



RHONDDA CYNON TAF COUNCIL PWYLLGOR CRONFA BENSIYNAU

Minutes of the meeting of the Pwyllgor Cronfa Bensiynau meeting held on Dydd Gwener, 28 Hydref 2022 at 10.00 am at the Rhithwir.

County Borough Councillors - Pwyllgor Cronfa Bensiynau Members in attendance:-

Y Cynghorydd M Norris (Cadeirydd)

Y Cynghorydd M Ashford Y Cynghorydd D Wood
Y Cynghorydd G Jones

Officers in attendance

Mr B Davies, Cyfarwyddwr Gwasanaethau Cyllid a Digidol
Mr I Traylor, Cyfarwyddwr Gwasanaeth – Gwasanaethau Pensiynau, Caffael a Thrafodion
Mr P Griffiths, Cyfarwyddwr Gwasanaeth – Gwasanaethau Cyllid a Gwella
Ms Y Keitch, Senior Accountant Pensions And Treasury Management

9 DATGAN BUDDIANT

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

10 COFNODION

It was **RESOLVED** to approve the minutes of the 12th July 2022 as an accurate reflection of the meeting.

11 DYSGU A DATBLYGU

Members received a presentation from the Senior Accountant - Pensions and Treasury Management in respect of an 'Introduction to Pension Fund Investments'.

Within the presentation, Members were provided with an overview of:

- Rhondda Cynon Taf Pension Fund.
- Different types of Investments.
- Fund Managers / Fund Managers Valuations 31st March 2022 / Fund Manager Performance.
- Pension Fund Performance.
- Custodian.
- Wales Pension Partnership.
- Socially Responsible Investments.

RESOLVED: To note the content of the presentation.

The Director of 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. The Director referred Members to the performance of the fund detailed at the table in 4.3 of the report, explaining that during the quarter ending 30th June 2022, the overall value of the Fund decreased from £4,510 million to £4,108 million.

The Director provided an overview of Fund performance informing Members that the rolling 3-year performance of the Fund is 4.3% positive as compared to benchmark of 4.4%. For the last quarter (i.e. quarter 2), Global Growth high alpha equity portfolio and Global Opportunities high alpha equity outperformed their benchmarks; Baillie Gifford traditional equity portfolio, UK Credit, CBRE Property and BlackRock passive equity underperformed their benchmarks; and BlackRock passive UK gilts performed in line with their benchmark.

The Director noted the review of Fund Managers' performance reported to the June 2022 Panel meeting, whereby presentations were received from Baillie Gifford, the traditional equity manager, and Pzena, one of the Global Growth managers. The Director also noted that an update was provided from Mercer Performance Services who are employed by the Fund to measure the performance of the Fund as a whole and the performance of the fund managers against agreed benchmarks.

The Service Director Pensions, Procurement and Transactional Services continued through the report starting at paragraph 5.1 and indicated that Annual Benefit Statements were published on the 22nd August, prior to the statutory deadline date of 31st August (for active and deferred scheme members), and work is underway to compile the Annual Pension Fund Report 2021/22.

At paragraph 5.2 the Service Director informed Members that, further to the publication of the Government 2020 consultation response, it is anticipated that the Scheme Advisory Board will resume their McCloud implementation groups (including representatives of different LGPS stakeholders). Alongside the response, an updated version of the draft regulations implementing the McCloud remedy will be published reflecting the new powers of the statutory underpin, as well as technical feedback and any changes in policy. The Service Director added that to ensure the updated draft regulations are accurate in light of the changes made, they will be subject to a further period of consultation early in 2023, and regulations will be made later in 2023 and will come into force on 1st October 2023.

The Service Director advised Members that the 2022 valuation exercise is progressing in accordance with the agreed timetable and employer results will be provided to Fund Employers at the earliest opportunity to support their budgetary arrangements.

The Service Director went on to advise Members that the Scheme Advisory Board no longer require scheme 'death statistics'; however the Fund will continue to collate this information up to the Valuation date.

The Service Director continued by informing the Committee of the communication with Fund members, whereby letters have been issued to members signposting that Annual Benefit Statements have been published on the Member Self-Serve (MSS) website and promoting digital take-up. In parallel, a new targeted survey of membership experience is underway asking recent retirees about their service experience; based on feedback received for August 2022, the average score for service was 4.3 out of 5. This information will inform on-going work in this area taking into account comments and suggestions fed back by Fund members.

At paragraph 5.8 the Service Director informed the Committee that the Member Self-Serve (MSS) continues to be promoted and referred to the table in the report setting out details of the number of registrations of Active, Deferred, Pensioner and Dependant Members.

Members were also informed that with regard to the Fund's Additional Voluntary Contributions partner, improvement in turnaround times are continuing as the provider's resolution action plan is implemented, this being in line with the position reported to the July Pension Fund Committee, and performance will continue to be monitored by the Scheme Advisory Board and locally by the Fund.

The Service Director moved on to the Service's eight 'Key Performance Service Standards', noting that these are regularly monitored by the Panel and Pension Board. The Service Director fed back that, in general, performance and service volumes remain positive and close on-going monitoring and support is in place as part of performance management and team development arrangements.

The Service Director reported that the Pension Board last met virtually on 11th July 2022, there being no items noted for referral back to Committee, and confirmed that the next Pension Board meeting will be held on a hybrid basis and is scheduled to take place on the 17th October 2022.

In response to a query raised in respect of the Additional Voluntary Contribution Scheme, the Service Director fed back that the contributions are made by the employee rather than the employer. The Service Director added that the Council is also exploring a shared cost Additional Voluntary Contribution Scheme, noting that this is a decision for Rhondda Cynon Taf Council to determine whether to implement rather than the Pension Fund Committee.

Following discussion, it was **RESOLVED** to:

1. Note the issues addressed within the report; and

13 COfRESTR RISGIAU'R GRONFA BENSIWN - TROSOLWG O'R GOfRESTR RISGIAU

The Service Director - Finance and Improvement Services presented the report and referred members to the Risk Register attached at Appendix 1 for consideration.

The Service Director fed back that the Risk Register is reviewed in detail and operationally by the Pension Fund Working Group, where recommended

updates are made to reflect changes in risks and this is then presented to the quarterly meetings of the Investment and Administration Advisory Panel for further review, challenge and agreement.

Members were informed that the Risk Register is also reviewed by the Pension Board, as part of their role in supporting the Fund's overall governance arrangements, and at their last meeting the Pension Board proposed no additional updates.

The Service Director went on to inform Members that the updated Risk Register, included as Appendix 1, contained 38 risks: 1 High Risk, 16 Medium Risks and 21 Low Risks. Members were also informed that five updates were incorporated into the Risk Register and the Service Director provided a brief overview of each.

RESOLVED: Members noted the contents of the report.

14 PARTNERIAETH PENSIYNAU CYMRU - DIWEDDARIAD

The Senior Accountant - Pensions and Treasury Management presented the report to Members which detailed the work and progress of the Wales Pension Partnership (WPP) and Joint Governance Committee (JGC).

The Senior Accountant informed the Committee that the latest meeting of the JGC, scheduled to take place on the 21st September 2022, was cancelled due to the passing of Her Majesty the Queen and the period of mourning, and that the next JGC meeting is scheduled for 5th December 2022.

The Senior Accountant went on to provide Members with an update of the work that continues to develop across and number of areas, including:

- New policies and policy reviews, including a Complaints Policy, review of the Rebalancing and Alteration Policy
- 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 sub funds to be developed, approved and launched.
- Operator contract procurement process.
 - The existing contract comes to an end in December 2024.
 - Continuing discussions with Burges Salmon re-the legal requirements.
- Launch of the Active Sustainable Equity Fund.
- Annual Stewardship Report to maintain the WPP's signatory status to the UK Stewardship Code.
- Voting Priorities and engagement.

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 noted the content of the report.

This meeting closed at 11.15 am

**Cllr M Norris
Chairman.**