



RHONDDA CYNON TAF COUNCIL PENSION FUND COMMITTEE

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

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
Mr P Griffiths, Service Director - Finance and Improvement Services
Ms Yvonne Keitch, Senior Accountant Pensions and Treasury Management

Others in attendance

Lucy Haddow – Baillie Gifford
Tim Gooding – Baillie Gifford
Gareth Roberts – Baillie Gifford

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 11 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 on Responsible Investing from representatives at Baillie 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.

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 shown at 4.7 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 Pensions, Procurement & Transactional Services then provided Members with an administration update.

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 and draft LGPS regulations are expected by the end of 2021. The Service Director added that work is underway with employers on data collection, ahead of the regulations being finalised, and the Fund's software provider is also developing reporting capabilities to support compliance with the new legislation.

The Service Director continued by indicating that following recent ministerial changes, on the 19th September it was announced that the Ministry of Housing, Communities and Local Government (MHCLG), the department responsible for the Local Government Pension Scheme, 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 and this exercise was 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 and the main focus of discussion beyond the standard agenda items, included McCloud and the 2022 Valuation data validation requirements.

Members were informed that data quality and compliance remains a key priority for the Pension Fund and further to the previous update to the Committee, the Fund has been working closely with the two Employers yet to implement the I-Connect monthly data transfers.

The Service Director updated the Committee in respect of the national 'Pension Dashboards' programme implications, and the likelihood that the RCT Fund could be an early adopter given the membership size.

With regard to Performance Service Standards, the Service Director fed back that performance during August 2021 was behind performance standards for a number of areas; however it was noted the significant numbers of cases that had been processed during this period.

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

The Service Director confirmed that 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 and arrangements are in place to monitor progress in this regard.

The Service Director indicated that the Annual General Meeting will be held virtually and has been scheduled for Monday 22nd November 2021 and 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. The Service Director 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 a 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 stepping down to recognise their contribution to the work of the Pension Board.

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 measures were being established to allow face to face appointments to be undertaken on an appointment basis to ensure the continued safety of staff and members of the Fund.

The Director of 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 recognition for the work undertaken by the 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 Finance and Improvement Services presented the report to Members in respect of the arrangements in place to manage risk within the Pension Fund.

He advised Members that the Risk Register had been reviewed and updated and contained 37 risks in total: 1 high risk, 15 medium risks and 21 low risks.

He added that two updates had been incorporated into the Risk Register as suggested by the Pension Board, firstly within the Investments category and reflecting the control measure of reporting malpractices to the Financial Conduct Authority, and secondly within the Operational category, a new risk included to reflect that the Pension Fund will clearly mark any confidential / commercially sensitive data that it shares.

A Member commented on the risk in respect of financial markets being suppressed by, in particular Brexit, and asked if the risk should be categorised as high for a specific time limited period only.

The Director of Finance and Digital Services advised that the Fund invests over the long term and has a diversified portfolio to manage risk, such as changes in the economic climate, and at the same time optimise return. The Director added there has been a sustained period of market improvement / growth and this will be kept under on-going review as part of the Fund's long term approach to investment, and where required, updates will be incorporated into the Risk Register.

The Chairman added that Brexit does pose a risk at present and provided an example where payments were not accepted in Euros and also indicated that legislation could change.

14 Wales Pension Partnership - Update

The Senior Accountant Pensions and Treasury Management provided an update for Members on the Wales Pension Partnership (WPP) and Joint Governance Committee (JGC).

The Senior Accountant reminded Members that the UK Government's requirement for all pension funds to pool their investments has been progressing in Wales through the WPP and 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.

The Senior Accountant 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.

The Senior Accountant also set out an update on next steps / priorities and 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.**