



RHONDDA CYNON TAF COUNCIL PENSION FUND COMMITTEE

Minutes of the meeting of the Pension Fund Committee held on Tuesday, 12 July 2022 at 2.00 pm at the Virtual.

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

Councillor M Norris (Chair)

Councillor M Ashford Councillor M Rees-Jones
Councillor D Wood

Officers in attendance:-

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

County Borough Councillors in attendance:-

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 8th March as an accurate reflection of the meeting.

3 MATTERS ARISING

The Director of Finance & Digital Services provided Members with an update on the statement made by the Leader at Council meeting held on 6th July 2022, regarding the Authorities Climate Change goals which is for the Pensions Committee to review options for setting a target for dis-investing the remaining Pension Funds' investments away from fossil fuel extraction by 2030 and asked the Committee if they were in agreement with this.

Following discussions, the Committee **RESOLVED** to take forward a review of its investments.

4 WORK PROGRAMME

The Director of Finance and Digital Services presented the report to Members which provided details of the Committee's Terms of Reference and proposed work programme for the 2022 – 23 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.

In response to a query raised in respect of the Committee receiving regular training to enable them to make effective decisions and be fully aware of their statutory and fiduciary responsibilities and their stewardship role, the Service Director, Pensions, Procurement & Transactional Services reported that all training is kept updated to evidence anything that may be required in the future.

Following discussions, Members **RESOLVED** to agree the work programme for the 2021-22 Municipal Year.

5 LEARNING AND DEVELOPMENT

Members received a presentation from the Pensions Services Manager in respect of the Local Government Pension Scheme across England and Wales.

Within the presentation, Members were provided with detail in relation to:

- Local Government Pension Scheme Key Features which include the Pension payable for life, increased in line with CPI each year, Lump sum on retirement, Tax Relief, Death Grants and Dependant's pensions
- Employer Contributions
- Annual Benefit Statements and Protections
- McCloud/Sargeant Judgement Project
- Update on the Data returned so far and Data outstanding
- Update in terms of moving forward to include:
 - On-going liaising with Employers
 - Regulations expected October 2023
 - Review tools provided by Software Provider
 - Regular updates to Pension Panel

In response to a query raised regarding what are the main issues for Employer's collecting data for the Local Government Pension Scheme nationally, the Service Director Pensions, Procurement & Transactional Services reported that this is due to a number of issues which include a lack of resources, changes in Payroll systems and skills and knowledge being moved on, however, it is hoped that there will be more consistency across the board following additional information being provided nationally.

It was **RESOLVED** to note the content of the presentation.

6 DELEGATED FUNCTION REPORT

The Director of Finance and Digital Services presented his report in respect of the key issues being addressed as delegated functions and 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 of the report explaining that during the quarter ending 31st March 2022, the overall value of the Fund decreased from £4,819 million to £4,510 million and provided a summary of performance relative to the Fund specific benchmark is shown below.

	2019			2020				2021			
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fund	5.0	1.9	2.6	-11.4	16.6	3.5	9.5	1.6	5.4	0.3	1.6
B'mark	4.1	3.1	0.7	-10.6	12.5	1.6	6.5	1.1	5.1	0.7	4.2
Relative	0.9	-1.2	1.9	-0.8	4.1	1.9	3.0	0.5	0.3	-0.4	-2.6

The rolling 3-year performance of the Fund is 9.4% positive as compared to benchmark of 8.3%. For the last quarter (i.e. quarter 1), Global Opportunities high alpha equity portfolio, UK Credit, CBRE property, BlackRock Passive Equity and BlackRock Passive UK Gilt all outperformed their benchmarks; Baillie Gifford traditional equity portfolio and the Global Growth high alpha equity portfolio underperformed their benchmarks. Baillie Gifford traditional equity portfolio (global core) outperformed their rolling 3-year benchmark achieving a return of 11.4% against a benchmark of 9.1%.

The Service Director Pensions, Procurement and Transactional Services continued through the report and reported that the Pensions Regulator (TPR) has published new guidance for trustees on ensuring compliance with the requirements for Pensions Dashboards and the accompanying press release emphasises that schemes should be taking action now and that TPR will “take a dim view of trustees who carelessly fail to prioritise their dashboard responsibilities”. Furthermore, he advised Members that as noted in the March 2022 Committee, the Normal Minimum Pension Age (NMPA) will increase to 57 from 6th April 2028.

Members were advised that the Scheme Advisory Board no longer require scheme ‘death statistics’, however the Fund will continue to collate up to the Valuation date and provided them with comparison of number of dun deaths. Furthermore, the planning for the 2022 valuation exercise is continuing: Terms of Reference and a timetable have been agreed and key assumptions and the valuation data quality exercise are progressing as planned.

The Director of Finance and Digital Services continued through the report starting at 5.7 and highlighting at 5.15, the number of ‘Internal Dispute Resolution Procedure’ Appeals in progress continues to be extremely low, with no obvious trends or concerns to report.

In response to a question, the Service Director Pensions, Procurement and Transactional Services stated that a graduate and a number of apprentices have been taken on board to support the McCloud Working Group which has been setup and good progress is being made on data collection, however, its key objective is to retain staff where possible. Furthermore, officers have been brought back to work from the office two days per week to meet with their teams face-to-face and share learning.

The Service Director Pensions, Procurement and Transactional Services

outlined that the Pension Board last met virtually on 30th May 2022, and there were no items noted for referral back to Committee. Moreover, at the May 2022 meeting the Pension Board proposed updates to the Pension Fund Risk Register that have subsequently been incorporated into the Register and a report is to follow.

Following discussion, Members **RESOLVED** to acknowledge and note the issues being addressed in the Delegated Functions report.

7 PENSION FUND RISK REGISTER - RISK REGISTER OVERVIEW

The Service Director, Finance and Improvement Services 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 and referred Members to the Risk Register attached at Appendix 1 for their consideration.

Members commented that they felt reassured based on the comprehensive control measures in place to manage risks.

RESOLVED: Members noted the contents of the report.

8 WALES PENSION PARTNERSHIP - UPDATE (INCLUDING WPP BUSINESS PLAN 2022 - 2025)

The Director of Finance & Digital Services presented the report to Members which detailed the work and progress of the Wales Pension Partnership and Joint Governance Committee (JGC). The Senior Accountant advised that the last meeting of the JGC was held on the 8th July 2022 where the Host update included the following:

Work continuing to develop in a number of key areas, including:

- Completing the 2021/22 year end closure of the accounts
- New policies and policy reviews.
- Private Markets Allocator procurement process
- Officer Working Group sub-groups:
 - Private Markets sub-group.
 - Responsible Investment sub-group.
 - Risk Register sub-group.

Next Steps / Priorities:

- Development of the Private Markets Sub-Funds.
 - March 2022 to December 2022 – Private debt and Infrastructure sul funds to be developed, approved and launched.
 - 21st September 2022 – JGC to approve Private Equity Allocato appointment.
- Operator contract procurement process.
 - The existing contract comes to an end in December 2024.
 - Start discussions with Burges Salmon re the legal requirements.
 - Put a timeline in place.

- Formulate the 2021/22 Annual Update and Annual Return.
- Launch of the Active Sustainable Equity Fund.

Other Key areas:

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

RESOLVED: Members considered and approved the WPP Business Plan 2022-2025.

This meeting closed at 3.35 pm

**CLLR M. NORRIS
CHAIR.**