



RHONDDA CYNON TAF COUNCIL PENSION FUND COMMITTEE

Minutes of the virtual meeting of the Pension Fund Committee meeting held on Monday, 14 December 2020 at 2.00 pm

County Borough Councillors - Pension Fund Committee Members in attendance:-

Councillor Mark Norris (Chairman)
Councillor Emyr Webster
Councillor Gareth Caple

Officers in attendance

Barrie Davies – Director of Finance and Digital Services
Paul Griffiths – Service Director Performance and Improvement
Ian Traylor – Service Director – Pensions, Procurement and Transactional Services
Yvonne Keitch – Senior Accountant Pensions and Treasury Management
Sarah Daniel – Senior Democratic Services Officer
Tamryn Rowlands – Blackrock
Andrew Graver – Blackrock
Manuela Sperandeo - Blackrock

17 Declaration of Interest

In accordance with the Council's Code of Conduct, there were no declarations made pertaining to the agenda.

18 Minutes

It was **RESOLVED** to approve the minutes of the 13 October 2020 as an accurate reflection of the meeting.

19 TO CONSIDER PASSING THE FOLLOWING RESOLUTION:

RESOLVED: That the press and public be excluded from the meeting under Section 100A(4) of the Local Government Act (as amended) for the following item of business (Learning and Development) on the grounds that it involves the likely disclosure of the exempt information as defined in paragraph 14 of Part 4 of the Schedule 12A of the Act

20 Learning and Development

RESOLVED: members noted the contents of the presentation from Blackrock

21 Delegated Functions Report

The Director of Finance and Digital Services presented the report to members and set out the key issues being addressed as delegated functions, as specified in the Pension Fund Governance Policy Statement. He advised members that

during the quarter ended 30th September 2020, the overall value of the Fund increased from £3,905 million to £4,040 million.

He further advised members that the rolling 3 year performance of the Fund was 9.1% positive as compared to a benchmark of 6.2%. For the last quarter (i.e. quarter 3), the Global Opportunities high alpha equity portfolio, Global Growth high alpha equity portfolio, UK Credit and CBRE property portfolio underperformed their respective benchmarks. BlackRock passive equity portfolio performed in line with benchmark. He added that Baillie Gifford, the traditional equity portfolio, outperformed their benchmark which drove the overall positive relative performance for the quarter.

Following the recent actuarial valuation Aon have been engaged as strategic investment advisers to assist in considering the current investment strategy, how the Fund should respond given the improvement in the funding position since the last actuarial valuation, whilst taking into account the Fund's focus on ESG, including climate change.

Following agreement at the October 2019 Committee to move the investments of the current mandate with Blackrock to the ACS World Low Carbon Equity Tracker Fund, the transition was due to take place during March 2020. This transition was delayed due to market volatility and Covid-19. The transition commenced 24th November 2020 with a completion target date of 8th December 2020.

The Service Director Pensions, Procurement and Transactional Services provided the update in respect of administration. He advised members that further to the legislative update provided at the October Pension Committee, the HM Treasury regulations on 'Exit CAP' payments have since come into force on the 4th November 2020, limiting the costs of exits to £95k for organisations in scope. He added that as these regulations currently conflict with the LGPS scheme regulations, changes to the scheme have been proposed by the Ministry of Housing, Communities and Local Government (MHCLG). The Council acting as scheme Administrator an Employer has responded to this consultation which closed on 9th November 2020, raising a number of significant concerns with regards to the proposals.

The Service Director Pensions, Procurement and Transactional Services advised that the implementation of benefits during this period of regulatory conflict has led to some confusion. Local Government Association guidance has been issued to the Fund Employers and Fund Administrators advising of the approach and process of evidencing any waiver that may be supported by the Welsh Government.

The Chairman stated that it was unbelievable that we had been put in this position and government knew that bringing this into place would arise a clash. The escalation and speed to implement this when local Gov is going above and beyond is not good in terms of timelines. Full facts and implications were not fully understood. He added that hopefully the message consistently that all advisory Boards are of the same view that this was not a wise path to travel as the unintended consequences are dire. If anything changes between committees we will update members

A member stated that an employee normally agrees that they would finish under agreed terms, however the full package of what may be available to them is not evident until the individual applies. They asked what the WG stance was on

this.

The Service Director stated that it was down to each individual, and they are offered to have an informal discussion before anything is formally agreed and there is a chance for conversation there. He added that we wouldn't want those to be penalised as a result of this legislation. People's circumstances are unique so undertaken on a case by case basis. It is the decision for employers to also discuss. He further advised that WG has written to all employers within this category to look at the waiver opportunity.

The Service Director advised that having concluded the support for those Employers with a March year end accounting period, the team are currently supporting those remaining Employers through their year-end periods. The 2019/20 Pension Savings Statements have been issued to those scheme members exceeding the 'Annual Allowance' and 'scheme pay' arrangements are being agreed where appropriate.

He added that following receipt of the Government Actuary Department (GAD) membership 'data collection' request in respect of scheme cost valuation, the information request was completed by the 23rd November 2020.

The Fund's first virtual Annual General Meeting was held on 16th November 2020. Positive feedback has been received from a number of attendees following the meeting. The Chairman suggested that maybe in the future a hybrid approach could be considered so people can join in person or virtually.

The Service Director stated that All Wales Practitioner Group meetings are held to discuss and feedback issues into the National LGPS Advisory Group. Statistics around member deaths are still being collated throughout the pandemic. He added that Member Self Serve (MSS) continues to be promoted and registrations of Active, Deferred, Pensioner and Dependant members were shown in the report provided to members.

The Service Director advised Members that Eight 'Key Performance Service Standards' are monitored by the Panel. It was noted that in respect of performance during October 2020, two Performance Service Standards were behind target. He added that an apprentice has been employed to support this role. The number of 'Internal Dispute Resolution Procedure' Appeals in progress continues to be extremely low, with no obvious trends or concerns to report.

The Chairman welcomed the news of the graduate being employed into the service area. Another member stated that keeping the service going during the pandemic where officers are all working from home which added to the complicated area of pensions. The Service Director stated that an action from the Corporate recovery plan was to ensure that as soon as it was safe to do so that this meeting with the Pension member and staff member would be explored as the difficulty around the options available were not to be underestimated.

The Service Director Pensions, Procurement and Transactional Services stated that the Pension Board last met virtually on 3rd November 2020. There were no items noted for referral back to Committee. The next Pension Board virtual meeting is scheduled for the 20th January 2021, and the joint meeting with the Pension Committee scheduled for March 2021. He stated that Pension Board

Members have continued to support their skills and knowledge requirement, through their attendance at relevant online events

22 Pension Fund Risk Register - Risk register overview

The Service Director for Performance and Improvement presented the report to members the report and referred them to Appendix 1 of the report.

He advised members that it was still early days and hopefully performance would improve over time.

The Service Director Finance and Digital Services added that global growth and opportunity's in WPP had positive and negative performance. He added that with the long term in mind we were now invested in fixed interest, though this would continue to be monitored.

The Chair referred to the risk category on material breach and asked if this was in line with the auditor's way of looking at a material breach. The Service Director responded that this was a request of the pension's board and that we have a policy where it categorises and colour codes how it constitutes a material breach.

23 Wales Pension Partnership - Update

The Senior Accountant for Pensions and Treasury Management presented the report to members which updated them on the work and progress with regards to the Wales Pension Partnership (WPP) and Joint Governance Committee (JGC)

The last meeting of the JGC was held on the 11th September 2020 and the Committee were updated on the following:

- WPP Sub Funds – 4 of the 5 fixed income sub funds have now launched and the ARB will be launching later in the month. Work has continued with the next tranches of sub funds.
- WPP annual Report
- WPP Governance Manual was now available to members.

She advised that the next meeting would take place on the 24th February 2020 and would be used as a training date to review guidelines and processes. The JGC would then formally meet on the 24th March 2021. She advised members that a scheme member representative report also went to the last meeting for approval to approve a co-opted pension member to the Committee which now needs to go back in to council for approval. Press releases on this would be available through the website

24 Statement of Accounts 2019/20 and Audit Opinion

The Director Finance and Digital Services presented the report to members with regard to the approval process for the Pension Fund Accounts and provided members with the opportunity to discharge their responsibilities in this respect.

He advised members that the Pension Fund was approved on the 25 November 2020 and the outcome of the external audit undertaken by Audit Wales was an

unqualified audit opinion.

25 URGENT BUSINESS

**This meeting closed at Time Not
Specified**

**Cllr M Norris
Chairman.**