve attraction and retention rates whilst creating a workforce fit for the future. A [Workforce and Organisational Development Transformation Programme](#) is also in place to support delivery of the strategy and the risk of not having the workforce the organisation needs is on the corporate risk register.
- iv) **Digital transformation:** in 2023 the Council approved a digital strategy which aims to: A [Digital Transformation Programme](#) is in place to support delivery of the strategy and the risk of not having effective cyber security arrangements in place is on the corporate risk register.
- v) **Planning for the long term:** In 2023 the Council approved Successful and Sustainable Swansea [Corporate Plan](#) which sets out the council's priorities and plans for the period

2023-28 underpinned by the five ways of working and supported by the Council's Medium Term Financial Plan which was approved in March 2024. The plan is further supported by individual annual service plans. In addition to the Corporate Plan the Council is a member of the Public Service Board which has a [Wellbeing Plan](#).

- Vi) Ensuring value for money:** The Council's financial control and governance arrangements (described in this Annual Governance Statement) seek to ensure the Council is making best use of public money, taking informed decisions, based on evidence. That said, there is a recognition that compliance with the Council's Contract Procedure rules needs strengthening, and this will be a continued focus in 2024-25.

PART B

Chief Financial Officers Certificate and Statement of Responsibilities for the Financial Statements of the City and County of Swansea Pension Fund.

I hereby certify that the Financial Statements presents a true and fair view of the financial position of the City and County of Swansea Pension Fund at the accounting date and its income and expenditure for the year ended 31st March 2024.



Ben Smith
Director of Finance

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of the City and County of Swansea Pension Fund and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that Officer is the Director of Finance
- Manage the affairs of the City and County of Swansea Pension Fund to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Financial Statements.

The Responsibilities of the Director of Finance

The Director of Finance is responsible for the preparation of the City and County of Swansea Pension Fund's financial statements in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code).

In preparing these financial statements, the Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent
- Complied with the local authority code.

The Director of Finance has also:

- Kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Date of Authorisation for Issue

The 2023/24 Financial Statements were authorised for issue on 6th November 2024 by Ben Smith, Director of Finance who is the Section 151 Officer of the Council. This is the date up to which events after the Balance Sheet date have been considered.

The 2023/24 Financial Statements were formally approved by Pension Fund Committee 6th November 2024.



Councillor Mike Lewis
Chairman

The Report of the Auditor General for Wales to the members of City & County of Swansea as administering authority for City & County of Swansea Pension Fund

Opinion on financial statements

I have audited the financial statements of City & County of Swansea Pension Fund for the year ended 31 March 2024 under the Public Audit (Wales) Act 2004.

City & County of Swansea Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including the material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2024, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements

or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Local Government Pension Scheme Regulations 2013.

Matters on which I report by exception

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the annual report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the financial statements, the responsible financial officer is responsible for:

- the preparation of the financial statements, which give a true and fair view;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the City & County of Swansea Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by City & County of Swansea Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. My procedures included the following:

- Enquiring of management, the administering authority's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to City & County of Swansea's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals and biases in accounting estimates.
- Obtaining an understanding of City & County of Swansea Pension Fund's framework of authority as well as other legal and regulatory frameworks that City & County of Swansea Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of City & County of Swansea Pension Fund; and
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and those charged with governance about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance, the Pension Fund Committee and the administering authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the City & County of Swansea Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of City & County of Swansea Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.



Adrian Crompton
Auditor General for Wales
7th November 2024

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

STATEMENT OF ACCOUNTS 2023/24

1. Introduction

The City & County of Swansea Pension Fund is administered by the City & County of Swansea. However, it is a separate statutory fund and its assets and liabilities, income and expenditure are not consolidated into the accounts of the Authority. That is, the Pension Fund's assets and liabilities are distinct.

The summarised accounts of the Pension Fund shown here comprise three main elements:-

- The Fund Account which shows income and expenditure of the Fund during the year, split between payments to/contributions from members and transactions relating to fund investments.
- The Net Assets Statement which gives a snapshot of the financial position of the Fund as at 31 March 2024.
- The Notes to the Financial Statements which are designed to provide further explanation of some of the figures in the statements and to give a further understanding of the nature of the Fund.

2. Summary of transactions for the year

Where the money comes from:-

	£'000
Contributions and transfers in	123,473
Other	174
	<u>123,647</u>



And where it goes.....

	£'000
Pensions payable	84,825
Lump sum benefits	23,086
Refunds and transfers out	10,310
Management Expenses	17,809
	<u>136,030</u>

	£'000
Net new money into the Fund	-12,383
Net return on Investments	429,307
Increased in Fund value	<u><u>416,924</u></u>

Fund Account For The Year Ended 31st March

2022/23			2023/24	
£'000	Contributions and benefits :		£'000	£'000
	Contributions receivable :			
95,666	Employers contribution	3	90,139	
23,915	Members contribution	3	<u>25,876</u>	116,015
4,179	Transfers in	4		7,458
14	Other income	5		<u>174</u>
<u>123,774</u>				<u>123,647</u>
	Benefits payable :			
-75,861	Pensions payable	6	-84,825	
-18,531	Lump sum benefits	6	<u>-23,086</u>	-107,911
	Payments to and on account of leavers :			
-248	Refunds of contributions	7	-195	
-4,230	Transfers out	7	<u>-10,115</u>	-10,310
-14,107	Management expenses	8		<u>-17,809</u>
<u>10,797</u>	Net additions from dealing with members			<u>-12,383</u>
	Returns on investments			
32,230	Investment income	9		32,051
-61,501	Change in market value of investments	12		<u>397,256</u>
<u>-29,271</u>	Net returns on investments			<u>429,307</u>
<u>-18,474</u>	Net increase in the Fund during the year			<u>416,924</u>
2,924,232	Opening Net Assets of the Fund			2,905,758
2,905,758	Closing Net Assets of the Fund			3,322,682

Net Assets Statement As At 31st March

31st March 2023 £'000			31st March 2024 £'000
	Investments at market value:	Note	
2,885,547	Investment Assets	11	3,301,548
4,165	Cash Funds	12	3,162
11,799	Cash Deposits	12	14,403
3	Other Investment Balances – Dividends Due	12	117
2,901,514	Sub Total		3,319,230
8,313	Current Assets	15	10,289
-4,069	Current Liabilities	15	-6,837
2,905,758	Net assets of the Scheme available to fund benefits at the period end		3,322,682

The financial statements on pages 93 to 128 summarise the transactions of the Fund and deal with the net assets at the disposal of the Pension Fund Committee. The financial Statements do not take account of liabilities and other benefits which fall due after the period end. The actuarial position of the Fund, which does take account of such liabilities, is dealt with in the Statement of the Actuary in the Annual Report of the Pension Fund and a summary is included in Part D of this report and these accounts should be read in conjunction with this information.

Notes to the Financial Statements

1. Basis of preparation

The financial statements summarise the fund's transactions for the 2023/24 financial year and its position at year-end 31 March 2024. The financial statements have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2023/24* which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The financial statements do not take account of liabilities and other benefits which fall due after the period end.

2. Accounting Policies

The following principle accounting policies, which have been applied consistently (except as noted below), have been adopted in the preparation of the financial statements:

(a) Contributions

Normal contributions, both from the employees and from the employer, are accounted for on an accruals basis in the month employee contributions are deducted from the payroll.

Early Access contributions from the employers are accounted for in accordance with the agreement under which they are paid, or in the absence of such an agreement, when received. Under current rules, employers can exercise discretion to give access to a person's pension rights early (other than for ill health). Where this is done, the additional pension costs arising are recharged to the relevant employer and do not fall as a cost to the Fund. Under local agreements some Employers have exercised the right to make these repayments over three years incurring the relevant interest costs. As a result total income is recognised in the Fund Account with amounts outstanding from Employers within debtors.

Other Contributions relate to additional pension contributions paid in order to purchase additional pension benefits.

(b) Benefits

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Fund as appropriate.

(c) Transfers to and from other Schemes

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension schemes of new employers for members who have left the Fund. They are accounted for on a cash basis or where Trustees have agreed to accept the liability in advance of receipt of funds on an accruals basis from the date of the agreement.

Accounting Policies cont'd

A bulk transfer involves a group of employees changing to a new employer in a different Fund or moving along with their existing employer to a new Fund. It is usually triggered by a contract being transferred, a service being restructured or a merger or acquisition involving an LGPS employer. They are accounted for on a cash basis, or on an accrual basis where the liability hasn't been settled before the date of agreement.

(d) Investments

- i) The net assets statement includes all assets and liabilities of the Fund at the 31st March.
- ii) Listed investments are included at the quoted bid price as at 31st March.
- iii) Investments held in quoted pooled investment vehicles are valued at the closing bid price at 31st March if both bid and offer price are published; or, if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.
- iv) Unquoted securities are valued by the relevant investment managers based on the Fund's share of the net assets or a single price advised by the Fund Manager, in accordance with generally accepted guidelines.
- v) Unit trusts are valued at the Managers' bid prices at 31st March.
- vi) Accrued interest is excluded from the market value of fixed interest securities but is included in accrued investment income.
- vii) Investment management fees are accounted for on an accrual basis.
- viii) Transaction costs are disclosed in Note 8 – Administrative and Investment Management Expenses.
- ix) Investments held in foreign currencies have been translated into sterling values at the relevant rate ruling as at 31st March.
- x) Property Funds/Unit Trusts are valued at the bid market price, which is based upon regular independent valuation of the underlying property holdings of the Fund/Unit Trust.

(e) Financial Instruments

Pension Fund assets have been assessed as fair value through profit and loss in line with IAS19.

(f) Management Expenses

The Fund discloses its pension fund management expenses in accordance with CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016). All items of expenditure are charged to the Fund on an accrual basis.

(g) Cash and Cash Funds

Cash comprises cash in hand and cash deposits. Cash funds are highly liquid investments that mature in three months from date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(h) Investment Income

Investment income and interest received are accounted for on an accruals basis. When an investment is valued ex dividend, the dividend is included in the Fund account. Distributions from pooled investment vehicles are automatically reinvested in the relevant fund.

(i) Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. As permitted under the code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by the way of a note to the net asset statement in Part D of this report.

(j) Critical judgements in applying accounting policies

The Fund's liability is calculated every three years by the appointed actuary. The methodology used is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the actuary. The estimate is subject to significant variances based on changes to the underlying assumptions.

Unquoted private equity investments – these are inherently based on forward looking estimates and judgements valued by the investment managers using two main sets of valuation guidelines that apply to private equity; the Private Equity Valuation Guidelines (PEVG) in the US and the international Private Equity and Venture Capital Guidelines (IPEVCG) outside the US. The value of the unquoted private equities as at 31st March 2024 was £257.0m (£218.9m as at 31st March 2023).

(k) Other

Other expenses, assets and liabilities are accounted for on an accruals basis.

(l) Additional Voluntary Contributions (AVC's)

City & County of Swansea Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. The fund has appointed Prudential as its AVC provider. Some AVC contributions from prior years are also held with Aegon and Utmost (previously known as Equitable Life). AVC's are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. AVC's are not included in the accounts in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (SI 2016/946) but are disclosed for information in Note 20.

(m) Actuarial Present Value of Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standard (IAS19) and relevant actuarial standards. As permitted under the code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by the way of a note to the net asset statement in Part D of this report.

(n) Taxation

The fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises. The Fund operates in the VAT registration for Swansea Council and the accounts are shown exclusive of VAT. The Fund can recover VAT input tax on all Fund activities.

3. Analysis of Contributions

Total Contributions 2022/23 £'000		Total Contributions 2023/24 £'000	
<u>65,656</u>		<u>63,876</u>	
<u>Administering Authority</u>			
City & County of Swansea			
<u>Admitted Bodies</u>			
438	Celtic Community Leisure	109	
150	Wales National Pool	137	
2,436	Tai Tarian	2,477	
1,782	University of Wales Trinity St Davids	1,843	
274	Pobl Group	109	
389	Wealdon Leisure	309	
21	Parkwood Holdings	20	
8	The Wallich	8	
0	Mrs Bucket	2	
0	Kingdom Services	11	
<u>5,498</u>	Total Admitted Bodies	<u>5,025</u>	
<u>Scheduled Bodies</u>			
11	Cilybebyll Community Council	10	
79	Coedffranc Community Council	69	
6	Llanrhidian Higher Community Council	7	
6	Ystalyfera Community Council	6	
30	Mumbles Community Council	49	
3,581	Gower College	4,038	
3,005	NPTC Group	3,331	
76	Neath Town Council	77	
41,520	Neath Port Talbot County Borough Council	39,416	
68	Margam Joint Crematorium Committee	73	
6	Pelenna Community Council	5	
21	Pontardawe Town Council	23	
8	Swansea Bay Port Health Authority	0	
8	Briton Ferry Town Council	8	
2	Llangyfelach Community Council	2	
0	Dyffryn Clydach Community Council	0	
<u>48,427</u>	Total Scheduled Bodies	<u>47,114</u>	
<u>119,581</u>	Total Contributions Receivable	<u>116,015</u>	

3. Analysis of Contributions (continued)

Total Employer/Employee contributions comprise of:

2022/23		2023/24
£'000		£'000
93,881	Employers Normal	88,006
682	Other	631
1,103	Early Access	1,502
95,666	Total	90,139
23,872	Employees Normal	25,826
43	Other	50
23,915	Total	25,876
119,581	Total Contributions Receivable	116,015

4. Transfers In

Transfers in comprise of:

2022/23		2023/24
£'000		£'000
4,179	Individual transfers from other schemes	7,458
4,179	Total	7,458

5. Other Income

Other income comprise of:

2022/23		2023/24
£'000		£'000
9	Interest on Cash Deposits	174
5	Early Access - Interest	0
14	Total	174

The increase in Cash deposits has been generated by the increase in interest rates applied to the balances in the Pensions General bank account at Lloyds. The fund has once again refrained from investing surplus cash with City & County of Swansea, instead it has maintained liquidity by holding balances in the bank account and in two Global Bond funds. This allows the fund to meet the large capital commitments required to fund the new yielding assets programme.

6. Benefits Payable

The lump sum benefits paid comprise of:

2022/23		2023/24
£'000		£'000
75,861	Pensions	84,825
16,115	Commutation and lump sum retirement benefits	20,170
2,416	Lump sum death benefits	2,916
<u>94,392</u>	Total	<u>107,911</u>

6. Benefits Payable cont'd - Analysis of Benefits Paid

Total Benefits Paid 2022/23 £'000		Total Benefits Paid 2023/24 £'000
<u>37,739</u>		<u>42,634</u>
<u>Administering Authority</u> City & County of Swansea		
<u>Admitted Bodies</u>		
227	Celtic Community Leisure	309
5	Swansea Bay Racial Equality Council	5
16	Wales National Pool	19
1,375	Tai Tarian	1,630
1,024	University of Wales Trinity St Davids	1,133
469	Pobl Group	592
6	Rathbone Training (Gower College)	10
24	Cap Gemini	26
74	BABTIE	89
4	West Wales Art Association	4
9	Colin Laver Heating	8
2	Phoenix Trust	2
4	Wealdon Leisure	9
1	Parkwood Holdings	1
11	The Wallich	12
64	The Careers Service	70
<u>3,315</u>	Total Admitted Bodies	<u>3,919</u>
<u>Scheduled Bodies</u>		
27	Coedffranc Community Council	38
22	Cilybebyll Community Council	25
26	Bishop Vaughan School	28
1	Clydach Community Council	2
66	Swansea Bay Port Health Authority	75
96	Swansea City Waste Disposal Company	94
1,210	Gower College	1,391
1,187	NPTC Group	1,339
11	West Glamorgan Valuation Service	12
2	West Glamorgan Fire Service	2
61	Neath Town Council	76
24,089	Neath Port Talbot County Borough Council	27,270
55	Margam Joint Crematorium Committee	55
11	Neath Port Talbot Waste Management	12
6	Pelenna Community Council	6
9	Pontardawe Town Council	12
980	Lliw Valley Borough Council	894
5	Briton Ferry Town Council	3
166	West Glamorgan Magistrates Court	174

6,777	West Glamorgan County Council	6,761
0	Mumbles Community Council	3
34,807	Total Scheduled Bodies	38,272
75,861	Total Benefits Paid	84,825

7. Payments to and on account of leavers

Transfers out and refunds comprise of:

2022/23		2023/24
£'000		£'000
248	Refunds to members leaving service	195
4,230	Individual transfers to other schemes	10,115
4,478	Total	10,310

8. Administrative and Investment Manager Expenses

All administrative and investment management expenses are borne by the Fund:

2022/23		2023/24
£'000		£'000
	Administrative Expenses	
798	Support Services(SLA) & Employee Costs	808
15	Printing & Publications	1
595	Other	512
1,408		1,321
	Oversight & Governance	
122	Actuarial Fees	73
253	Advisors Fees	206
51	External Audit Fees	54
9	Performance Monitoring Services Fees	8
1	Pension Fund Committee	1
1	Pension Board	1
10	Training	2
158	Wales Pension Partnership	226
605		571

Investment Management Expenses		
6,978	Management Fees	6,946
2,537	Performance Fees	5,254
302	Custody Fees	293
2,277	Transaction Costs	3,424
12,094		15,917
14,107		17,809

Included in the management expenses is the cost of our involvement in the Wales Pension Partnership (WPP) collective Investment Pooling arrangements.

The table below reflects the costs incurred in financial year 2022/23 and 2023/24

	2022/23	2023/24
	£'000	£'000
WPP Oversight & Governance Costs		
Host Authority Costs	158	226
WPP Investment Management Expenses		
Fund Manager Fees	1,063	732
Custody Fees	224	206
Transaction Costs	846	906
Total	2,291	2,070

The oversight and governance costs are the annual running costs of the pool which includes the host authority costs and other external advisor costs. These costs are funded equally by all eight of the local authority Pension Funds in Wales. The investment management expenses are fees payable to Waystone (the WPP Operator) and include fund manager fees (which also includes the operator fee and other associated costs), transaction costs and custody fees. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from the Net Asset Value (NAV).

Note 8 cont'd - Investment Management Expenses

	2023-24				2022-23			
	Total	Management Fees	Performance Fees	Transaction Costs	Total	Management Fees	Performance Fees	Transaction Costs
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Pooled Funds</u>								
Equities	1,755	849	0	906	1,764	918	0	846
Fixed Income	445	404	0	41	329	318	0	11
<u>Other Investments</u>								
Property	451	423	-44	72	294	479	-256	71
Private Equity	2,941	1,802	7	1,132	3,545	3,087	-78	536
Hedge Funds	583	377	116	90	466	359	30	77
Infrastructure	4,942	1,211	3,643	88	2,714	811	1,901	2
Private Debt	2,635	768	1,308	559	1,755	638	941	176
Residential Housing	692	288	0	404	671	171	0	500
Derivatives	60	60	0	0	105	105	0	0
Timberland & Farmland	779	554	225	0	1	1	0	0
Trade Finance	342	210	0	132	149	91	0	58
	15,625	6,946	5,255	3,424	11,793	6,978	2,538	2,277
Custody Fees	292				302			
Total	15,917				12,095			

The above represents direct fees payable to the appointed fund managers, however, the following investments are appointed via a fund of funds/manager of managers approach which have their own underlying manager fees.

The table below represents the underlying manager fees, these fees are not charged to the accounts but are disclosed here for transparency. The returns for these mandates are net of underlying manager costs, this is reflected in Note 12 within the Change in Market Value.

2022/23		2023/24
£'000		£'000
150	Partners Group	124
900	Blackrock Hedge Fund	1,290
410	Schroders Property Fund	455
850	EnTrustPermal	779
-2,410	HarbourVest	3,278
2,801	WPP	2,783
53	Pemberton	115
314	Man Group	325
0	Manulife	650

0	Columbia Threadneedle	83
0	GCM Grosvenor	91
0	Russell WPP Private Credit	3
0	Schroders WPP Private Equity	878
0	Capital Dynamics	44
3,068	Total	10,898

9. Investment Income

2022/23		2023/24
£'000		£'000
27,312	Pooled Fund - Overseas Equities	23,607
2,727	Pooled Fund – Fixed Income	4,643
2,169	Pooled Investment vehicles - Property Fund	2,411
0	Pooled Fund - Trade Finance	1,296
22	Interest	94
32,230	Total	32,051

The equity assets under management by Blackrock are managed wholly in a pooled investment vehicle. The pooled investment vehicles are a combination of equity, bond and money market unit funds which operate on an 'accumulation' basis, i.e. all dividends and investment income are automatically reinvested back into their relevant funds and not distributed as investment income. Therefore, the Fund value and change in market value on this fund will reflect both capital appreciation / depreciation plus reinvested investment income.

During 2023/24, Allianz paid a distribution in respect of income earned on the Trade Finance fund for the first time. Waystone paid distributions in respect of the income earned on all Wales Pension Partnership sub-funds in which the Fund invests. This income is automatically reinvested into the pooled fund to increase the market value of the holding. Income is only distributed when there is a sufficient amount to do so, after the deduction of any costs, the surplus income is then reinvested.

Stock Lending

The Fund's investment strategy permits stock lending subject to specific approval. The income earned by the fund through stock lending in 2023/24 was £114k from total equities of £45m out on loan. Currently the Wales Pension Partnership has total quoted equities of £473m out on loan. These equities continue to be recognised in the relevant fund's financial statements. No liabilities are associated with the loaned assets.

10. Taxation

a) United Kingdom

The Fund is exempt from Income Tax on interest dividends and from Capital Gains Tax but now has to bear the UK tax on other income. The Fund is reimbursed V.A.T. by H.M. Revenue and Customs and the accounts are shown exclusive of V.A.T.

b) Overseas

The majority of investment income from overseas suffers a withholding tax in the country of origin.

11. Investment Assets

An analysis of investment assets based on class of investment is shown below :

31st March 2023 £'000	Investment Assets	31st March 2024 £'000
313,442	Fixed Interest	278,082
27,681	Index Linked Securities	26,336
1,849,836	Global Equities	2,112,275
100,028	Property	94,728
61,211	Hedge Funds	66,503
218,995	Private Equity	256,961
107,188	Infrastructure	154,138
70,721	Private Debt	78,796
22,659	Residential Housing	34,347
102,159	Trade Finance	109,400
136	Timberland & Farmland	80,403
11,491	Derivatives	9,579
<u>2,885,547</u>	Total Investment Assets	<u>3,301,548</u>

12. Changes in Investment Assets

		Value at 31.03.23 £'000	Purchases £'000	Sales £'000	Change in Market Value £'000	Value at 31.03.24 £'000
Equities						
	Blackrock (Passive - Low Carbon)	573,829	0	(50,000)	130,955	654,784
	Blackrock (Emerging Markets)	45,052	0	0	2,150	47,202
	WPP - Global Opportunities	1,230,954	21,362	(251,617)	182,245	1,182,944
	WPP Sustainable Equity Fund	0	202,245	(394)	25,494	227,345
		1,849,835	223,607	(302,011)	340,844	2,112,275
Property						
UK & Europe	Schroders	58,917	3,652	(486)	(1,249)	60,834
Overseas	Partners	11,306	0	(392)	(3,076)	7,838
	Invesco	29,805		(1,158)	(2,591)	26,056
		100,028	3,652	(2,036)	(6,916)	94,728
Fixed Interest						
Fixed Interest						
	WPP - Absolute Return Bonds	65,711	931	(52)	3,565	70,155
	WPP - Multi Asset Credit	60,421	3,712	(52)	2,474	66,555
	Fidante - Global Bond Fund	23,421	65,000	(43,132)	795	46,084
	T Rowe Price - Global Bond Fund	163,889	80,000	(145,000)	(3,601)	95,288
		313,442	149,643	(188,236)	3,233	278,082
Index-Linked						
	Blackrock	27,681	0	0	(1,345)	26,336
		27,681	0	0	(1,345)	26,336
Hedge Funds						
	Blackrock	33,371	0	(327)	3,211	36,255
	EnTrustPermal	27,840	0	(256)	2,664	30,248
		61,211	0	(583)	5,875	66,503
Private Equity						
	HarbourVest	155,150	18,747	(8,712)	3,681	168,866
	Blackstone BSCH	63,845	11,766	(9,728)	5,522	71,405
	Schroders Capital WPP Private Equity	0	14,601	(423)	2,512	16,690
		218,995	45,114	(18,863)	11,715	256,961
Infrastructure						
	Igneo Infrastructure Partners	93,971	0	(13,394)	17,585	98,162
	Blackrock GRP 111	13,217	5,945	(581)	1,818	20,399
	Blackrock GRP 1V	0	0	0	0	0
	Capital Dynamics	0	2,918	(70)	170	3,018
	GCM Grosvenor	0	4,691	(145)	342	4,888
	GCM Grosvenor - Octopus	0	2,691	(56)	(6)	2,629
	GCM Grosvenor - CBRE	0	0	0	0	0
	GCM Grosvenor - IFM	0	0	0	0	0
	Schroders Greencoat	0	25,000	(146)	188	25,042
		107,188	41,245	(14,392)	20,097	154,138

Private Debt

	Alcentra	16,808	(2,209)	(1,450)	1,763	14,912
	CVC 11	21,431	(1,234)	(6,078)	2,302	16,421
	CVC 111	10,156	10,569	(2,271)	2,352	20,806
	GSAM Broad Street	22,327	899	(4,300)	4,434	23,360
	Russell WPP Private Credit	0	1,822	(172)	277	1,927
	Blackstone BGREEN	0	1,393	(131)	108	1,370
		<u>70,722</u>	<u>11,240</u>	<u>(14,402)</u>	<u>11,236</u>	<u>78,796</u>
Residential Housing	Columbia Threadneedle	0	10,190	(228)	72	10,034
	Man Group	22,659	1,850	(119)	(77)	24,313
		<u>22,659</u>	<u>12,040</u>	<u>(347)</u>	<u>(5)</u>	<u>34,347</u>
Timberland & Farmland	Manulife	136	52,288	(1,786)	723	51,361
	Stafford COOF	0	0	0	0	0
	Stafford SIT X	0	22,571	(313)	6,784	29,042
		<u>136</u>	<u>74,859</u>	<u>(2,099)</u>	<u>7,507</u>	<u>80,403</u>
Trade Finance	Pemberton	51,231	0	(211)	4,005	55,025
	Allianz Global Investors	50,928	0	(264)	3,711	54,375
		<u>102,159</u>	<u>0</u>	<u>(475)</u>	<u>7,716</u>	<u>109,400</u>
Derivatives	Russell	11,491	0	0	(1,912)	9,579
		<u>11,491</u>	<u>0</u>	<u>0</u>	<u>(1,912)</u>	<u>9,579</u>
SUB TOTAL		<u>2,885,547</u>	<u>561,110</u>	<u>(543,154)</u>	<u>396,307</u>	<u>3,299,810</u>
Cash Fund	Schroders Unit Trust	0	5,934	(1,982)	(789)	3,163
		<u>2,885,547</u>	<u>567,334</u>	<u>(545,426)</u>	<u>397,256</u>	<u>3,304,711</u>
Cash		15,964				14,402
Other Investment Balances -						
Dividends Due		3				117
TOTAL		<u>2,901,514</u>			<u>397,256</u>	<u>3,319,230</u>

13. Realised Profit on the Sale of Investments

2022/23 £'000		2023/24
181	Property Fund	243
181	Net Profit	243

14. Concentration of Investments

The following investments represented more than 5% of the Plan's net assets as at 31st March 2024.

Fund	Value at 31st March 2023 £'000	Proportion of Net Asset	Value at 31st March 2024 £'000	Proportion of Net Asset
Blackrock ACS Low Carbon Tracker Fund	573,830	24.0%	654,784	19.7%
WPP Global Opportunities Fund	1,230,954	45.4%	1,182,944	35.6%
WPP Sustainable Equity Fund	0	-	227,345	6.8%
HarbourVest Private Equity Fund	155,150	5.2%	168,866	5.1%
T Rowe Price – Global Bond Fund	163,889	5.6%	-	-

15. Current Assets & Liabilities

The amounts shown in the statement of Net Assets are comprised of:

31 st March 2023		31 st March 2024
£'000		£'000
Current Assets		
875	Contributions - Employees	941
3,564	Contributions – Employers	3,364
1,082	Early Access Contributions Debtor	1,061
729	Transfer Values	1,202
1,136	Fund Manager Distributions	3,042
927	Other	679
8,313		10,289
Current Liabilities		
-188	Investment Management Expenses	-171
-1,834	Commutation and Lump Sum Retirement Benefits	-2,392
-221	Lump Sum Death Benefits	-483
-263	Transfers to Other Schemes	-1,496
-804	Payroll Deductions - Tax	-1,056
-759	Other	-1,239
-4,069		-6,837
4,244	Net	3,452

16. Current Assets & Liabilities – Early Access Debtor

	Amount Due 2023/24 £'000	Amount Due 2024/25 £'000	Amount Due 2025/26 £'000	Total £'000
Early Access Principal Debtor	1,601	0	0	1,601
Early Access Interest Debtor	0	0	0	0
Total (Gross)	1,601	0	0	1,601

17. Capital and Contractual Commitments

As at 31 March 2024 the Scheme was committed to providing additional funding to certain managers investing in unquoted securities. These commitments amounted to £560.7m (2022/23: £499.3m).

The outstanding commitment of £560.7m includes the following new commitments which were made in year to new and existing funds :

Fund Manager	Asset Class	Fund Name	New Commitment £M
Russell Investments	Private Credit	Russell WPP Private Credit Fund	20
Schroders Greencoat	Infrastructure	Project Brecon – Bio Mass Plant, Margam	25
Blackstone	Private Credit	Blackstone Green Private Credit Fund III LP (“BGREEN III”)	20
Blackrock	Infrastructure	Blackrock Global Renewable Power 1V	40
Schroders Investment Management	Private Equity	Schroders Capital WPP Global Private Equity Fund	53
Russell Investments	Global Equity	WPP Russell Sustainable Equity Fund *	200

* £200m was transferred from WPP Global Opportunities Fund into the new WPP Sustainable Global Active Equity Fund

18. Related Party Transactions

£808k (£798k 22/23) paid to the City & County of Swansea for the recharge of Administration, I.T., Finance and Legal Services during the year.

The Chief Finance Officer of City & County of Swansea also undertakes the role of Clerk and Treasurer of Swansea Bay Port Health Authority

Contributions received from admitted and scheduled bodies are detailed on page 97.

The City & County of Swansea acts as administering Authority for the City & County of Swansea Pension Fund (formerly the West Glamorgan Pension Fund).

Transactions between the Authority and the Pension Fund mainly comprise the payment to the Pension Fund of employee and employer payroll superannuation deductions, together with payments in respect of enhanced pensions granted by Former Authorities.

Related Party Transactions Cont'd

The Pension Fund currently has 55 scheduled and admitted bodies. Management of the Pension Scheme Investment Fund is undertaken by a panel. The panel is advised by an investment consultancy service.

Key Management Personnel

The key management personnel of the Fund are the Director of Finance and the Chief Executive. The figures show the increase in value of post-employment benefits provided to these individuals over the accounting year based on the percentage of time spent on matters relating to the Pension Fund. The value of these benefits has been calculated consistently with those of the whole Fund disclosure provided in Part D, albeit that the figures have been calculated at different dates to those used for the whole of fund disclosure.

	Increase/(decrease) in IAS19 liability to 31 March 2024 £	Increase/(decrease) in IAS19 liability to 31 March 2023 £
Chief Executive	23,000	23,000
Section 151 Officer & Director of Finance	23,000	17,000 *

	Short Term Benefits to 31 March 2024		Short Term Benefits to 31 March 2023	
	Remuneration (Including Fees & Allowances) £	Pension Contributions (21.3%) £	Remuneration (Including Fees & Allowances) £	Pension Contributions (24.7%) £
Chief Executive	162,379	31,802	152,156	37,583
Section 151 Officer & Director of Finance	125,146	26,656	118,147	29,182

- Figure has been restated, as advised by the Actuary

	Post Employment Benefits	
	2023/24	2022/23
Previous Chief Executive	62,000	55,000 *

- Figures have been restated, as advised by the Actuary

- The Chief Executive Officer commenced as Interim Chief Executive Officer in May 2022 and was appointed as the permanent Chief Executive Officer in November 2022.
- The Director of Finance was promoted from Chief Finance Officer in 21/22, the short-term benefits are reduced due to the Officer opting to take up the 50/50 scheme during 20/21. However, the Officer rejoined the main scheme in April 2022 and then went back into the 50/50 scheme in December 2022. The Director of Finance rejoined the main scheme for the duration of 2023/24.

Governance

There are 7 Council members of the Pensions Committee who are active members in the City & County of Swansea Pension Fund. The benefit entitlement for the Councillors is accrued under the same principles that apply to all other members of the Fund.

During 2023/24 the Members of the City & County of Swansea Pension Fund Committee were :

- Councillor Mike Lewis – Chair
- Councillor Phil Downing – Vice Chair
- Councillor Will Thomas
- Councillor Patience Bentu
- Councillor Michael Locke
- Councillor Jan Curtice
- Councillor Phil Rogers (Neath Port Talbot Council co-opted Member)

The following Councillors on the Pension Fund committee were also members of other bodies during 2023/24 :

- Councillor Mike Lewis – Member of Swansea Bay Port Health Authority and a member of the WPP Joint Governance Committee
- Councillor Will Thomas – Member of Mumbles Community Council
- Councillor Jan Curtice - Member of Mid & West Wales Fire Authority, Trustee of Suresprung Board of Trustees, Member of Swansea Council for Voluntary Services and Member of Swansea Bay City Region Joint Scrutiny Committee
- Councillor Patience Bentu – Member of Mid & West Wales Fire Authority

Attendance at Meetings

The Pension Fund Committee met on the following dates in 23/24 :

- 13th July 2023
- 6th September 2023
- 15th November 2023
- 20th March 2024

Attendance at the above meetings was recorded at 86% by the appointed Committee members.

Skills & Development Activities

As the work of the Pension Fund Committee continues to develop, there is understandably a focus on training and skills and knowledge attainment.

Committee Member Training

At the meeting of the Pension Fund Committee on the 15th March 2023, The Chief Treasury and Technical Officer presented a report as part of the Business Plan outlining the importance of member training. The training ensures compliance with the CIPFA Public Sector Pensions Finance Knowledge & Skills Code of Practice and the requirements for tPR.

Training Undertaken in the last 12 months as part of the Wales Pension Partnership Training programme included :

Date	Product Knowledge
June 2023	Private markets as an asset class – Property & Private Equity The Levelling Up Agenda
September 2023	Sustainable Investing at Robeco and RI within the WPP Sub funds
December 2023	Performance Reporting
March 2024	DLUHC – Pooling Overview and Pooling Guidance

In addition, the following training was identified as appropriate training to be undertaken by members of the Pension Fund Committee :

- LGE (Local Government Employers) Trustee Fundamentals day 1, 2 & 3
- Environmental & Social Governance training
- Pension Governance - the role of the Committee and the Board
- Pension Accounting & audit standards
- Actuarial valuation methodologies

Any other training identified by the Deputy Section 151 officer which is considered appropriate.

Budget

In 2023/24 the Pension Fund Committee incurred £2k in costs (Includes training).

19. Other Fund Documents

The City & County of Swansea Pension Fund is required by regulation to formulate a number of regulatory documents outlining its policy. The following documents can be accessed on the City & County of Swansea Pension Fund website :

[City and County of Swansea Pension Fund](#)

- Statement of Investment Principles
- Funding Strategy Statement
- Governance Statement
- Communication Policy
- Responsible Investment Policy

20. Additional Voluntary Contributions

Some members of the Fund pay voluntary contributions to the Fund's AVC providers, The Prudential, to buy extra pension benefits when they retire. These contributions are invested in a wide range of assets to provide a return on the money invested. Some members also still invest and have funds invested with the legacy AVC providers, Aegon and Utmost.

The Pension Fund accounts do not include the assets held by The Prudential, Utmost or Aegon. AVC's are not included in the accounts in accordance the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (SI 2016/946) but are disclosed as a note only.

AVC Provider	Value of Funds at 01/04/23	Purchases at Cost (Contributions In/Out)	Sale Proceeds	Change in Market Value	Value of Funds at 31/03/24
	£'000	£'000	£'000	£'000	£'000
Prudential	10,679	2,246	-1,258	635	12,302
Aegon	863	8	-250	62	683
Utmost	229	1	-45	16	201
Totals	11,771	2,255	-1,553	713	13,186

21. Membership

The Pension Fund covers City & County of Swansea employees, (except for teachers, for whom separate pension arrangements apply) and other bodies included in the schedule.

Detailed national regulations govern the rates of contribution by employees and employers, as well as benefits payable. At 31st March 2024 there were 22,703 contributors, 15,203 pensioners and 12,176 deferred pensioners.

Of the 22,703 Contributors to the fund, it has been established that 3,658 of those have not made contributions during 2023/24 (2,043 in 22/23). This is as a result of instances such as employers setting up records for auto enrolled casual employees, whose records have not been extinguished and employees on long term sick on nil pay. There is an ongoing exercise to investigate each case.

	31/03/20	31/03/21	31/03/22	31/03/23	31/03/24
Membership statistics					
	Number	Number	Number	Number	Number
Contributors	20,050	20,388	21,424	22,699	22,703
Pensioners	13,610	13,864	14,294	14,737	15,203
Deferred Pensioners	11,838	11,829	12,263	12,390	12,176
Total	45,498	46,081	47,981	49,826	50,082

See Appendix 1 for current year analysis.

22. Fair Value of Investments

Financial Instruments

The Fund invests through pooled vehicles. The managers of these pooled vehicles invest in a variety of financial instruments including bank deposits, quoted equity instruments, fixed interest securities, direct property holdings and unlisted equity and also monitor credit and counterparty risk, liquidity risk, and market risk.

Financial Instruments – Gains and Losses

Gains and losses on Financial Instruments have been disclosed within note 12 of the Pension Fund accounts.

IFRS9 introduced a new classification under the code :

- recognition of expected loss allowances for financial assets at amortised cost, fair value through comprehensive income (FVOCI) assets, lease receivables, contract assets, loan commitments and financial guarantees.
- the option of additional disclosures for hedge accounting.

As the assets and liabilities held by the Pension Fund are already classed as fair value through profit and loss (FVTPL) and this is expected to continue, consequently there are no changes to the measurement or classification of investment assets and liabilities.

Fair Value – Hierarchy

The fair value hierarchy introduced as part of the new accounting Code under IFRS7 requires categorisation of assets based upon 3 levels of asset valuation inputs :

- Level 1 – where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts.
- Level 2 – where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

- Level 3 – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The table on the following page shows the position of the Fund's assets at 31st March 2023 and 2024 based upon this hierarchy.

FAIR VALUE - HIERARCHY

	31 March 2024				31 March 2023			
	Market Value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Market Value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Pooled Investment Vehicles								
Global Equity	2,112,275		2,112,275		1,849,836		1,849,836	
Fixed Interest	278,082		278,082		313,442		313,442	
Index-linked	26,336		26,336		27,681		27,681	
Property Unit Trust	25,253			25,253	23,807			23,807
Property Fund	69,475			69,475	76,221			76,221
Hedge Fund	66,503			66,503	61,211			61,211
Private Equity	256,961			256,961	218,995			218,995
Infrastructure	154,138			154,138	107,188			107,188
Private Debt	78,796			78,796	70,721			70,721
Residential Housing Fund	34,347			34,347	22,659			22,659
Timberland & Farmland Fund	80,403			80,403	136			136
Trade Finance	109,400			109,400	102,159			102,159
Derivatives	9,579	9,579			11,491	11,491		
Cash	17,682	17,682			15,967	15,967	-	-
Total	3,319,230	27,261	2,416,693	875,276	2,901,514	27,458	2,190,959	683,097

Fair Value of Investments cont'd - Fair Value Hierarchy - Basis of Valuation

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable & unobservable inputs	Key Sensitivities affecting the valuations provided
Pooled Investment Vehicles				
Market Quoted Investments - Global Equity	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published.	NAV based pricing set on a forward pricing policy	Not Required
Fixed Interest and Index Linked	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published.	NAV based pricing set on a forward pricing policy	Not Required

Property Fund	Level 3	Valued quarterly at NAV in accordance with International Private Equity and Venture Capital Association Guidelines	EBITDA multiples, revenue multiples, discount for lack of market evidence, control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows and by differences between audited and unaudited accounts.
Infrastructure	Level 3	Valued quarterly at NAV using independent valuations prepared by an external expert. Valuations are in accordance with International Private Equity and Venture Capital Association Guidelines and primarily utilise a DCF methodology. Fund financial statements are audited on an annual basis by an external auditor under Luxembourg GAAP.	Valuations are based on company specific financial models. Cross-checks are made to comparable listed company valuations.	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows and by differences between audited and unaudited accounts.
Hedge Fund	Level 3	Closing bid price where bid and offer prices are published. Closing single price where single price published.	NAV based pricing set on a forward pricing policy	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows and by differences between audited and unaudited accounts.
Timberland & Farmland Fund	Level 3	Each of the Fund's investments is appraised semi-annually. Prior to its first appraisal, an investment is valued at cost plus any capital expenditures less any liabilities and thereafter is independently appraised in June and December in the year following the acquisition date.	Under the Fund's current valuation policy, MIMTA selects and supervises third party appraisal firms. For operating company investments, the Fund engages financial advisory firms to conduct an enterprise valuation analysis within 12 months after the operating company's acquisition date and each June and December thereafter.	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows and by differences between audited and unaudited accounts

Unquoted Private Equity	Level 3	Valued quarterly at NAV using the market approach using quarterly financial statements in accordance with International Private Equity and Venture Capital Association Guidelines	EBITDA multiples, revenue multiples, discount for lack of market evidence, control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows and by differences between audited and unaudited accounts.
Residential Housing	Level 3	Quarterly calculated NAV with at least annual investment appraisals. Prior to its first appraisal, an investment is valued at cost plus capital expenditures until independently appraised in December following the acquisition date. Valuation methods are applied in accordance with the RICS Red Book Global Standards.	Cashflow period, projected income and expenditure based on expected tenure type, growth of income and expenditure, voids, staircasing rate, discount rate, margin risk for developments.	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows and by differences between audited and unaudited accounts. Changes to assumption of unobservable inputs and to observable inputs.
Trade Finance	Level 3	Valued monthly at NAV using independent valuations prepared by an internal valuation team. Valuations primarily utilise a DCF methodology. Fund financial statements are audited on an annual basis by an external auditor under Luxembourg GAAP.	Valuations are based on proprietary valuation models. Typically, daily updated market data from external sourcing providers (like Bloomberg or S&P) is used in modelling.	Valuations could be affected by material events occurring between the date of the financial statements provided and the fund's own reporting date, by changes to expected cashflows and by changes to assumption of unobservable inputs and to observable inputs.

23. Investment Risks

As demonstrated above, the Fund maintains positions indirectly via its fund managers in a variety of financial instruments including bank deposits, quoted equity instruments, fixed interest securities, direct property holdings, unlisted equity products, commodity futures and other derivatives. This exposes the Fund to a variety of financial risks including credit and counterparty risk, liquidity risk, market risk and exchange rate risk.

Procedures for Managing Risk

The principal powers to invest are contained in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and require an Administering Authority to invest any Pension Fund money that is not needed immediately to make payments from the Pension Fund. These regulations require the Pension Fund to formulate a policy for the investment of its fund money. The Administering Authority's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The Pension Fund annually reviews its Investment Strategy Statement

(ISS) and corresponding Funding Strategy Statement (FSS), which set out the Pension Fund's policy on matters such as the type of investments to be held, balance between types of investments, investment restrictions and the way risk is managed.

The Fund continues to review its structure. A key element in this review process is the consideration of risk and for many years now the Fund has pursued a policy of lowering risk by diversifying investments across asset classes, investment regions and fund managers. Furthermore alternative assets are subject to their own diversification requirements and some examples are given below :

- Private equity – by stage, geography and vintage where funds of funds are not used
- Property – by type, risk profile, geography and vintage (on closed-ended funds)
- Hedge funds – multi-strategy and/or funds of funds.

23. Investment Risks (Continued)

Manager Risk

The Fund is also well diversified by manager. On appointment, fund managers are delegated the power to make such purchases and sales as they deem appropriate under the mandate concerned. Each mandate has a benchmark or target to outperform or achieve, usually on the basis of 3-year rolling periods. An update, at least quarterly, is required from each manager and regular meetings are held with managers to discuss their mandates and their performance on them.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. As noted above almost all the Fund's investment are through pooled vehicles and a number of these are involved in derivative trades of various sorts, including futures, swaps and options. Whilst the Fund is not a direct counterparty to such trades and so has no direct credit risk, clearly all derivative transactions incorporate a degree of risk and the value of the pooled vehicle, and hence the Fund's holding, could be impacted negatively by failure of one of the vehicle's counterparties. However, part of the operational due diligence carried out on potential manager appointees concerns itself with the quality of that manager's risk processes around counterparties and seeks to establish assurance that these are such as to minimise exposure to credit risk.

There has been no historical experience of default on the investments held by the Pension Fund.

Within the Fund, the areas of focus in terms of credit risk are bonds and some of the alternative asset categories :

- The Fund's active fixed interest mandates are valued at £136,710k is managed (by Russell Investments on behalf of Wales Pension Partnership) on an unconstrained basis and has a

significant exposure to credit, emerging market debt and loans. At 31st March 2024, the Fund's exposure to non-investment grade paper was 50.4% of the actively managed fixed income portfolio.

- On private equity the Fund's investments are almost entirely in the equity of the companies concerned. The Funds private equity investments of £256,961k are managed by HarbourVest, Blackstone and Schroders in fund of funds portfolios.

On hedge fund of funds and multi-strategy vehicles, underlying managers have in place a broad range of derivatives. The Fund's exposure to hedge funds through its managers at 31st March 2024 is set out below with their relative exposure to credit risk :

	March 2024 £'000	Credit Exposure %
EnTrustPermal	30,248	62.55
Blackrock	36,255	8.4

Liquidity Risk

The Pension Fund has its own bank accounts. At its simplest, liquidity risk is the risk that the Fund will not be able to meet its financial obligations when they fall due, especially pension payments to its members. At a strategic level the Administering Authority, together with its consulting actuary, reviews the position of the Fund triennially to ensure that all its obligations can be suitably covered. Ongoing cash flow planning in respect of contributions, benefit payments, investment income and capital calls/distributions is also essential. This is in place with the Fund's position updated much more regularly.

Specifically on investments, the Fund holds through its managers a mixture of liquid, semi-liquid and illiquid assets. Whilst the Fund's investment managers have substantial discretionary powers regarding their individual portfolios and the management of their cash positions, they hold within their pooled vehicles a large value of very liquid securities, such as equities and bonds quoted on major stock exchanges, which can easily be realised. Traditional equities and bonds now comprise 73% of the Fund's value and, whilst there will be some slightly less liquid elements within this figure (emerging market equities and debt for example), the funds investing in these securities offer monthly trading at worst – often weekly or fortnightly.

On alternative assets the position is more mixed. Most are subject to their own liquidity terms or, in the case of property, redemption rules. Closed-ended funds such as most private equity vehicles and some property funds are effectively illiquid for the specified fund period (usually 10 years), although they can be sold on the secondary market, usually at a discount.

The table below analyses the value of the Fund's investments at 31st March 2024 by liquidity profile :

	Amounts at 31st March 2024 £000s	Within 1 month £000s	1-3 months £000s	4-12 months £000s	> 1 Year £000s
Pooled Investment Vehicles					
Overseas Equity	2,112,275	2,112,275	0	0	0
Fixed Interest	278,082	278,082	0	0	0
Index-linked	26,336	26,336	0	0	0
Property Unit Trust	25,253	0	0	25,253	0
Property Fund	69,475	0	0	35,581	33,894
Hedge Fund	66,503	0	0	66,503	0
Private Equity	256,961	0	0	0	256,961
Infrastructure	154,138	0	0	0	154,138
Private Debt	78,796	0	0	0	78,796
Residential Housing	34,347	0	0	0	34,347
Timberland & Farmland	80,403	0	0	0	80,403
Trade Finance	109,400	109,400	0	0	0
Derivatives	9,579	9,579	0	0	0
Deposits with banks and other financial institutions	17,682	17,682	0	0	0
Total	3,319,230	2,553,354	0	127,337	638,539

23. Investment Risks (Continued)

It should be noted that different quoted investments are subject to different settlement rules but all payments/receipts are usually due within 7 days of the transaction (buy/sell) date. Because the Fund uses some pooled vehicles for quoted investments these are often subject to daily, weekly, 2-weekly or monthly trading dates. All such investments have been designated “within 1 month” for the purposes of liquidity analysis. Open-ended property funds are subject to redemption rules set by their management boards. Many have quarterly redemptions but these can be held back in difficult markets so as not to force sales and disadvantage continuing investors. For liquidity analysis purposes, a conservative approach has been applied and all such investments have been designated “within 4-12 months”.

Closed-ended funds have been designated illiquid for the purposes of liquidity analysis. However, these closed-ended vehicles have a very different cash flow pattern to traditional investments since the monies committed are only drawn down as the underlying investments are made (usually over a period of 5 years) and distributions are returned as soon as underlying investments are exited (often as early as year 4). In terms of cash flow, therefore, the net cash flow for such a vehicle usually only reaches a maximum of about 60-70% of the amount committed and cumulative distributions usually exceed cumulative drawdowns well before the end of the specified period, as these vehicles regularly return 1½ to 2½ times the money invested. At the same time, it has been the Fund’s practice to invest monies on a regular annual basis so the vintage year of active vehicles ranges from 2000 to 2023.

This means that, whilst all these monies have been designated closed-ended and thereby illiquid on the basis of their usual “10-year life”, many are closer to maturity than implied by this broad designation. As can be seen from the table, even using the conservative basis outlined above, around 77% of the portfolio is realisable within 1 month and 81% is realisable within 12 months.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial institution will fluctuate because of changes in market price. The Fund is exposed to the risk of financial loss from a change in the value of its investments and the consequential danger that its assets will fail to deliver returns in line with the anticipated returns underpinning the valuation of its liabilities over the long term.

Market risk is comprised of two elements :

- The risks associated with volatility in the performance of the asset class itself (beta).
- The risks associated with the ability of managers, where allowed, to move away from index weights and to generate alpha, thereby offsetting beta risk by exceeding market performance.

The table below sets out an analysis of the Fund's market risk positions at 31 March 2024 by showing the amount invested in each asset class and through each manager within each main asset class, the index used as a benchmark, the target set for managers against this benchmark:

City & County of Swansea Pension Fund - Asset Allocation as at 31st March 2024						
Asset Class	Target Asset Allocation	Fund Manager - Allocation			Benchmark	Performance target
		Passive		Active		
Global Equities	61% +/- 5%	21% Blackrock Low Carbon Fund	Aqlia World Low Carbon Trk Emerging Markets Fund	41%	MSCI World ND Low Carbon	Index Tracker
					MSCI Emerging Markets ND	Index Tracker
				Wales Pension Partnership Wales Pension Partnership	MSCI ACWI ND MSCI ACWI ND	+2% p.a. over rolling 3 years
				WPP Global Opportunities Fund WPP Sustainable Active Equity Fund		
Global Fixed Interest	5% +/- 5%	1% Blackrock	Aquila Life All Stk UK ILG IDX	9%	FTSE Index Linked	Index Tracker
				Wales Pension Partnership Wales Pension Partnership Fidante T Rowe Price	3 Mnth Sonia 3 Mnth Sonia Sonia Sonia	3 Mnth GBP Sonia + 4% 3 Mnth GBP Sonia + 2% Sonia Sonia
				WPP Multi Asset Credit Fund WPP Absolute Return Bond Fund Ardea Global Bond Fund Dynamic Global Bond Fund		
Property	5% +/- 5%			3%	MSCI/AREF UK Quarterly Property Fund Index All Open Ended Balanced Funds	+ 1% p.a. net over rolling 3 year
				Schroders Invesco Partners Group	Schroders Property Fund Invesco Real Estate European Fund Partners Group Global Real Estate	
Hedge Funds	2% +/- 5%			2%	IPD All Balanced Funds index IPD All Balanced Funds index	
				EnTrust Global Blackrock	EnTrust Global Absolute Return Fund - A GBP Blackrock Appreciation Strategy Fund	3 Mnth GBP Sonia 3 Mnth GBP Sonia
Private Equity	5% +/- 5%			7%	FTSE allshare FTSE allshare	+3% p.a. over 3 year rolling
				HarbourVest Blackstone Schroders	Harbourvest Red Dragon Funds I & L Blackstone Strategic Capital Holdings II Schroders Capital WPP Global Private Equity	11% Absolute 11% Absolute 11% Absolute
Infrastructure	5% +/- 5%			5%	10% Absolute 10% Absolute 15% Absolute 15% Absolute	10% Absolute 10% Absolute 15% Absolute 15% Absolute
				Ignio Infrastructure Blackrock Capital Dynamics GCM Grosvenor GCM Grosvenor - Octopus GCM Grosvenor - IFM GCM Grosvenor - CBRE Schroders Greencoat	EDIF II FF II S.C.A. RAIF Global Renewable Power Fund 111 & 1V Capital Dynamics CEI (WPP), LP GCM WPP Global Infrastructure LP Octopus Renewables Infrastructure SCSp CBRE Global Infrastructure Fund IFM Global Infrastructure Fund Greencoat Tachbrook LP - Biomass Plant	Target of 7.5% - 8.5% Gross Target of 10% p.a. net of fees Target of 8% - 12% p.a. net of fees 9% Absolute
Residential Housing	5% +/- 5%			1%	7% Absolute 6% Absolute	7% Absolute 6% Absolute
				Columbia Threadneedle Man Group	CT UK Residential Real Estate FCP-RAIF ManGPM RI Community Housing Fund	
Timberland & Farmland	3% +/- 5%			3%	8-11% Gross IRR 10% Absolute 8% Absolute	8-11% Gross IRR 10% Absolute 8% Absolute
				Manulife Stafford COOF Stafford SIT X	Hancock Timberland and Farmland Fund LP Stafford Carbon Offset Opportunity Fund Stafford International Timberland X Fund	
Private Debt	5% +/- 1%			3%	7% Absolute 7% Absolute 9% Absolute 7% Absolute 7% Absolute 8% Absolute 15% Absolute	7% Absolute 7% Absolute 9% Absolute 7% Absolute 7% Absolute 8% Absolute 15% Absolute
				Alcentra CVC CVC Goldman Sachs Russell via WPP Blackstone	Alcentra European Direct Lending (Unlevered & AIV) Fund III CVC Credit Partners European Direct Lending Feeder Fund II CVC Credit Partners European Direct Lending Feeder Fund III Broad Street Loan Partners IV Russell WPP Global Private Credit LP Blackstone Green Private Credit Fund III ("BGREEN III")	
Trade Finance	3% +/- 1%			3%	Sonia Sonia	Sonia +2% Sonia
				Alliaz Global Investors Pemberton Capital Advisors	Alliaz Global Investors Pemberton	
Cash	1% +/- 5%			1%	7day LIBID	=
				Lloyds / Northern Trust	In House / Custodian	
TOTAL	100%	22%		78%		

23. Investment Risks (Continued)

The risks associated with volatility in market values are managed mainly through a policy of broad asset diversification. The Fund sets restrictions on the type of investment it can hold through investment limits, in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The Fund also adopts a specific strategic benchmark (details can be found in the Fund's ISS) and the weightings of the various asset classes within the benchmark form the basis for asset allocation within the Fund. Under normal conditions there is quarterly rebalancing to this strategic benchmark within fixed tolerances. This allocation, determined through the Fund's asset allocation strategy, is designed to diversify and minimise risk through a broad spread of investments across both the main and alternative asset classes and geographic regions within each asset class. Market risk is also managed through manager diversification – constructing a diversified portfolio across multiple investment managers. On a daily basis, managers will manage risk in line with the benchmarks,

targets and risk parameters set for the mandate, as well as their own policies and processes. The Fund itself monitors managers on a regular basis (at least quarterly) on all these aspects.

23. Investment Risks (Continued)

Price Risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of financial instruments. Possible losses from shares sold short is unlimited.

Following analysis of historical data and expected investment returns movement during the financial year and in consultation with the Fund's investment advisors, the Council has determined the following movements in market price risk are reasonably possible. Had the market price of the fund investments increased/decreased in line with the potential market movements, the change in the net assets available to pay benefits in the market price as at 31st March 2024 would have been as follows:

Price Risk

Asset Type	Value (£'000)	% Change	Value on Increase	Value on Decrease
Overseas Equities	2,112,275	10.7574	2,339,501	1,885,049
Total Bonds & Index-Linked	304,418	5.9385	322,496	286,340
Alternatives	790,127	4.7228	827,443	752,811
Cash	17,682	1.5248	17,952	17,402
Property	94,728	5.2967	99,745	89,711
Other Investment Balances	-	-	-	-
Total Assets*	3,319,230	6.6138	3,538,756	3,099,704

**The % change for Total Assets includes the impact of correlation across asset classes*

and as at 31st March 2023

Price Risk

Asset Type	Value (£'000)	% Change	Value on Increase	Value on Decrease
Overseas Equities	1,849,836	12.4920	2,080,917	1,618,755
Total Bonds & Index-Linked	313,442	5.6880	331,270	295,614
Alternatives	622,241	5.3264	655,384	589,098
Cash	15,967	0.6776	16,075	15,859
Property	100,028	6.4708	106,501	93,555
Other Investment Balances	-	-	-	-
Total Assets*	2,901,514	7.9427	3,131,974	2,671,054

**The % change for Total Assets includes the impact of correlation across asset classes*

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

In consultation with the Fund's investment advisors, the Council has determined that the following movements in currencies are reasonably possible. The following represents a sensitivity analysis associated with foreign exchange movements as at 31st March 2024 :

Currency Risk (by currency)

Currency	Value (£'000)	% Change	Value on Increase	Value on Decrease
Australian Dollar	-	-	-	-
Brazilian Real	-	-	-	-
Canadian Dollar	-	-	-	-
Danish Krone	-	-	-	-
EURO	148,477	4.3350	154,913	142,041
Hong Kong Dollar	-	-	-	-
Indian Rupee	-	-	-	-
Indonesian Rupiah	-	-	-	-
Israeli Shekel	-	-	-	-
Japanese Yen	-	-	-	-
Malaysian Ringgit	-	-	-	-
Mexican Peso	-	-	-	-
Norwegian Krone	-	-	-	-
Chinese Renminbi Yuan	-	-	-	-
Philippine Peso	-	-	-	-
Russian Rouble	-	-	-	-
Singapore Dollar	-	-	-	-
South African Rand	-	-	-	-
South Korean Won	-	-	-	-
Swedish Krona	-	-	-	-
Swiss Franc	-	-	-	-
Taiwan Dollar	-	-	-	-
Thai Baht	-	-	-	-
Turkish Lira	-	-	-	-
US Dollar	365,803	8.2562	396,004	335,601
Pooled Vehicles				
Overseas Equities	1,410,289	6.3853	1,500,339	1,320,238
Low Carbon Index	654,784	6.3853	696,594	612,974
Emerging Mrkts	47,202	5.5522	49,823	44,581
Total Currency*	2,626,555	5.5522	2,772,388	2,480,722

**The % change for Total Currency includes the impact of correlation across the underlying currencies*

and as at 31st March 2023

Currency Risk (by currency)

Currency	Value (£'000)	% Change	Value on Increase	Value on Decrease
Australian Dollar	-	-	-	-
Brazilian Real	-	-	-	-
Canadian Dollar	-	-	-	-
Danish Krone	-	-	-	-
EURO	156,513	5.3487	164,884	148,142
Hong Kong Dollar	-	-	-	-
Indian Rupee	-	-	-	-
Indonesian Rupiah	-	-	-	-
Israeli Shekel	-	-	-	-
Japanese Yen	-	-	-	-
Malaysian Ringgit	-	-	-	-
Mexican Peso	-	-	-	-
Norwegian Krone	-	-	-	-
Chinese Renminbi Yuan	-	-	-	-
Philippine Peso	-	-	-	-
Russian Rouble	-	-	-	-
Singapore Dollar	-	-	-	-
South African Rand	-	-	-	-
South Korean Won	-	-	-	-
Swedish Krona	-	-	-	-
Swiss Franc	-	-	-	-
Taiwan Dollar	-	-	-	-
Thai Baht	-	-	-	-
Turkish Lira	-	-	-	-
US Dollar	254,675	9.1214	277,905	231,445
Pooled Vehicles				
Overseas Equities	1,804,784	7.1862	1,934,479	1,675,089
Low Carbon Index	702,440	7.1862	752,919	651,961
Emerging Mrkts	45,052	6.4641	47,964	42,140
Total Currency*	2,963,464	6.3000	3,150,162	2,776,766

**The % change for Total Currency includes the impact of correlation across the underlying currencies*

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Actuary, as part of their triennial valuation and dictated by the Funding Strategy Statement, will only anticipate long-term return on a relatively prudent basis to reduce risk of under-performing. Progress is analysed at three yearly valuations for all employers.

24. Events After the Balance Sheet Date

Events after the balance sheet date are those events both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified :

- those that provide evidence of conditions that existed at the end of the reporting period, the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of those events and their estimated financial effect.

There are no known events that have a material impact on these accounts.

25. Further Information

Further information about the fund can be found in the attached appendices. Information can also be obtained from the Deputy Chief Finance Officer, Room 152, Guildhall, Swansea SA1 4NR or on www.swanseapensionfund.org.uk.

26. Financial Position

The accounts outlined within the statement represent the financial position of the City and County of Swansea's Pension Fund at 31 March 2024.

PART C INVESTMENT REPORT

Pension Fund – Budget 2024/25

	Actual 2022/23	Actual 2023/24	Estimate 2024/25
Membership Numbers			
Contributors	22,699	22,703	23,400
Pensioners	14,737	15,203	15,545
Deferred	12,390	12,176	12,400
	49,826	50,082	51,345
	Actual 2022/23 £'000	Actual 2023/24 £'000	Estimate 2024/25 £'000
Income			
Employer Contributions	95,666	90,139	89,000
Employee Contributions	23,915	25,876	26,000
Transfers In	4,179	7,458	4,500
Other Income	14	174	150
Investment Income	32,230	32,051	27,000
	156,004	155,698	146,650
Expenditure			
Pensions Payable	75,861	84,825	90,400
Lump Sum Benefits	16,115	20,170	17,000
Death Grants	2,416	2,916	2,000
Refunds	248	195	200
Transfers Out	4,230	10,115	5,000
	98,870	118,221	114,600
Administrative Expenses			
Support Services	798	808	800
Actuarial Fees	122	73	120
Consultancy Service	253	206	180
External Audit Fees	51	54	51
Performance Monitoring Fees	9	8	10
Printing & Publications	15	1	18
Software Licences	338	380	350
Membership Fees	25	27	32
Legal Fees	21	18	15
Other	211	87	220
Pension Fund Committee	1	1	2
Pension Board	1	1	2
Training	10	2	15
Wales Pension Partnership Fees	158	226	205
	2,013	1,892	2,020
Investment Expenses			
Management Fees	6,978	6,946	10,000
Performance Fees	2,537	5,254	5,000
Custody Fees	302	293	400
Transaction Costs	2,277	3,424	3,000
	12,094	15,917	18,400

Investment Strategy

The Strategic Aim of the Fund is to achieve the maximum return consistent with acceptable levels of risk and the long term nature of the Fund's liabilities.

Fund monies that are not currently needed to meet pension and benefit payments are invested in approved securities and the Fund receives income from these investments. The powers to invest are contained within the Local Government Pension Scheme Regulations.

Investment Fund Management

The investment of the Fund is the responsibility of the Pension Fund Committee. The Committee as at 31st March 2024 comprised (Appendix 2) :-

- 7 Councillor Members (one member from Neath Port Talbot CBC representing other scheme employers) advised by:
- Section 151 Officer
- Deputy Chief Finance Officer
- Investment Consultants

The Committee, after taking account of the views of the investment consultants/advisors and appointed actuary to the Fund, is responsible for determining broad investment strategy and policy, with appointed professional fund managers undertaking the operational management of the assets.

The fund is regularly reviewed to achieve a structure which efficiently and effectively meets the Fund's objective.

The Fund's current managers are:

Asset Class	Manager
Global Equities	Russell Investments on behalf of Wales Pension Partnership & Blackrock
Derivatives Mandate	Russell Investments
Fixed Interest	Russell Investments on behalf of Wales Pension Partnership & Blackrock
Fund of Hedge Funds	Blackrock & EnTrustPermal
Fund of Private Equity Funds	HarbourVest & Blackstone, Schrodgers Investment Management on behalf of Wales Pension Partnership
European Property Fund	Invesco
Fund of Property Funds	Partners Group & Schrodgers Investment Management

Infrastructure Funds	Igneo Investments, Blackrock, Capital Dynamics, Schroders Greencoat & GCM Grosvenor, Octopus, CBRE and IFM on behalf of Wales Pension Partnership
Fund of Private Debt	Alcentra, CVC Credit Partners, Goldman Sachs, Blackstone, Russell Investments on behalf of Wales Pension Partnership
Residential Housing Timberland & Farmland Liquidity Management	Columbia Threadneedle, Man Group Manulife, Stafford Capital Partners Fidante & T Rowe Price

Valuation of Investments

The value of the Fund's investments of £3,319.2m together with net assets totalling £3.5m increased from £2,905.7m to £3,322.7m during 2023/24

The increase of £416.9m is comprised of two elements:

2022/23		2023/24
£'000		£'000
-29,271	Net Return on Investments	429,307
<u>10,797</u>	Add Net new money into the Fund	<u>-12,383</u>
<u>-18,474</u>		<u>416,924</u>

The market value of the Fund's investments over the past 10 years is illustrated in Appendix 3.

Distribution of Investments

The following table shows the distribution of the Fund's investments at 31 March 2024 at Bid price Market Values.

31 March 2023			31 March 2024	
£'000	%		£'000	%
313,442	10.8	Fixed Interest Securities	278,082	8.4
27,681	1.0	Index Linked Securities	26,336	0.8
1,849,836	63.8	Global Equities	2,112,275	63.7
100,028	3.4	Property	94,728	2.9
61,211	2.1	Hedge Funds	66,503	2.0
218,995	7.5	Private Equity	256,961	7.7
107,188	3.7	Infrastructure	154,138	4.6
70,721	2.4	Private Debt	78,796	2.4
22,659	0.8	Residential Housing	34,347	1.0
136	0.0	Timberland & Farmland	80,403	2.4
102,159	3.5	Trade Finance	109,400	3.3
11,491	0.4	Derivatives	9,579	0.3
15,967	1.1	Cash	17,682	0.5
2,901,514	100		3,319,230	100

A more detailed sector and geographical analysis of the distribution of the Fund's investments is provided in Appendices 4(i)-(iii).

	Equities - Low Carbon Tracker		Equities - Emerging Markets		Equities - Global Pooled	Equities - Derivatives	Property - UK & Europe	Property - Global	Fixed Interest - MAC & ARB	Fixed Interest - Index Linked	Fixed Interest - Global Bonds	Hedge Funds	Private Equity	Infrastructure	Private Debt	Residential Housing	Timberland & Farmland	Trade Finance	Cash	Total	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Blackrock (Low Carbon)	654,784	47,202								26,538										728,322	
WPP - Equity					1,410,289															1,410,289	
Russell				9,579																9,579	
Fidante											46,094									46,094	
T Rowe Price											95,288									95,288	
Schroders Property							60,834													60,834	
Invesco							26,056													26,056	
Partners Group									7,838											7,838	
WPP - MAC									66,555											66,555	
WPP - ARB									70,155											70,155	
Blackrock (Hedge)												36,255								36,255	
EnTusIFernal												30,248								30,248	
Ignio Partners															96,162					96,162	
Blackrock GRP 111															20,399					20,399	
Blackrock GRP IV															0					0	
WPP - GCM Grosvenor															4,888					4,888	
WPP - GCM Grosvenor - Odorous															2,629					2,629	
WPP - GCM Grosvenor - IFM															0					0	
WPP - GCM Grosvenor - CBRE															0					0	
Capital Dynamics															3,018					3,018	
Schroders Greenoak															25,042					25,042	
HarbourVest													168,866							168,866	
Blackstone BSCH													71,405							71,405	
Schroders WPP Private Equity													16,690							16,690	
Alcentra															14,912					14,912	
CVC 11															16,421					16,421	
CVC 111															20,806					20,806	
GSAM BroadSheet															23,360					23,360	
Blackstone Green Private Credit															1,370					1,370	
Russell WPP Private Credit															1,927					1,927	
Columbia Threadneedle																10,094				10,094	
Man Group																24,313				24,313	
Manulife																	51,361			51,361	
Starford International X																29,042				29,042	
Starford COOF																0				0	
Allianz																		54,375		54,375	
Pemberton																		55,025		55,025	
External Cash																				653	
Internal Cash							3,262													13,787	
TOTAL	654,784	47,202	1,410,289	9,579	90,152	7,838	136,710	26,538	141,372	66,505	256,961	154,138	78,796	34,347	80,403	109,400	14,420	3,319,250			

As detailed below, a total of 11.87% of the portfolio comprises of assets domiciled in the United Kingdom.

Percentage Allocation of Assets Invested in the United Kingdom

Manager	Mandate	Asset Class	Allocation Invested in UK as at 31/03/2024
			%
Blackrock- Low Carbon Fund (Passive)	ACS World Low Carbon EQ TRK Fund	Overseas Equities	0.77
Blackrock- Low Carbon Fund (Passive)	SHARES EM IDX FD INS AC GBP	Overseas Equities	0.00
Wales Pension Partnership	WPP Global Opportunities Fund	Global Opportunities Fund	1.60
Wales Pension Partnership	WPP Sustainable Global Active Equity Fund	Global Equities	0.33
Russell Investments	WPP Global Opportunities Fund	Glit Solution	0.00
		Total Equities	2.70
Blackrock- Low Carbon Fund (Passive)	Aquila Life All Stock UK ILG Index	Fixed Income	0.79
Wales Pension Partnership	WPP Multi Asset Credit Fund	Fixed Income	0.08
Wales Pension Partnership	WPP Absolute Return Bond Fund	Fixed Income	0.23
Fidante	Ardas Global Alpha Strategy	Fixed Income	1.39
T Rowe Price	TRP SICAV Dynamic Global Bond Fund	Fixed Income	0.20
		Total Fixed Income	2.69
EnTrustPermal	EnTrust Global Absolute Return Fund	Hedge Funds	0.00
BlackRock	Blackrock Appreciation Strategy Fund	Hedge Funds	0.05
		Total Hedge Funds	0.05
Schroders	Schroders Property Fund	UK Property	1.90
Invesco	Invesco Real Estate - European Fund	European Property	0.07
Partners Group	Partners Group Global Real Estate	Global Property	0.12
		Total Property	2.09
Igneo Infrastructure Partners	EDIF II FF II S.C.A. RAIF	Infrastructure	0.00
BlackrockGRP	Global Renewable Power Fund 111	Infrastructure	0.04
BlackrockGRP	Global Renewable Power Fund IV	Infrastructure	0.00
Capital Dynamics	Capital Dynamics CEI (WPP), LP	Infrastructure	0.10
WPP GCM Grosvenor	GCM WPP Global Infrastructure LP	Infrastructure	0.06
WPP GCM Grosvenor - Octopus	Octopus Renewables Infrastructure	Infrastructure	0.03
WPP GCM Grosvenor - CBRE	CBRE Global Infrastructure Fund	Infrastructure	0.00
WPP GCM Grosvenor - IFM	IFM Global Infrastructure Fund	Infrastructure	0.00
Schroder's Greencoast	Greencoast Tachbrook LP - Biomass Plant	Infrastructure	0.80
		Total Infrastructure	1.03
HarbourVest	HarbourVest Red Dragon (Tranche I & L)	Private Equity	0.26
Blackstone	Blackstone Strategic Capital Holdings II	Private Equity	0.16
Schroders	Schroders Capital WPP Global Private Equity	Private Equity	0.07
		Total Private Equity	0.69
Alcentra	Alcentra European Direct Lending Fund	Private Debt	0.17
CVC	CVC 11 Credit Partners European Fund	Private Debt	0.26
CVC	CVC 11.1 Credit Partners European Fund	Private Debt	0.18
Goldman Sachs	Broad Street Loan Partners IV	Private Debt	0.11
Russell Investments	WPP Global Private Credit LP	Private Debt	0.00
Blackstone	Blackstone Green Private Credit Fund III	Private Debt	0.00
		Total Private Debt	0.73
Columbia Threadneedle (BMO)	CT UK Residential Real Estate FCP-RAIF	Residential Housing	0.30
Man Group	Man GPM RI Community Housing Fund	Residential Housing	0.73
		Total Residential Housing	1.03
Pemberton	Pemberton Working Capital Finance Strategy	Trade Finance	0.32
Allianz	Allianz Working Capital Fund	Trade Finance	0.64
		Total Trade Finance	0.96
Manulife	Hancock Timberland & Farmland	Timberland & Farmland Fund	0.00
Stafford	Stafford Carbon Offset Opportunities Fund	Timberland & Farmland Fund	0.00
Stafford	Stafford International Timberland Fund X	Timberland & Farmland Fund	0.00
		Total Timberland & Farmland	0.00
		Total UK	11.87

Investment Returns

	City & County of Swansea Fund	Local Authority Average Fund	Relative Performance	Peer Group Ranking	Average Earnings Increase	RPI*
	%	%	%		%	%
2023/24	12.9	9.1	3.8	12 th	5.8	4.3
2022/23	-1.6	-1.6	0.0	27 th	7.6	13.5
2021/22	10.7	8.6	+2.1	12 th	7.0	9.0
2020/21	31.1	22.8	+8.3	8 th	4.3	1.5
2019/20	-4.5	-4.8	+0.3	45 th	2.3	2.6
2018/19	6.1	6.6	-0.5	52 nd	3.3	2.44
2017/18	2.8	4.5	-1.7	58 th	2.6	3.3
2016/17	22.0	21.4	+0.6	27 th	2.6	3.14
2015/16	-1.7	0.3	-2.0	72 nd	2.2	1.6
2014/15	10.8	13.2	-2.4	89 th	4.4	0.9
2013/14	7.2	6.3	+0.9	35 th	1.9	2.45
2012/13	13.7	13.7	-0.1	43 rd	-0.7	3.28
2011/12	0.6	2.6	-2.0	92 nd	0.8	3.6

The annual returns on the City and County of Swansea Fund compared with the Local Authority average are illustrated above.

Market Commentary- Local Authority Universe

In 2023/24 the average fund returned 9.1%, asset class results strongly diverged and the range of results widened. Longer term results are still well ahead of inflation and funds' actuarial assumptions.

Early in the period equities added modestly to gains made in the first quarter of 2023. Shares in the UK and Europe outperformed the global index and developed peers in April, particularly in Asia Pacific and Japan. Investors were buoyed by better than anticipated earnings and expectations that central bank interest rate rises were approaching their peak. However, renewed banking sector turmoil and tightening credit conditions among lenders weighed on risk appetite. Positive economic data and a resolution to the US debt ceiling talks helped propel equities higher in June, led by the US market, following more muted performance in April and May. Information technology dominated, helped by robust earnings results from big US tech names and rising interest in artificial intelligence (AI)-related technology. Chipmaker Nvidia shares soared in May, propelling its market capitalisation to \$1 trillion after strong results and bullish revenue forecasts, while Apple shares hit a record high taking its market capitalisation through the \$3 trillion barrier. However, slow progress on controlling inflation and expectations of future rate hikes weighed on the UK and European markets.

In the third quarter equities retreated on rising expectations that interest rates would stay higher for longer. Soaring oil prices added to concerns that the battle over inflation may be prolonged. Worries over the Chinese economy prompted a sell-off in Chinese equities mid-quarter although new stimulus measures from Beijing and a pick-up in manufacturing stemmed some of the falls. This market weakness continued into October as geopolitical worries triggered by conflict in the Middle East added to the cautious mood. However, this pessimism faded rapidly in November, as evidence of falling inflation and more dovish comments from the Fed raised expectations of interest rate cuts. The year-end rally continued into 2024 propelling benchmark indices in the US, Europe and Japan to record highs. Sentiment was boosted by strong earnings results and resilient economic data.

The Fed, European Central Bank and the Bank of England all raised rates earlier in the period, but left them unchanged at later policy meetings, responding to signs of weakening inflation. In March 2024, the Swiss Central Bank surprised the market by reducing its key rate by 25 bps to 1.5%, becoming the first major western central bank to lower interest rates. In contrast, the Bank of Japan ended eight years of negative interest rates with its first rate increase in 17 years.

Fund Performance

The City & County of Swansea Pension Fund returned 12.9 % for the year, which easily outperformed the local authority universe benchmark of 9.1%, which placed the fund in 10th place in the Local Authority Universe. Over three years the fund returned 7.5% against a benchmark of 5.3% (7th) and 5 years 9.4% against the universe of 6.5% placing the fund in 2nd place overall out of ALL LGPS funds and top decile over all time periods 10, 15, 20 years.

Long term performance is strong, the Fund is ahead of average over all time periods. This is particularly pleasing noting the averaging in of the asset re-allocation strategy as the fund de-risks some elements of its portfolio consolidating the positive funding position.

The Fund is actively reducing its equity overweight position which has served it well during these last few years. The fund continues to re-allocate these growth assets into yielding real assets such as infrastructure, housing, property and private debt and in the last two years has made investments in Timberland and Farming to actively move towards the funds aim of reaching its net zero target by 2037, whilst targeting meaningful impact across a variety of measures.

Environmental Social Governance (ESG) Policy Implementation

As part of its Net Zero Carbon journey, in November 2021, the Pension Committee approved the following :

1. A commitment to achieve a net zero carbon position in its investment portfolio by 2037
2. The adoption of the Fund's Responsible Investment Beliefs to underpin the Fund's actions on climate risk
3. The climate actions of the Fund to be developed across three key areas ('3- dimensions') to give greater balance between:
 - Carbon and other ESG metrics (both backward and forward looking)
 - Opportunities that will benefit from the transition to a lower carbon economy
 - Engagement activities focussed on climate, and encouraging best practice amongst fund managers, investee companies and other investors.

In continuing to implement the Fund's ESG policy and as part of the re-allocation of approximately 10% of growth assets into yielding assets, in 2022-23 the fund made a £60m commitment to the Stafford International Timberland Fund, a £40m commitment to Stafford Carbon Offset Opportunities Fund. The previously appointed Manulife HTTF, the original Timberland Fund has now drawn down the full commitment of £50m for deployment. The fund strives to make appropriate investments in water supplies and infrastructure as part of farmland investments with a focus on long term stewardship and conservation. Timberland and agriculture demonstrates significant potential to reduce greenhouse gases and to boost carbon storage.

In 20-23 the fund also made a £10m commitment to Capital Dynamics Infrastructure fund (a wind farm project across Wales), together with six of the other Constituent Authorities in Wales.

The fund had previously made commitments totalling £60m to two residential community housing funds which seek to deploy mixed tenure housing schemes with the aim of providing affordable rented housing in the Community. Man Group has drawn down £22m capital so far and Columbia Threadneedle has recently drawn down £1.2m for the first tranche for deployment.

Very recently the fund has made a commitment to a Private credit investment with Blackstone Green Private Credit Fund 111, which focuses on renewable energy, climate change solutions, infrastructure, energy transition, sustainability, and related sectors. It has also made a commitment to Schroders Greencoat, a Biomass plant based in South Wales, which efficiently burns waste wood otherwise destined for landfill supporting the Fund's allocation of capital to renewable infrastructure, to local investments and the Governments levelling up agenda, as part of its overall asset allocation. The Pension Committee and Local Pension Board approved its Net Zero Implementation Strategy in 2023.

The Pension Committee and Local Pension Board met again in October 2022 as part of a Net Zero workshop to discuss the next steps to the Funds net zero commitment, which will be published in the Autumn of 2023.

PART D

ACTUARIAL REPORT

City and County of Swansea Pension Fund

Statement of the Actuary for the year ended 31 March 2024

Introduction

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013 (the 'LGPS Regulations').

The LGPS Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the City and County of Swansea Pension Fund (the 'Fund') is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2022 by Aon, in accordance with Regulation 62 of the LGPS Regulations.

Actuarial Position

- The valuation as at 31 March 2022 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2022 (of £2,924.2M) covering 100% of the liabilities.

The funding levels of the Fund at the 31 March 2022 valuation date and the previous valuation as at 31 March 2019 are shown below for comparison:

£M	As at 31 March 2022	As at 31 March 2019	Change since 2019 valuation
Market value of Fund Assets	2,924.2	2,044.0	+880.2
Value of fund liabilities	(2,921.4)	(2,234.6)	+686.8
Funding level (assets / liabilities)	100.1%	91.5%	+8.6%
Deficit / Surplus	2.8	(190.6)	+193.4

- The valuation also assessed each individual employer's (or group of employers') position separately. Contribution requirements were determined based on the principles in the Fund's Funding Strategy Statement and are set out in Aon's report dated 30 March 2023 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31 March 2026 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2023	21.6%	0.631
2024	21.6%	0.721
2025	21.6%	0.810

- The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate, stepping of contribution changes and individual employers' recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers'

circumstances. This included an agreement that where an employer's fund is in surplus, this has only led to an adjustment in contributions to the extent that this surplus is in excess of 10% of the value of that employer's liabilities (i.e. to the extent that the employer's funding level is greater than 110%).

Where an employer is in a deficit position, the employer is required to pay contributions which aim to restore the employer to a fully funded position by the end of an agreed recovery period. For the 2022 valuation the maximum recovery period was 16 years.

4. The valuation was carried out using the projected unit actuarial method for most employers, allowing for future increases in pensionable pay. The main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service	4.1% p.a.
Discount rate for periods after leaving service	
Scheduled body and subsumption funding target *	4.1% p.a.
Ongoing orphan funding target	0.8% p.a.
Rate of pay increases	3.8% p.a.
Rate of increase to pension accounts **	2.3% p.a.
Rate of increases in pensions in payment ** (in excess of Guaranteed Minimum Pension)	2.3% p.a.

** The scheduled body discount rate was also used for employers whose liabilities will be subsumed after exit by a scheduled body.*

*** In addition, a 10% uplift has been applied to the past service liabilities on the scheduled body and subsumption funding target to make allowance for short-term inflation above the long-term assumption.*

In addition, the discount rate and rate of increases to pensions for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities and the employer has exited the Fund) were assumed to be 1.7% p.a. and 3.4% p.a. respectively.

The assets were valued at market value.

5. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S3 mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for future improvements based on the 2021 Continuous Mortality Investigation Projections Model, with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	22.1	24.6
Current active members aged 45 at the valuation date	22.8	25.7

Further details of the assumptions adopted for the valuation, including the other demographic assumptions, are set out in the actuarial valuation report.

6. The valuation results summarised in paragraph 1 above are based on the financial position and market levels at the valuation date, 31 March 2022. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Administering Authority, monitors the funding position on a regular basis, but no formal interim valuations have been carried out.
7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2023 to 31 March 2026 were signed on 30 March 2023. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2025 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
8. The Government Actuary's Department carries out a review of all LGPS pension fund valuations in England and Wales under Section 13 of the Public Service Pensions Act, to ensure they are following the Regulations and to assess whether the valuations are being carried out in a broadly consistent way. The

review for the 2022 valuations has not yet been completed and so official statistics comparing the valuation results across funds are not yet available. However all LGPS fund valuation reports and the LGPS Scheme Advisory Board's (SAB's) summary of the 2022 valuations can be found on the SAB's website at the following link: <https://www.lgpsboard.org/index.php/fund-valuations-2022>

9. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2022. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon does not accept any responsibility or liability to any party other than our client, City and County of Swansea, the Administering Authority of the Fund, in respect of this Statement.

10. The report on the actuarial valuation as at 31 March 2022 is available on the Fund's website at the following address:
<https://www.swanseapensionfund.org.uk/wp-content/uploads/2023/04/City-and-County-of-Swansea-Pension-Fund-2022-Actuarial-Valuation-Report--30-March-2023.pdf>

11. The valuation report refers to Aon's approach to some benefit uncertainties in the 2022 valuation which have since been resolved:
- The Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 were laid on 8 September 2023, and came into effect from 1 October 2023. These regulations set out the McCloud remedy for the LGPS in England and Wales. The remedy is consistent with Aon's expectations and the allowance made for McCloud liabilities in the 2022 valuation.
 - The Judicial Review relating to the 2016 cost management valuation, and the 2020 cost management valuation process have both been concluded and the outcome is that there are no resulting additional costs falling on the Fund (and ultimately employers). This outcome is in line with the approach taken in the 2022 valuation.

Other benefit uncertainties remain as set out in the 2022 valuation report.

Aon Solutions UK Limited

May 2024

Statement of the Actuary for the year ended 31 March 2024 (continued)
Actuarial Present Value of Promised Retirement Benefits

CIPFA's Code of Practice on Local Authority Accounting for 2023/24 sets out that the actuarial present value of promised retirement benefits based on projected salaries be disclosed, consistent with the requirements of IAS19.

The results as at 31st March 2022, together with the results at 31st March 2019 are shown in the table below. The corresponding fair value of Fund assets is also shown in order to show the level of surplus or deficit within the Fund when the liabilities are valued using IAS19 assumptions.

	Value as at 31st March 2022	Value as at 31st March 2019
	£M	£M
Fair Value of Net Assets	2,924.2	2044.0
Actuarial present value of the defined benefit obligation (see Notes)	3,989.8	3,215.9
Surplus/(deficit) in the fund as measured for IAS26 purposes	(1,065.6)	(1,171.9)

McCloud/Sargeant Judgement

The actuarial present value of the defined benefit obligation at 31st March 2022 (31 March 2019) includes an estimated liability in relation to the McCloud/Sargeant judgment of £56.8m (£35.4m). The McCloud/Sargeant judgement (December 2018) found that the transitional arrangements put in place when the Firefighters' and Judges' Pension Schemes were reformed constituted illegal discrimination. The Government has since committed to compensate all members of public service schemes who were illegally discriminated against. The Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 were laid on 8 September 2023, and came into effect from 1 October 2023. These regulations set out the McCloud remedy for the LGPS in England and Wales. The key elements of the changes are:

- Underpin protection applies to LGPS members who meet the revised qualifying criteria, principally that they were active in the scheme on 31st March 2012 and subsequently had membership of the career average scheme without a continuous break in service of more than five years.
- The period of protection applies from 1st April 2014 to 31st March 2022 but ceases earlier where a member left active membership or reached their final salary scheme normal retirement age (normally 65) before 31st March 2022.
- Where a member stays in active membership beyond 31st March 2022, the comparison of their benefits will be based on their final salary when they leave the LGPS, or when they reach their final salary scheme normal retirement age, if earlier.
- Underpin protection will apply to qualifying members who leave active membership of the LGPS with an immediate or deferred entitlement to a pension.
- A 'two stage process' will apply for assessing the underpin so that, where there is a gap between a member's last day of active membership and the date they take their pension, members can be assured they are getting the higher benefit.
- Scheme regulations giving effect to the above changes are retrospective to 1st April 2014.

There are still some areas where additional regulations are needed (particularly for dealing with excess teacher service) and a further consultation on these will follow in due course with selected stakeholders. The additional liability included within this note assumes the underpin covers all members who were actively participating in the Scheme on 1st April 2012, in line with the remedy regulations set out above.

Equalisation and Indexation of Guaranteed Minimum Pensions

Following legislative change in 2021, the LGPS is now required to pay full CPI increases on Guaranteed Minimum Pensions (GMPs) for members whose State Pension Age is after April 2016. Separate to this, the High Court ruled in two Lloyds Banking Group cases (2018 and 2020) that schemes are required to equalise male and female benefits for the effect of unequal GMPs, and these requirements extend to members who have died or transferred out. Government has not yet set out its policy intention for historic deaths and transfers so some uncertainty remains for such members. The actuarial present value of the defined benefit obligation allows for pension increases in line with the indexation requirements. However, the fund actuary has not estimated a potential cost of equalising payment terms for the small minority of members whose benefits remain unequal after full indexation, nor for historic deaths or transfers.

Cost Management Process (2016 and 2020)

Legislation requires HM Treasury and the LGPS Scheme Advisory Board (SAB) to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable.

After incorporating the potential costs of the McCloud remedy, the 2016 SAB cost management process concluded with no benefit improvements or member contribution changes being recommended under that process. The legality of Government's decision to include McCloud costs as a member cost within the 2016 HMT process was challenged by a Judicial Review in 2023 brought by the trades unions.

On 17 April 2024, the judgment (<https://www.bailii.org/ew/cases/EWCA/Civ/2024/355.html>) given by the Court of Appeal was published. The Court of Appeal agreed with the earlier ruling of the High Court. Consequently, it has been found legitimate that the McCloud costs were treated as member costs within the process. This in turn means that there was no breach of the cost "floor" under the process and there is no requirement to revisit the outcome of the 2016 scheme-wide valuations, under which no benefit changes were made.

On 11 April 2024, the Government Actuary's Department (GAD) published its completed valuation on the scheme-wide LGPS England & Wales valuation as at 31 March 2020 (<https://www.gov.uk/government/publications/2020-valuation-local-government-pension-scheme-england-wales>). The valuation found that the "cost cap corridor" (taking account of the new "economic check") is not breached and the Government is not proposing to make any changes to LGPS benefits.

The SAB announced on 19 April 2024 that it will shortly be publishing the final report of the separate scheme cost assessment that it is required to undertake under Regulation 116 of the LGPS Regulations 2013, in which different actuarial assumptions are used. However, the Board has already seen the initial results and agreed that it is "not minded to recommend to the Secretary of State any changes to LGPS benefits through that process".

The actuarial present value of the defined benefit obligation does not allow for any potential additional liability which may arise from the cost management valuations.

A full detailed report on the IAS26 figures can be found on the Pension Fund website at the following link : <https://www.swanseapensionfund.org.uk/investment-and-fund/actuarial-valuations/>

Statement of the Actuary for the year ended 31 March 24 (continued)

Actuarial Present Value of Promised Retirement Benefits

Definitions

Admission Body

An employer admitted to the Fund under an admission agreement.

Orphan Body

This is an admission body or other employer whose participation in the Fund may cease at some future point in time, after which it is expected that the Administering Authority will have no access to future contributions in respect of the employer's liabilities in the Fund once any liability on cessation has been paid.

Scheduled Body

Employers which participate in the Fund under schedule 2 of the Administration Regulations.

Subsumption and Subsumption Body

When an admission body or other employer ceases participation in the Fund, so that it has no employees contributing to the Fund and once any contribution on cessation as required by the regulations has been paid, the Fund will normally be unable to obtain further contributions from that employer (eg. if future investment returns are less than assumed). It is however possible for another long-term employer in the Fund (generally a scheduled body) to agree to be a source of future funding should any funding shortfalls emerge on the original employer's liabilities. The long-term employer effectively subsumes the assets and liabilities of the ceasing employer into its own assets and liabilities. In this document this is known as subsumption. In this document the admission body or other employer being subsumed is referred to as a subsumption body and its liabilities are known as subsumed liabilities.

Rates & Adjustment Certificate

Actuarial certificate given for the purposes of Regulation 62 of the Local Government Pension Scheme Regulations 2013.

In accordance with regulation 62 of the Local Government Pension Scheme Regulations 2013 (the "2013 Regulations"), we certify that contributions should be paid by the employers at the following rates for the period 1 April 2023 to 31 March 2026.

- Primary contribution rates for individual employers as shown below. The primary rate for the whole fund, calculated as a weighted average of the employers' individual rates, is 21.3% p.a. of Pensionable Pay.
- Individual adjustments (i.e. secondary contribution rates) which, when added to or subtracted from the primary rate, produce the following minimum employer contribution rates :

Actuarial Present Value of Promised Retirement Benefits – Statement of the Actuary for the year ending 31st March 2024 (Continued)

Employer	Primary Contribution rate % Pensionable Pay	Secondary contributions (% Pensionable Pay and £s) Year commencing 1 April			Total contributions (% Pensionable Pay and £s) Year commencing 1 April		
		2023	2024	2025	2023	2024	2025
Schedule 2 Part 1 bodies/ Schedule 2 Part 2 bodies (Scheduled bodies)							
City & County of Swansea	21.3%	0.0%	0.0%	0.0%	21.3%	21.3%	21.3%
Neath Port Talbot County Borough Council	20.9%	1.5%	1.5%	1.5%	22.4%	22.4%	22.4%
Briton Ferry Town Council	24.4%	0.0%	0.0%	0.0%	24.4%	24.4%	24.4%
Cilybebyll Community Council	24.4%	(2.6%)	(2.6%)	(2.6%)	21.8%	21.8%	21.8%
Coedffranc Community Council	24.4%	0.0%	0.0%	0.0%	24.4%	24.4%	24.4%
Gower College	21.0%	0.0%	0.0%	0.0%	21.0%	21.0%	21.0%
Llangyfelach Community Council	24.4%	0.0%	0.0%	0.0%	24.4%	24.4%	24.4%
Llanrhidian Higher Community Council	24.4%	0.0%	0.0%	0.0%	24.4%	24.4%	24.4%
Margam Joint Crematorium Committee	24.4%	0.0%	0.0%	0.0%	24.4%	24.4%	24.4%
Mumbles Community Council	24.4%	(0.2%)	(0.2%)	(0.2%)	24.2%	24.2%	24.2%
Neath Port Talbot College	20.7%	(0.6%)	(0.6%)	(0.6%)	20.1%	20.1%	20.1%
Neath Town Council	24.4%	0.0%	0.0%	0.0%	24.4%	24.4%	24.4%
Pelenna Community Council	24.4%	(0.3%)	(0.3%)	(0.3%)	24.1%	24.1%	24.1%
Pontardawe Town Council	24.4%	(0.4%)	(0.4%)	(0.4%)	24.4%	24.4%	24.4%
The Wallich	26.9%	0.0%	0.0%	0.0%	26.9%	26.9%	26.9%
Ystalyfera Community Council	24.4%	(0.1%)	(0.1%)	(0.1%)	24.3%	24.3%	24.3%
Schedule 2 Part 3 bodies (Admission bodies)							
Celtic Community Leisure	20.5%	(20.5%)	(20.5%)	(20.5%)	0.0%	0.0%	0.0%
Freedom Leisure	21.3%	0.0%	0.0%	0.0%	21.3%	21.3%	21.3%
Grwp Gwalia Cyf	26.0%	(24.6%)	(24.6%)	(24.6%)	1.4%	1.4%	1.4%
Tai Tarian	23.2%	0.0%	0.0%	0.0%	23.2%	23.2%	23.2%

Parkwood Holdings	21.3%	0.0%	0.0%	0.0%	21.3%	21.3%	21.3%
Wales National Pool	18.1%	(6.7%)	(6.7%)	(6.7%)	11.4%	11.4%	11.4%
University of Wales Trinity St David Swansea	40.8%	£631,000	£721,000	£810,000	40.8% plus £631,000	40.8% plus £721,000	40.8% plus £810,000
Total	21.4%	0.2% plus £631,000	0.2% plus £721,000	0.2% plus £810,000	21.6% plus £631,000	21.6% plus £721,000	21.6% plus £810,000

Notes

The contributions shown above represent the minimum contributions to be paid by each Employer. Employers may choose to pay additional contributions from time to time subject to the Administering Authority's agreement.

Where payments due from an employer are expressed as monetary amounts, the amounts payable by that employer may be adjusted to take account of any amounts payable, in respect of a surplus or shortfall to which those monetary payments relate by new employers created after the valuation date which have been credited with proportions of the assets and liabilities of the relevant employer.

Additional contributions may be required in respect of any additional liabilities that arise under the provisions of Regulations 30, 31, 35 and 38 of the 2013 Regulations and employers will be notified of such contributions separately by the Administering Authority.

Additional contributions may be payable by any employers which have ceased to participate in the fund since 31 March 2022 and these will be certified separately.

Contribution rates for Employers commencing participation in the Fund after 31 March 2022 will be advised separately.

Regulation 62(8) requires a statement to be made on the assumptions on which the certificate is given as regards the number of members, and the associated amounts of liabilities arising, who will become entitled to payment of pensions under the LGPS regulations during the period covered by the certificate.

These assumptions can be found in the Assumptions section of the Further Information of our report on the 2022 valuation dated 30th March 2023. They include assumptions relating to the members who are expected to become entitled to payment of pensions via normal retirement and ill health retirement. In practice members will also become entitled to payment of pensions via an early retirement for reasons of redundancy or efficiency reasons as well as on voluntary early retirement, for which no assumption has been made.

Signature

Laura Caudwell

Jonathan Teasdale

Name

Laura Caudwell FIA

Jonathan Teasdale FIA

Date

30 March 2023

Appendix 1

	Contributors	Pensioners	Deferred	Employer Contribution Rates (% of Pensionable Pay) plus Additional Annual Monetary Amounts
Administering Authority				
Swansea Council	13,693	6,536	5,590	21.3%
Scheduled Bodies				
Neath Port Talbot County Borough Council.	6,672	4,477	4,473	22.4%
Briton Ferry Town Council	1	2	0	24.4%
Cilybebyll Community Council	3	4	1	21.8%
Clydach Community Council	0	1	0	-
Coedffranc Community Council	11	5	5	24.4%
Gower College Swansea	790	194	312	21.0%
Lliw Valley BC	0	152	8	-
Margam Joint Cremation Committee	12	12	5	24.4%
NPTC Group	626	219	384	20.1%
Neath Port Talbot Waste Management Co. Ltd.	0	1	0	-
Neath Town Council	9	22	4	24.4%
Pelenna Community Council	2	3	3	24.1%
Llanrhidian Higher Community Council	1	0	0	24.4%
Ystalyfera Community Council	1	0	0	24.3%
Llangyfelach Community Council	1	0	0	24.4%
Mumbles Community Council	14	1	0	24.2%
Dyffryn Clydach Community Council	0	0	0	-
Pontardawe Town Council	5	4	0	24.0%
Swansea Bay Port Health Authority	0	12	0	-
Swansea City Waste Disposal Company	0	13	1	-
West Glamorgan County Council	0	1,563	100	-
West Glamorgan Magistrates Courts	0	34	8	-
West Glamorgan Valuation Panel	0	2	0	-
Port Talbot Borough Council	0	227	16	-
Swansea City Council	0	598	84	-
Neath Borough Council	0	132	20	-
Bishop Vaughan School	0	8	1	-
Swansea College	0	128	195	-
Afan College	0	10	0	-
Neath College	0	12	3	-
Gorseinon College	0	49	33	-
Neath Port Talbot College	0	114	125	-
West Glamorgan Fire	0	1	0	-
Swansea Councillors	56	37	15	21.3%
Neath Councillors	43	8	8	22.4%
Admitted Bodies				
BABTIE	0	8	7	-
Celtic Community Leisure	92	53	211	0.0%
Colin Laver Heating Limited	0	2	1	-
UW Trinity St David Swansea	92	195	212	40.8% plus £631,000
Swansea Bay Racial Equality Council	0	1	4	-
The Careers Business	0	8	5	-

Wales National Pool	114	16	83	11.4%
West Wales Arts Association	0	1	0	-
Cap Gemini	0	3	2	-
Tai Tarian	238	178	125	23.2%
Phoenix Trust	0	2	2	-
Pobl Group	61	142	93	1.4%
Freedom Leisure	160	6	27	21.3%
Parkwood Leisure	4	1	4	21.3%
Rathbone CCS	0	0	2	-
Rathbone Gower College	0	2	1	-
Wallich Clifford Community Ltd.	1	2	3	26.9%
Mrs Bucket	1	0	0	21.3%
Kingdom Cleaning	0	2	0	21.2%
Total	22,703	15,203	12,176	

Appendix 2

Pension Fund Committee 2023/24

Chairman Cllr M Lewis

Vice Chairman Cllr P Downing

Committee Members

Cllr W G Thomas
Cllr J P Curtice
Cllr P Bentue
Cllr M Locke
Cllr P Rogers (Neath Port Talbot CBC)

Advised by:

Council Officers

B Smith, Section 151 & Director of Finance
J Dong, Deputy Chief Finance Officer

Consultancy Service Hymans Robertson LLP

**Local Pension Board
(as at 31st March 2024)** Mr Ian Guy
Cllr Ryland Doyle
Ms Rosemary Broad
Mr Rob Thomas
Cllr Simon Knoyle

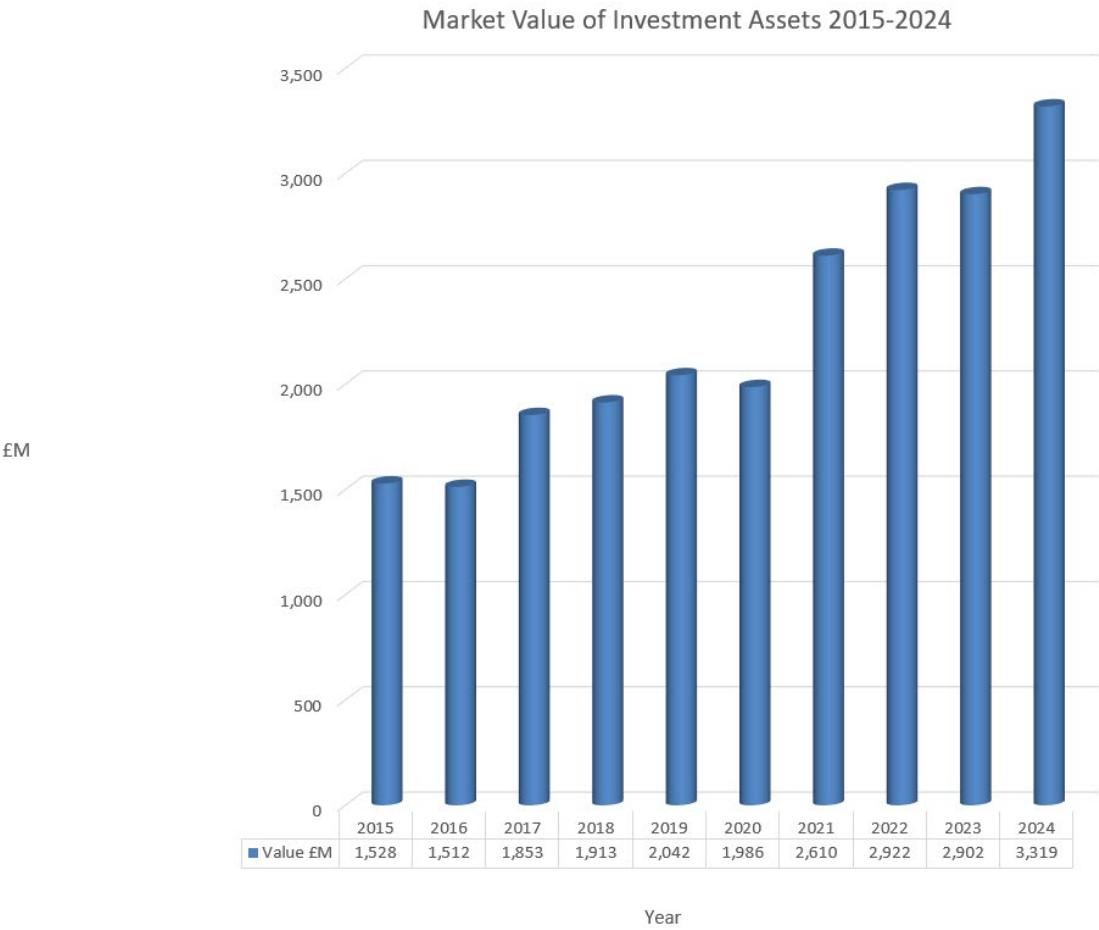
Investment Managers

- Global Equities and Fixed Income – Russell Investments on behalf of Wales Pension Partnership
- Global Balanced Index Tracking/ Low Carbon Fund - Blackrock
- Fund of Hedge Funds - Blackrock and EnTrustPermal
- Fund of Private Equity Funds – HarbourVest, Blackstone & Schroders Investment Management
- Fund of Property Funds - Partners Group, Schroders Investment Management
- European Property Fund- Invesco Real Estate Europe Fund
- Fund of Infrastructure Fund – Igneo Investments, Blackrock, Capital Dynamics, GCM Grosvenor, Octopus, IFM , CBRE and Schroders Greencoat
- Fund of Private Debt – Alcentra, CVC Credit Partners, Goldman Sachs Asset Management, Russell Investments, Blackstone Bgreen
- Residential Housing – Columbia Threadneedle, Man Group

- Timberland & Farmland Fund – Manulife, Stafford Capital Partners
- Liquidity Management – Fidante, T Rowe Price

Pensions Administration	Claire Elliott, Pensions Manager, City & County of Swansea
Pensions Investments	Karen Cobb, Pension Fund Accounting & Investment Manager
Appointed Actuary	Aon Plc
Performance Measurement	PIRC Ltd
Global Custodians	Northern Trust
Bankers	Lloyds Bank Plc
Legal Advisors	City & County of Swansea Legal Department & Dolmans Solicitors
AVC Providers	Prudential, Aegon and Utmost
Auditors	Audit Wales

Appendix 3



Appendix 4(i)

Portfolio Distribution Summary 31 March 2023 £

313,442	10.8%
27,681	1.0%
341,123	11.8%
1,849,836	63.8%
61,211	2.1%
218,995	7.5%
100,028	3.4%
107,188	3.7%
70,721	2.4%
22,659	0.8%
136	0.0%
102,159	3.5%
11,491	0.4%
2,885,547	99.4%
15,964	0.6%
3	0.0%
2,901,514	100.0%

Fixed Interest Stocks

Fixed Interest	278,082	8.4%
Index-Linked	26,336	0.8%
	304,418	9.2%

Overseas Securities

Global Equities	2,112,275	63.7%
------------------------	------------------	--------------

Hedge Funds	66,503	2.0%
--------------------	---------------	-------------

Private Equity	256,961	7.7%
-----------------------	----------------	-------------

Property	94,728	2.9%
-----------------	---------------	-------------

Infrastructure	154,138	4.6%
-----------------------	----------------	-------------

Private Debt	78,796	2.4%
---------------------	---------------	-------------

Residential Housing	34,347	1.0%
----------------------------	---------------	-------------

Timberland & Farmland	80,403	2.4%
----------------------------------	---------------	-------------

Trade Finance	109,400	3.3%
----------------------	----------------	-------------

Derivatives	9,579	0.3%
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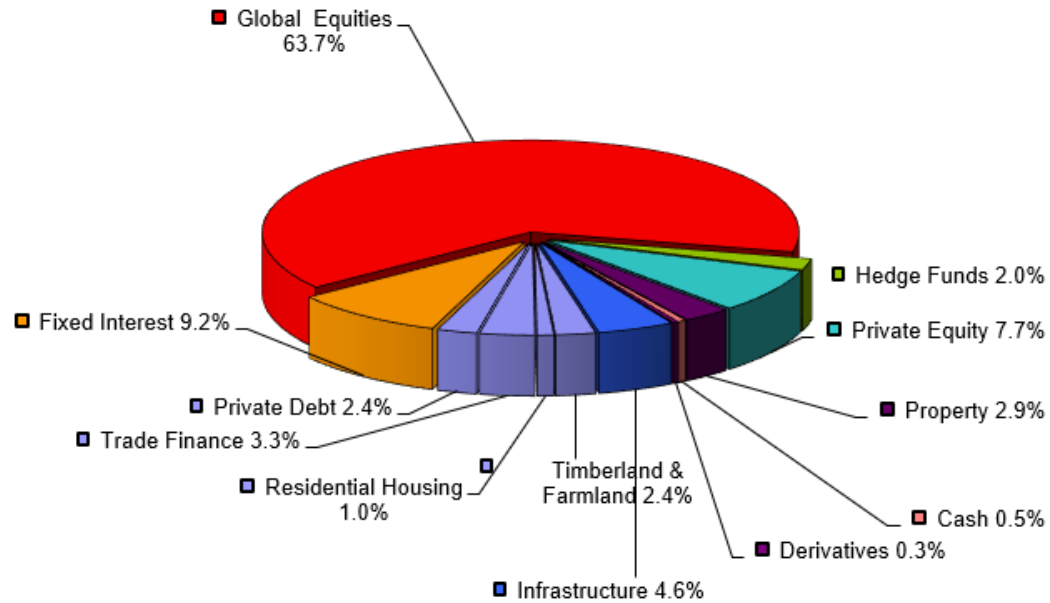
Sub Total	3,301,548	99.5%
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Cash held by Managers & Temporary Investments	17,565	0.5%
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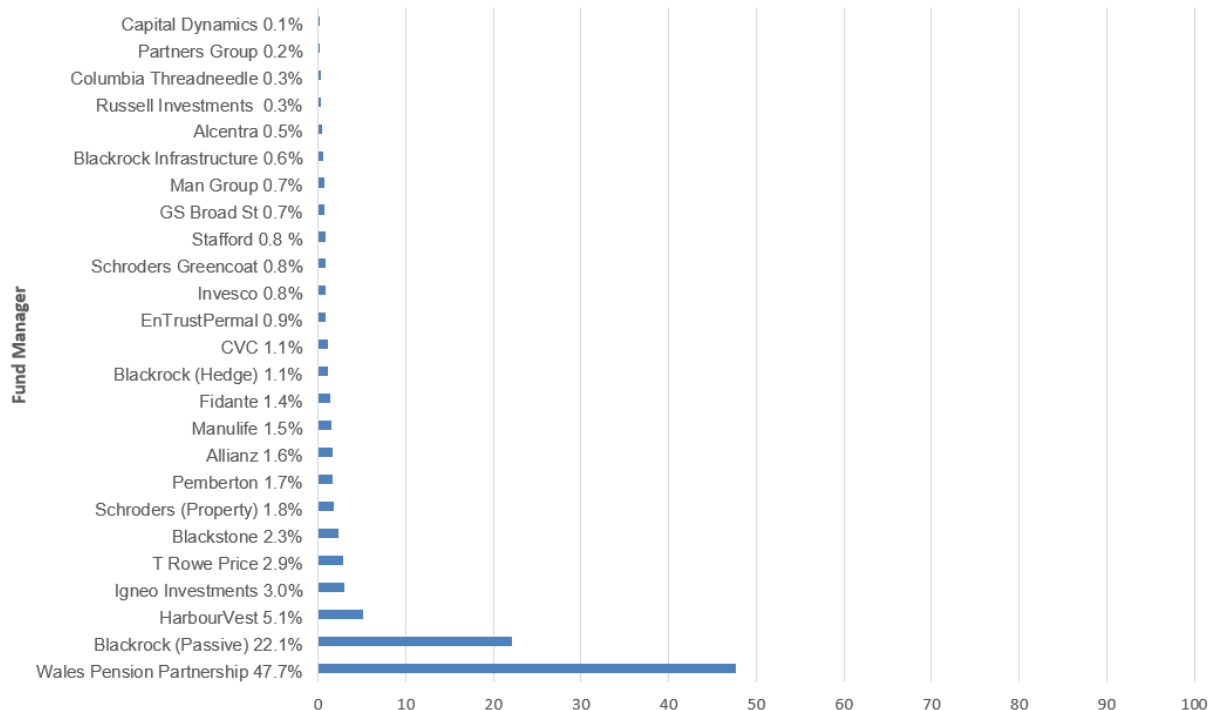
Other Investment Balances - Dividends Due	117	0.0%
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Total	3,319,230	100.0%
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Analysis of Investments - Market Value 31 March 2024

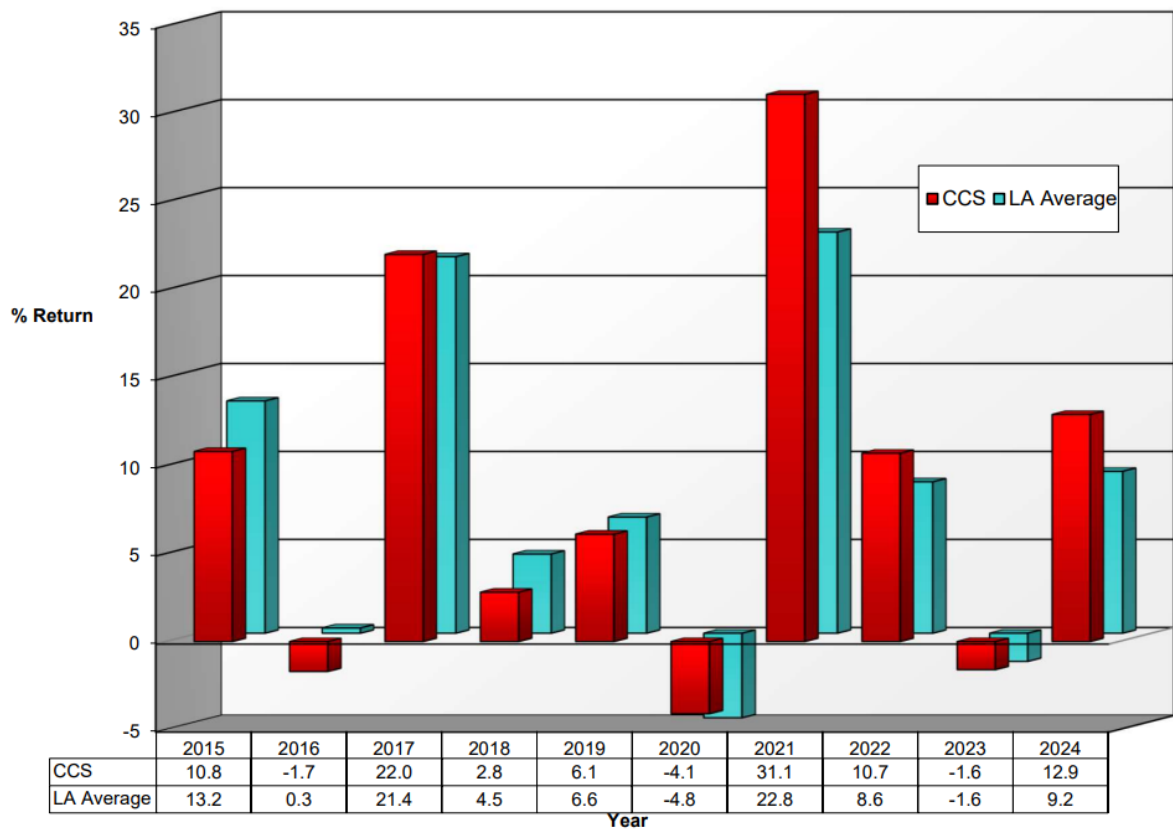


Fund Manager Breakdown – Market Value 31st March 2024

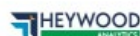


Appendix 5

Percentage Return on Fund Investments as Compared with the Average Return on Local Authority Funds



Appendix 6



CIPFA

Please see notes tab for detailed information on how to configure and use this report

Reporting Period

Start: 01/04/2023

End: 31/03/2024

(Last Complete Year)

Use the parameters tab to change

Scheme Filter

All

Status

All

Employer / Location

All

Employment Type/Class

All

CIPFA Point

All

Procedure Code Filter

All

Switch Between Summary & Detailed Views

Summary

FTE Headcount

0

Note the above filters apply to all tabs

Note the above filters/parameters only apply to this tab

Case Volumes

CIPFA Point	Outstanding at Period Start	Created in Period	Total Cases	Complete at End of Period	Outstanding at End of Period	% Complete	Cases Per FTE
Grand Total	800	6,088	6,888	7,414	2,474	75.0%	
B1: Death Acknowledgement	102	246	348	507	91	87.5%	
B2: Confirmation of Dependent Benefits	3	167	170	151	19	88.8%	
B3: Deferred Member Options	20	663	683	663	20	97.1%	
B4: Active Member Options	6	590	596	533	33	94.2%	
B5: Deferred Member Benefit Confirmation	9	342	351	330	16	95.4%	
B6: Active Member Benefits Confirmation	14	452	466	440	17	96.4%	
B7: Payment of Lump Sums	21	654	675	645	30	95.0%	
B8: Deferred Leaver Options and Notifications	110	785	895	703	192	78.5%	
B9: Confirmation that transfer in has been completed	58	109	217	142	75	65.4%	
B10: Confirmation transfer out has been completed	7	44	51	43	8	84.3%	
B11: Payment of refund	5	284	289	284	5	98.3%	
B12: Divorce Quotations	11	87	98	95	2	96.0%	
B13: Pension Sharing Orders	1	5	6	4	2	66.7%	
B14: New Starter Communication	419	3,926	4,345	2,392	1,953	55.1%	
B15: Estimates	14	414	428	407	21	95.1%	

Target Adherence

CIPFA Point	Complete at End of Period	# Completed Within Customer Target	% Complete Within Customer Target	# Completed Within KPI Target	% Complete Within KPI Target	# Completed Within Legally Required Response Time	% Complete Within Legal Target
Grand Total	7,414	6,032	81.4%	6,032	81.4%	6,070	82.1%
B1: Death Acknowledgement	567	204	36.0%	204	36.0%	474	83.6%
B2: Confirmation of Dependent Benefits	151	116	76.8%	116	76.8%	150	99.3%
B3: Deferred Member Options	663	577	87.0%	577	87.0%	656	98.9%
B4: Active Member Options	533	478	89.7%	478	89.7%	527	98.0%
B5: Deferred Member Benefit Confirmation	336	297	88.7%	297	88.7%	330	98.5%
B6: Active Member Benefits Confirmation	440	427	95.1%	427	95.1%	444	98.9%
B7: Payment of Lump Sums	645	587	91.0%	587	91.0%	635	98.4%
B8: Deferred Leaver Options and Notifications	703	551	78.4%	551	78.4%	630	89.6%
B9: Confirmation that transfer in has been completed	142	25	17.6%	25	17.6%	75	52.8%
B10: Confirmation transfer out has been completed	43	17	39.5%	17	39.5%	34	79.1%
B11: Payment of refund	284	264	93.0%	264	93.0%	283	99.6%
B12: Divorce Quotations	96	79	82.3%	79	82.3%	89	92.7%
B13: Pension Sharing Orders	4	1	25.0%	1	25.0%	4	100.0%
B14: New Starter Communication	2,392	2,121	88.7%	2,121	88.7%	2,156	90.1%
B15: Estimates	407	288	70.8%	288	70.8%	369	90.6%

Appendix 6 Cont'd



Completed Case Analysis

The visualisations below show only cases that were completed (not including terminated) within the reporting period.
Use the Completion Time Measure parameter to choose a time period for display, and the interval parameters to amend the display on the interval table.
Colour indicates the percentage of cases completed within that group of cases that were completed within the selected target. Use the target selection to the right to select the target that this is based upon.

Reporting Period

Start: 01/04/2023
End: 31/03/2024

(Last Complete Year)
use the parameters tab to change

Completion Time Measure
Days to Complete (Excl. Out of
Dept Time Where Relevant)

Visualisation Target Selection
Customer Target

Scheme Description
All

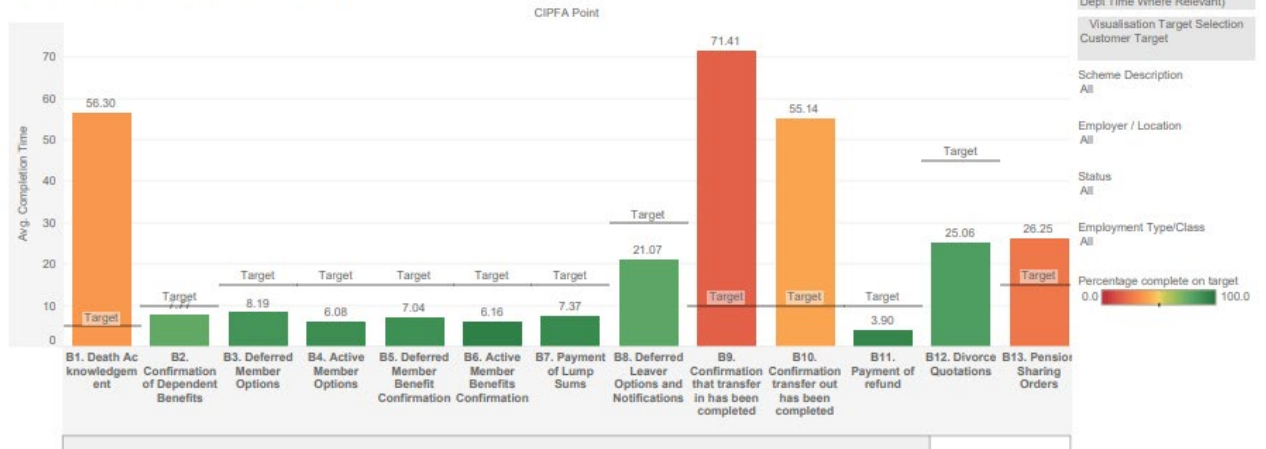
Employer / Location
All

Status
All

Employment Type/Class
All

Percentage complete on target
0.0 100.0

Average Completion Time by Category



Completed Cases by Interval to Complete

CIPFA Point	Completion Time Interval						Grand Total	Interval 1 End
	0 to 5 days	6 to 10 days	11 to 15 days	16 to 20 days	21 to 30 days	31+ days		
B1. Death Acknowledgement	204 (35.96%)	25 (4.41%)	47 (8.29%)	51 (8.99%)	73 (12.87%)	167 (29.45%)	567 (100.00%)	5
B2. Confirmation of Dependent Benefits	88 (58.28%)	22 (18.54%)	10 (6.62%)	10 (6.62%)	9 (3.97%)	0 (0.00%)	151 (100.00%)	10
B3. Deferred Member Options	392 (59.13%)	118 (17.80%)	67 (10.11%)	20 (3.02%)	32 (4.83%)	34 (5.13%)	663 (100.00%)	15
B4. Active Member Options	400 (75.05%)	53 (9.94%)	25 (4.69%)	17 (3.19%)	19 (3.56%)	19 (3.56%)	533 (100.00%)	20
B5. Deferred Member Benefit Confirmation	230 (68.66%)	48 (14.33%)	21 (6.27%)	10 (2.99%)	12 (3.58%)	17 (5.07%)	335 (100.00%)	30
B6. Active Member Benefits Confirmation	374 (83.30%)	32 (7.13%)	22 (4.90%)	6 (1.34%)	8 (1.78%)	10 (2.23%)	449 (100.00%)	
B7. Payment of Lump Sums	479 (74.26%)	74 (11.47%)	37 (5.74%)	16 (2.48%)	19 (2.95%)	26 (4.03%)	645 (100.00%)	
B8. Deferred Leaver Options and Notifications	340 (48.36%)	78 (11.10%)	48 (6.83%)	41 (5.83%)	44 (6.26%)	152 (21.62%)	703 (100.00%)	
B9. Confirmation that transfer in has been completed	16 (11.27%)	9 (6.34%)	4 (2.82%)	6 (4.23%)	11 (7.75%)	96 (67.61%)	142 (100.00%)	
B10. Confirmation transfer out has been completed	11 (25.58%)	6 (13.95%)	6 (13.95%)	4 (9.30%)	3 (6.98%)	13 (30.23%)	43 (100.00%)	
B11. Payment of refund	237 (83.45%)	27 (9.51%)	9 (3.17%)	2 (0.70%)	3 (1.06%)	6 (2.11%)	284 (100.00%)	
B12. Divorce Quotations	47 (48.96%)	6 (6.25%)	7 (7.29%)	3 (3.13%)	7 (7.29%)	26 (27.09%)	96 (100.00%)	
B13. Pension Sharing Orders	1 (25.00%)	1 (25.00%)	1 (25.00%)	1 (25.00%)	1 (25.00%)	1 (25.00%)	6 (100.00%)	
B14. New Starter Communication	1,492 (62.37%)	426 (17.81%)	98 (4.10%)	21 (0.88%)	64 (2.68%)	291 (12.17%)	2,392 (100.00%)	
B15. Estimates	229 (56.27%)	59 (14.50%)	34 (8.35%)	21 (5.16%)	20 (4.91%)	44 (10.81%)	407 (100.00%)	

Glossary

Active Management - A mark through either Asset Allocation, Market Timing or Stock Selection (or a combination of these). Directly contrasted with Passive Management.

Actuary - An independent consultant who advises on the viability of the Fund. every three years the actuary reviews the assets and liabilities of the Fund and reports to the County Council as administering authority on the financial position and the recommended employers contribution rates. This is known as the actuarial valuation.

Asset Class - A specific area/type of Investment e.g. uK equities, overseas equities, Fixed Income, Cash.

Benchmark Return - The benchmark return is the return that would be achieved if the Fund Manager had not deviated from the weightings of each asset class given to them by the Investment Panel, and had achieved returns in each of these asset classes consistent with the average return of all local Authority Funds for that class. The Benchmark weightings of asset classes is outlined within the Investment Strategy Statement.

Corporate Governance - Issues relating to the way in which a company ensures that it is attaching maximum importance to the interests of its shareholders and how shareholders can influence management.

Equities - ordinary shares in UK and overseas companies traded on a recognised stock exchange. Shareholders have an interest in the profits of the company and are normally entitled to vote at shareholders' meetings.

Fixed Interest Securities - Investments in mainly government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a stated future date but which can be traded on the Stock exchange in the meantime.

Fund Manager - A person or company to whom the Investment of the whole or part of the assets of a fund is delegated by the Trustees.

Investment - An asset acquired for the purpose of producing income and Capital Gain for its owner.

Independent Investment Adviser - A professionally qualified individual or company whose main livelihood is derived from providing objective, impartial Investment advice to companies, pension funds or individuals, for a stated fee.

Market Indicators –

- (i) The movement in Stock market are monitored continuously by means of an Index made up of the current prices of a representative sample of stock.
- (ii) Change in the rates at which currencies can be exchanged.

Market Value -The price at which an investment can be sold at a given date.

Out performance/Under performance - The difference in returns gained by a particular fund against an 'Average' Fund or an Index over a specified time period ie a Target for a fund may be out performance of a Benchmark over a 3-year period.

Passive Management - (also called Indexation/Index Tracking) A style of Investment Management which aims to construct a Portfolio in such a way as to provide the same Return as that of a chosen Index i.e. Stocks are purchased to be as representative as possible of the make-up of the Index. Contrasts with Active Management.

Performance - A measure, usually expressed in percentage terms, of how well a fund has done over a particular time period - either in absolute terms or as measured against the 'Average' Fund or a particular Benchmark.

Performance Measurement - A service designed to help investors evaluate the performance of their investments. This usually involves the comparison of a fund's performance with a selected Benchmark and/or with a universe of similar funds. The main Performance Measurement Companies are The WM Company, which the Dyfed Pension Fund uses, and CAPS.

Portfolio - A collective term for all the investments held in a fund, market or sector.

Preserved Benefits - The pension benefits payable from normal retirement age to a member of the Fund who has ceased to contribute as a result of leaving employment or opting out of the Pension scheme before normal retirement age.

Return - The total gain from holding an investment over a given period, including income and increase (decrease) in market value.

Risk - Generally taken to mean the Variability of Returns. Investments with greater risk must usually promise higher returns than more 'stable' investments before investors will buy them.

Transfer Value - Payments made between funds when contributors leave service with one employer and decide to take the value of their contributions to their new fund.

Unrealised Increase/Decrease In Market Value – The increase/(decrease) in market value, since the purchase date, of those investments held at the year end.