



## **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

### **Apologies**

County Borough Councillors M Griffiths

#### **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 of Finance and Digital Services presented the report to Members which provided details of the Committee's 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 2021-22 Municipal Year.

#### **4 Delegated Function Report**

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. He referred Members to the performance of the fund detailed in the table at paragraph 4.3 which had outperformed the benchmark by 3.7% for the three year period and

also performance for quarter 1 of 2021 (January to March 2021): Global Growth high alpha equity portfolio, Global Opportunities high alpha equity portfolio, CBRE property and BlackRock Passive Equity all outperformed their benchmarks; Baillie Gifford traditional equity portfolio and the UK Credit portfolio underperformed their benchmarks; and the BlackRock Passive Gilt portfolio returned benchmark performance.

The Director added that the 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 of Finance and Digital Services went on to inform the Committee 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 paragraph 4.5 of the report.

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

The Director of Finance and Digital Services reminded Members of the revised Asset Allocation Strategy agreed at the March 2021 Committee, this being, a three-step approach to reduce equity exposure and to begin to step up the Fund's exposure to infrastructure, which was now being explored.

The Director 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 of Finance and Digital Services advised that the Fund's exposure is global and therefore it is anticipated that Brexit would have minimal impact. He added that the Actuary would feed back the need to be cautious following a period of exceptional performance, as it is rare this level of performance would be maintained 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 as Appendix 1 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'.

The Service Director 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 went on to inform Committee 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 and would be a significant exercise for the Service and fund Employers.

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 and noted that the publication of the Government Actuary's Department report on the 2019 valuations is understood to have 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 scheme member deaths continue to be collated and monitored by the Scheme Advisory Board, and the latest statistics at a fund level were more in line with 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 the remaining Employers yet to implement, to progress this beneficial data solution.

The Service Director Pensions, Procurement and Transactional Services continued and informed the Committee that the Member Self Serve (MSS) continues to be promoted and registrations of Active, Deferred, Pensioner and Dependant members were shown in the table at paragraph 5.9 of the report. Officers advised that they would notify all members of their Annual Benefits Statements by 31st August and would also encourage them to sign up to the MSS portal, noting that the Fund's 'Employer Communication Forum' is very supportive of promoting this functionality.

Eight Members were informed that key Performance Service Standards are monitored by the Investment and Administration Advisory 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 exceeded the 10 day target.
- % Transfers out processed within 10 days (50% for May against a target of 95%). 6 cases were completed of which 3 exceeded the 10 day target

The Service Director continued by indicating that during June, the Service has conducted a number of targeted onsite 'face to face' training sessions to help ensure the continual development of expertise within the team. Furthermore, the Service continues to monitor its workforce planning arrangements and actively supports the Council's Apprenticeship and Graduate schemes with recruitment underway during July 2021.

It was added that 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 the concerns i.e. when a Member retires and takes their pension benefit, delays have been experienced obtaining the AVC fund for inclusion in their pension benefit option pack.

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

The Director of Finance and Digital Services fed back that the Pension Board last met virtually on the 26 April 2021 and no items were noted for referral back to this Committee. It was also noted that 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 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.**

## **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 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 24<sup>th</sup> 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.

The Senior Accountant advised Members that the next JGC is scheduled to take place on 28<sup>th</sup> July 2021.

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

## **7 Urgent Business**

None received

**CLLR M. NORRIS  
CHAIR.**