



RHONDDA CYNON TAF COUNCIL PENSION FUND COMMITTEE

Minutes of the meeting of the Pension Fund Committee held virtually on Tuesday, 13 July 2021 at 2.00 pm

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

Councillor G Caple
Councillor M Norris (Chair)
Councillor E Webster

Officers in attendance:-

Mr B Davies, Director of Finance & Digital Services
Mr P Griffiths - Service Director - Performance and Improvement
Mr I Traylor, Service Director – Pensions, Procurement & Transactional Services
Ms Y Keitch – Senior Accountant Pensions and Treasury Management
Mrs S Daniel – Senior Democratic Services Officer

1 Declaration of Interest

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

2 Minutes

It was **RESOLVED** to approve the minutes of the Pension Fund Committee held on the 22 March 2021 as an accurate reflection of the meeting.

3 Work Programme

The Director Finance and Digital Services presented the report to members which provided details of the Committees work programme for the 2021 – 22 Municipal Year. Members were informed of the items scheduled for the year and were reminded that the Work Programme remains flexible to adapt to changing priorities and business requirements

RESOLVED: Members agreed the work programme for the 21-22 Municipal Year

4 Delegated Function Report

The Director Finance and Digital Services presented the report to members which set out the key issues being addressed as delegated functions, as specified in the Pension Fund Governance Policy Statement. He referred members to the performance of the fund detailed at the table in 4.3 which had increased by 3.7%. He added that Baillie Gifford traditional equity portfolio and the UK Credit portfolio underperformed their benchmarks, with the BlackRock Passive Gilt portfolio returning benchmark performance

He continued that Baillie Gifford traditional equity portfolio (global core) outperformed their rolling 3-year benchmark achieving a return of 19.0% against a benchmark of 8.1% and achieved a return of 63.7% over the last year, 34.1% ahead of their benchmark.

The Director Finance and Digital Services added that the Pension Fund participates in the Pensions and Investment Research Consultants Limited (PIRC) annual Local Authority fund Statistical Universe Review. At the end of March 2021, the Universe comprised of 64 funds with a combined value of £230 billion. He referred members to the summary of the Fund's performance and its ranking in the table at 4.5 of the report.

The Chairperson congratulated all the officers for all their hard work and commitment

The Director Finance and Digital Services reminded members that at their March Committee they agreed a three step approach to reduce equity and exposure and to begin to step up infrastructure exposure which was now being explored.

He further added that the Pension Fund Draft Statement of Accounts for 2020/21 had been certified with the external audit process to follow.

A member stated the performance had been exceptional post Brexit and the fund was doing very well. He asked if the economy post Brexit is likely to drive up pensions.

The Director Finance and Digital Services advised that most pensions are Global so Brexit would have minimal impact. He added that the actuary would remind us to be cautious once we have seen exceptional performance, as it is rare the exceptional performance will continue over the longer term.

The Service Director Pensions, Procurement and Transactional Services continued through the report and advised that an Internal Audit review of the Pensions Service was concluded in March 2021, the scope covered two key reassurance aspects:

- The Fund's compliance against the findings contained on the 'Pension Regulators Engagement Report'; and
- A review of the appropriateness of our remote working processes introduced last year.

The overall control environment was considered effective, with two minor recommendations made in relation to remote working. Full details of the findings were attached in the appendix to the report.

The Service Director Pensions, Procurement and Transactional Services reminded members that at the previous Committee, the Ministry of Housing, Communities & Local Government (MHCLG) published statutory guidance to assist LGPS administering authorities and scheme employers in implementing and operating the regulations on 'employer flexibilities'.

He added that the Fund's proposed application of these new flexibilities has now been reflected in a revised Funding Strategy Statement and Administration Strategy which are currently being consulted upon (closing date for consultation

responses being the 22nd July).

The Service Director Pensions, Procurement and Transactional Services continued that on 13 May 2021, the Minister for Regional Growth and Local Government, made a Written Ministerial Statement on McCloud and the LGPS <https://questions-statements.parliament.uk/written-statements/detail/2021-05-13/hcws26>. The statement confirms the key changes that the Government will make to the LGPS regulations to remove the unlawful age discrimination. It is now anticipated that MHCLG will issue a full response to the consultation and publish draft regulations later this year. He added that any changes would retrospectively apply to scheme members

The Service Director Pensions, Procurement and Transactional Services added that initial meetings have been held with the Fund Actuary to discuss and plan the requirements for the 2022 Valuation cycle. We understand that publication of Government Actuary's Department report on the 2019 valuations has been delayed until September.

The Fund's Pensioners have been notified of the annual pension increase of 0.5% that has been applied to pensions in payment and deferred pensions.

He added that the statistics around member deaths are still being collated throughout the pandemic early days, but the figures were looking like more pre-pandemic levels.

Members were advised that data quality and compliance remains a key priority for the Pension Fund. Further to the previous update, the Fund has been working closely with employers yet to implement the I-Connect monthly data transfers. Significant progress had been made during the first quarter of 2021/22 with Bridgend CBC going live during June. Members were reassured that Officers would continue to support and encourage to get those links in place with just Merthyr Tydfil and the South Wales Fire Service yet to sign up.

The Service Director Pensions, Procurement and Transactional Services continued that the member Self Serve (MSS) continues to be promoted and registrations of Active, Deferred, Pensioner and Dependant members were shown in the table of 5.9 of the report. Officers advised that they would write out to all members to inform them of their annual benefits statement and encourage them to sign up to the members self service portal. All employers were keen to support and see the benefit of the tool.

'Key Performance Service Standards' are monitored by the Panel and Pension Board. It was noted that in respect of performance during May 2021, two Performance Service Standard was behind target.

- % of Refunds of contributions processed within 10 days (68% for May against a target of 95%). 28 cases were completed of which 9 exceed the 10 days target.
- % Transfers out processed within 10 days (50% for May against a target of 95%). 6 Cases were completed of which 3 exceed the 10 days target

He continued that during June, the Service has conducted a number of onsite training sessions to continually develop the expertise within the team. Furthermore, the Service continues to actively support the Council's

Apprenticeship and Graduate scheme with recruitment underway during July

The Service is experiencing performance issues with its appointed In-house Additional Voluntary Contribution (AVC) provider. Members were advised that the issue is not unique to this administering body, however, officers have taken the opportunity to notify the Pensions Ombudsman of our concerns. When a Member retires and takes their pension benefit, they should be written to within 5 working days to state their benefits. However there has been a delay which has resulted in a delay in payments to the scheme members.

The Chairman thanked the officers for the comprehensive report and for the fantastic work they have continued to undertake during the pandemic. He added that he was disappointed to hear that the AVCs were not providing the benefits statements on time but reassured to hear that officers were following up on the issues.

The Director Finance and Digital Services concluded that the Pension Board last met virtually on the 26 April 2021 and no items were referred back to this Committee. The next Pension Board would take place on the 9th August 2021.

RESOLVED: Members noted the update

5 Pension Fund Risk Register - Risk Register Overview

The Service Director Performance and Improvement presented the arrangements in place to manage risk within the Pension Fund.

He advised members that the fund maintains a risk register which is reviewed and updated on a quarterly basis. He referred members to the risk register attached at Appendix 1 for their consideration.

Members commented that they felt reassured to see that there was only one area deemed high risk which was in relation to the financial market suppressed by the economic climate, global austerity measures and Brexit

RESOLVED: Members noted the contents of the report.

6 Wales Pension Partnership - Update (including WPP Business Plan 2021-2024)

The Senior Accountant Pensions and Treasury Management presented the report to members, which detailed the work and progress to the Wales Pension Partnership and Joint Governance Committee. She advised that the last meeting of the JGC was held on the 24th March 2021 where the Host update included the following:

Work was continuing to develop in a number of key areas:

- WPP Sub funds – Work continues with the next tranches of sub-funds covering emerging market equities and private markets.
- Finalising reporting requirements with Robeco, the WPP voting and Engagement Service Provider.
- Officer Working Group sub-groups:
 - Private Markets sub-group.
 - Responsible Investment sub-group.

- Risk Register sub-group.

Next Steps / Priorities:

- Continuing the work of the private markets sub-group.
- Completion of the 2020/21 year-end closure of accounts.
- Prepare the 2020/21 Annual Update and Annual Return.

Other Key areas:

- Virtual training sessions continue.
- The website continues to be updated with approved policies, press releases and details of sub-fund launches.

She advised members that the next JGC was scheduled to take place on 28th July 2021.

RESOLVED: Members considered and approved the WPP Business Plan 2021-2024.

7 Urgent Business

None received

**CLLR M. NORRIS
CHAIR.**