



RHONDDA CYNON TAF COUNCIL PENSION FUND COMMITTEE

Minutes of the meeting of the Pension Fund Committee held on Monday, 11 October 2021 at 2.00 pm at the .

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

Councillor M Norris (Chair)

Councillor M Griffiths Councillor G Caple
Councillor E Webster Councillor L Hooper

Officers in attendance:-

Mr B Davies, Director of Finance & Digital Services
Mr I Traylor, Service Director – Pensions, Procurement & Transactional Services

County Borough Councillors in attendance:-

8 Declaration of Interest

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

9 Minutes

It was **RESOLVED** to approve the minutes of the 13th July 2021 as an accurate reflection of the meeting.

10 TO CONSIDER PASSING THE FOLLOWING RESOLUTION

RESOLVED: Members **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 9 of business 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".

11 Learning and Development

Members received a presentation from representatives at Bailie Gifford.

Upon conclusion of the presentation members **RESOLVED** to note the update

12 Delegated Functions Report

The Director Finance and Digital Services set out the key issues being addressed as delegated functions, as specified in the Pension Fund Governance Policy Statement, by the Director of Finance and Digital Services.

Members were advised that during the quarter ended 30th June 2021, the overall value of the Fund increased from £4,493 million to £4,725 million. The rolling 3 year performance of the Fund is 11.9% positive as compared to a benchmark of 8.7%. For the last quarter, Baillie Gifford, UK Credit and BlackRock Passive Equity outperformed their benchmarks; CBRE and BlackRock passive gilts performed in line with benchmark; and Global Growth and Global Opportunities underperformed their benchmark. Baillie Gifford traditional equity portfolio outperformed their rolling 3 year rolling benchmark achieving a return of 18.1% against a benchmark of 8.1%.

Members were reminded that the March 2021 meeting of the Committee agreed to the revised asset allocation strategy for the Fund and the steps to be taken to move toward the preferred strategy together with the current allocation as was shown at 4.3 of the report.

Members were informed that with regard to infrastructure, it is proposed that the Fund invests over a number of years in order to secure and optimise opportunities across the different time periods.

The Chairman congratulated officers on the positive results in the report.

The Service Director Performance and Improvement then provided members with an update on the following areas:

At the end of July 2021, the Public Service Pensions and Judicial Officers Bill, dealing with the remedy for the 'McCloud' age discrimination, was laid before Parliament. The Bill includes retrospective measures and confirms the remedy period covering membership from the date of reform - 1 April 2014 to 31 March 2022 for eligible members. The Bill enables LGPS regulations to make provision for final salary benefits to be paid in respect of the remedy period. Draft LGPS regulations are expected by the end of 2021. He added that they were currently working with employers on data collection, ahead of the regulations being finalised. A Software provider was also being sought to update the system to anticipate the changes needed.

He continued that following recent ministerial changes, on the 19th September it was announced that the Ministry of Housing, Communities and Local Government (MHCLG) will become the Department for Levelling Up, Housing and Communities (DLUHC).

The Fund published all Annual Benefit Statements prior to the statutory deadline of the 31st August 2021. This exercise was shortly followed by the 'Annual Allowance' review with pension saving statements issued by the deadline of the 6th October 2021

A meeting of the Fund's Communications Forum was held on 22nd July 2021. The main focus of discussion beyond the standard agenda items, included McCloud and the 2022 Valuation requirements.

Members were informed that data quality and compliance remains a key priority for the Pension Fund. Further to the previous update at Committee, the Fund has been working closely with the applicable Employers yet to implement the I-Connect monthly data transfers. Two Authorities were not yet live which were Merthyr Tydfil Council and the Fire Service and work was continuing with these

to get them live as soon as possible.

The Fund's new graduate officer and apprentices (2) commenced their employment during September 2021. A process of 'face to face' training and development has been undertaken with these new officers and the existing team.

Whilst some performance improvements have been noted with the Fund's 'Additional Voluntary Contributions' partner, there remain areas of concern which will need to be addressed. Their progress will continue to be monitored as they rectify their performance issues.

The Annual General Meeting will be held virtually and has been scheduled for Monday 22nd November 2021. The Fund Actuary will provide a position update in the lead up to the 2022 Valuation exercise.

The Pension Board last met virtually on 9th August 2021, with the next meeting scheduled to take place on 15th November 2021. There were no items noted for referral back to Committee. He added that one of the longstanding 'Scheme Member' Pension Board Members is stepping down from the role at the end of October. The Fund is currently going through an appropriate recruitment process to appoint a replacement and as part of the recruitment and the recent personnel changes within the Service, the Fund has registered a number of places on the LGA 'Fundamentals Training programme' planned for the Autumn.

A letter of thanks will be sent from the Committee to the scheme member to thank them for their service.

A Member commented that face to face advice was very important for scheme members and asked how this will continue going forward

The Service Director Pensions, Procurement and Transactional Services advised that face to face appointments were available to scheme members and were currently being undertaken on an appointment based process so staff and scheme member safety could be managed.

The Director Finance and Digital Services advised the Committee that the fund has been put forward for an investment award. The Chairman added that this was appreciated as he felt it showed our appreciation of staff

Following discussions it was **RESOLVED:**

To note the issues being addressed in the report

13 Pension Fund Risk Register - Risk Register Overview

The Service Director Performance and Improvement presented the report to members with information of the arrangements in place to manage the risk with the Pension Fund

He advised members that the risks had been broken down to 37 risks in total with one being in the high risk category which related to the financial Market suppressed by economic climate, national / global austerity measures and Brexit.

He added that there were two updates in the risk register for the investments category. In relation to the risk regarding the Fund Manager; he advised members that a new control manager had been added regarding malpractices. He advised that a new risk had also been added regarding confidential and sensitive data.

A Member commented on the risk regarding Brexit and asked if there should be a time limit on this.

The Director Finance and Digital Services advised that it does not align with what has happened over the last 12-15 months, he added that it is still a risk that we are invested in the financial markets but their mitigations were that they were trying to diversify into fixed interest bonds. He added that this was something that could be reviewed by the panel the next time they meet.

The Chairman added that it is a risk at the moment because of Brexit. Payments were not accepted in Euros which could prove to be an issue and legislation could also change.

14 Wales Pension Partnership - Update

The Senior Accountant provided an update for members on the Wales Pension Partnership

She reminded members that the UK Government's requirement for all pension funds to pool their investments has been progressing in Wales through the WPP. The Partnership Governance arrangements included a JGC which meets 4 times a year. Each pension fund in Wales is represented on the Committee by their Chair or Vice Chair.

She advised members that the last meeting of the JGC was held on the 22nd September 2021 with the following updates provided:

Work continuing to develop in a number of key areas:

- 2020/21 Annual Report;
- Ministry of Housing, Communities and Local Government update;
- Quarterly operator review with Link and Hymans Robertson;
- Private Markets Allocator procurement process; and
- Officer Working Group sub-groups:
 - Private Markets sub-group.
 - Responsible Investment sub-group.
 - Risk Register sub-group.

She informed the Committee that the next JGC meeting is scheduled to take place on 1st December 2021.

RESOLVED: Members noted the update

15 Review of Funding Strategy Statement and Pension Fund Administration Strategy

The Service Director Pensions, Procurement and Transactional Services

updated Members on the Funding Strategy Statement and Administration Strategy governance documents which fall within the remit of the Committee as detailed in the terms of reference.

Following consideration by the Committee it was **RESOLVED:** to approve the Funding Strategy Statement and Administration Strategy

16 Urgent Business

None received

**This meeting closed at Time Not
Specified**

**CLLR M. NORRIS
CHAIR.**