



RHONDDA CYNON TAF COUNCIL

Minutes of the virtual meeting of the Pension Fund Committee held on Monday, 27 March 2023 at 2.00 pm.

County Borough Councillors

Councillor M Norris (Chair)

Councillor M Ashford Councillor G Jones
Councillor N H Morgan Councillor D Wood

Officers in attendance

Mr B Davies, Deputy Chief Executive and Group Director - Finance, Digital and Frontline Services
Mr P Griffiths, Service Director – Finance & Improvement Services
Mr I Traylor, Service Director – Pensions, Procurement & Transactional Services
Ms Y Keitch, Principal Accountant - Pensions and Treasury Management
Mr K Bray - Forum Officer LAPFF
Mr A Quinn - Associate Director, UK Institutional, Russell Investments
Mr T Paik - CFA Manager, Russell Investments
Mr J Zealander – Link Solutions
Mr P Ritchie – Head of Equities, Link Solutions
Mr W Pearce – Senior Portfolio Manager, Russell Investments

RCT Pension Board Members in attendance:-

Professor H Coombs (Chair of the Board)
Mr D Francis
Mr R Whiles

26 WELCOME

The Chair welcomed attendees to the meeting, including a member of the public observing the meeting. Apologies for absence was received from Board Member Ms S Absalom.

27 DECLARATION OF INTEREST

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

28 MINUTES

It was **RESOLVED** to approve the minutes of the 13th December 2022 as an accurate reflection of the meeting.

29 LEARNING AND DEVELOPMENT

Members of the Committee received Mr K Bray who, through the aid of a PowerPoint presentation, provided Members with details of the role and structure of the LAPFF incorporating 'responsible investing, protecting

shareholder value.’ The presentation also covered the LAPFF Workplan; examples of LAPFF engagement results with companies, with specific reference to environmental, social and governance issues; the future outlook; and the benefits of LAPFF membership.

Members questioned the impact on investments with recent bank closures to which Mr Bray duly responded, advising that LAFPP’s work would not have a direct or material impact on the banking sector and reiterated that a key principle underpinning LAPFF’s approach is to promote responsible investing.

Members thanked My Bray for his presentation and the Committee **RESOLVED**

- i. To note the contents of the presentation.

30 EXEMPTION OF THE PRESS AND PUBLIC:

RESOLVED that the press and public be excluded from the meeting under Section 100A(4) of the Local Government Act 1972 (as amended) for the next item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 14 of Part 4 of Schedule 12A of the Act.

31 LINK SOLUTIONS AND RUSSELL INVESTMENTS

Members received a presentation from representatives at Link Solutions and Russell Investments. Upon conclusion of the presentation the Committee **RESOLVED:**

- i. To note the contents of the presentation

32 ANNUAL REVIEW OF FUND GOVERNANCE AND STRATEGY DOCUMENTS

The Deputy Chief Executive and Group Director – Finance, Digital and Frontline Services (Group Director) provided Members with details of the Fund Governance and Strategy documents which fell within the remit of the Committee as detailed in the terms of reference.

Members were referred to paragraph 4.3 within the report which provided an overview of the documents reviewed on an annual basis and those where proposed updates had been incorporated for the Committee’s consideration were included in Appendices 1 - 6.

The Chair commented on the climate change agenda and how this would impact on future investments going forward and the Chair of the Pension Board acknowledged the review opportunities provided to the Board in respect of the documents presented to Members. The Group Director acknowledged the contributions made by the Pension Board Members in this regard, and the strengthened transparency and accountability with the sharing of such documents.

Following due consideration of the Fund Governance and Strategy Documents as attached at Appendix 1 to 6, Members **RESOLVED:**

- I. To approve the documents.

DELEGATED FUNCTIONS REPORT

The Group Director 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 Group Director referred Members to the performance of the Fund detailed within 4.3 of the report, explaining that during the quarter ending 31st December 2022, the overall value of the Fund increased from £3,995 million to £4,103 million. Members were also advised that the rolling 3-year performance of the Fund was +2.8% as compared to a benchmark of +3.3%.

The Group Director continued by advising that in respect of infrastructure, the approach was for the Fund to invest over a number of years in order to secure and optimise opportunities across the different time periods (and vintage years).

The Chair took the opportunity to comment on the high percentage of Rhondda Cynon Taf Pension Fund assets allocated via the Wales Pension Partnership when compared to other asset pools.

The Service Director - Pensions, Procurement & Transactional Services continued and provided Members with an administrative update including the significant changes from the 6th April 2023 to the pension tax allowances following the announcement in the Spring Budget. Members were advised of other pension related announcements within the Spring Budget including details of the increase in the standard Annual Allowance (AA) from £40,000 to £60,000.

The Service Director also provided an update to Members on the draft consultation and regulations in respect of changing the annual revaluation date; an updated timescale for the new General Code of Practice to be published by The Pensions Regulator (TPR); the conclusion of the 2022 Triennial Valuation exercise; and the new Life Certification exercise.

The Service Director concluded his report by commenting on the work of the Pension Board and the skills and knowledge framework that is providing a structured programme of training to support Officers and Committee Members in delivering their Pension Fund responsibilities.

The Chair commented on the importance of training and the requirement to ensure good governance and the on-going development of the knowledge base of Officers and Committee Members, with this work also complimenting the transparency of the risk register.

Members of the Committee commented on the training opportunities provided and discussions ensued as to how the training could be accommodated to suit all Members needs and learning styles going forward.

In respect of a question on the impact on the Pension Fund as a result of high inflation and the 10.1% pension increase from April 2023, the Group Director indicated that the impact will be closely monitored through cashflow forecasting, this being in line with the approach taken in previous years.

Following discussion on the content of the report, the Committee **RESOLVED to:**

- I. Note the information contained within the report.

34 RISK REGISTER REVIEW

The Service Director Finance and Improvement Services presented the report and referred Members to the Risk Register attached at Appendix 1 for the Committee's consideration. The Service Director advised Members that the Pension Fund Risk Register provided an overview of the arrangements in place to manage the risk to the Fund and was presented to the quarterly meetings of the Investment and Administration Advisory Panel for review, challenge, and agreement.

Following agreement of the updated Risk Register, Members were informed that it is then published on the Fund Website and the Service Director indicated that the Risk Register is also reviewed by the Pension Board, as part of its role in supporting the Fund's overall governance arrangements.

Members were advised that two new risks had been incorporated within the Register with accompanying control measures:

- Within the 'Investments' Risk Category – the risk of failure to adequately take into account climate change, climate risk and ESG factors resulting in the financial loss; and
- Within the 'Operational' risk category – the risk of inability to comply with Pension Dashboard Staging Dates and Duties.

The Chair of the Pension Board welcomed the continued review of the risk register and Members commented on the good practice in place.

The Committee **RESOLVED:**

- I. To note the arrangements in place for the management of risk within the Fund; and
- II. To note the Risk Register as outlined within (Appendix 1) of the report.

35 WALES PENSION PARTNERSHIP - UPDATE

The Principal Accountant, Pensions and Treasury Management provided an update and progress for Members with regard to the Wales Pension Partnership (WPP) and Joint Governance Committee (JGC).

Members were provided with details of the latest meeting of the JGC which took place on the 5th December 2022 and were also advised of the forthcoming JGC meeting on 29th March 2023 where a number of annual policies and papers would be reviewed.

The Officer provided Committee Members with an overview of next steps and priorities that included development of the private markets sub-funds; launch of the Sustainable Equity Fund; the operator contract procurement process; and details in respect of the public announcement on the planned sale of Link Fund Solutions. The overview was concluded with reference to WPP virtual training sessions and updates incorporated onto the WPP website.

The Chair of the Committee referenced paragraph 3.2 of the report and noted that the JGC membership also included a co-opted (non-voting) scheme member representative; Officers confirmed this would be reflected in future reports to the Committee.

Members of the Committee **RESOLVED:**

- I. To note the contents of the report.

15:45pm
Meeting Closed

Councillor M Norris
Chair.