

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2023-24

PENSION FUND COMMITTEE

18TH JULY 2023

**REPORT OF: THE DEPUTY CHIEF
EXECUTIVE AND GROUP DIRECTOR –
FINANCE, DIGITAL AND FRONTLINE
SERVICES**

AGENDA ITEM NO. 3
PENSION FUND COMMITTEE – TERMS OF REFERENCE AND PROPOSED WORK PROGRAMME

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1.0 PURPOSE OF REPORT

- 1.1 To provide Members with details of the Committee's Terms of Reference and proposed work programme.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee:

2.1.1 Note the Terms of Reference.

2.1.2 Note and agree the work programme.

2.1.3 Note and maintain appropriate 'skills & knowledge' as set out at paragraph 5.

3.0 BACKGROUND

- 3.1 The agreed terms of reference of the Pension Fund Committee are as set out below.

Terms of Reference

The Pension Fund Committee have the following specific roles and functions with regards to the Rhondda Cynon Taf Pension Fund (the 'Fund'), taking account of advice from the Deputy Chief Executive and Group Director - Finance, Digital and Frontline Services (in their capacity as S151 Officer) and the Fund's professional advisers:-

- Determining the Fund's aims and objectives, strategies, statutory compliance statements, policies and procedures for the overall management of the Fund, including in relation to the following areas:
 - i) Governance – approving the Governance Policy and Compliance Statement for the Fund;
 - ii) Funding Strategy – approving the Fund's Funding Strategy Statement including ongoing monitoring and management of the liabilities, ensuring appropriate funding plans are in place for all employers in the Fund, giving due consideration to the results and impact of the triennial actuarial valuation and interim reports;
 - iii) Investment strategy - approving the Fund's investment strategy, Statement of Investment Principles and Myners Compliance Statement including setting investment targets and ensuring these are aligned with the Fund's specific liability profile and risk appetite;
 - iv) Administration Strategy – approving the Fund's Administration Strategy determining how the Council will administer the Fund including collecting payments due, calculating and paying benefits, gathering information from and providing information to scheme members and employers;
 - v) Communications Strategy – approving the Fund's Communication Strategy, determining the methods of communications with the various stakeholders including scheme members and employers;
 - vi) Stewardship Code – approving the Fund's Stewardship Code to promote best practice in stewardship that is consistent with seeking long – term investment returns;
 - vii) Discretions – determining how the various administering authority discretions are operated for the Fund; and
 - viii) Internal Dispute Resolution Procedure – determining how the Scheme Member disputes are administered.
- Monitoring the implementation of these policies and strategies as outlined above on an ongoing basis.
- Considering the Fund's financial statements as part of the approval process and to receive the Fund's Annual Report. Receive internal and external audit reports on the same.
- Receiving ongoing reports from the Deputy Chief Executive and Group Director - Finance, Digital and Frontline Services in relation to their delegated functions.

- To provide independent assurance to members of the Fund of the adequacy of the risk management and associated control environment, responsible for the Fund's financial and non-financial performance.
- To adhere to the principles set out in the Pensions Regulator Code of Practice and undertake its duties in compliance with the obligations imposed on it.
- To receive regular training to enable Committee Members to make effective decisions and be fully aware of their statutory and fiduciary responsibilities and their stewardship role.
- Consider any pension compliance matters raised by the Fund's Pension Board.

4.0 FORWARD WORK PROGRAMME

- 4.1 Future meetings of the Committee are diarised for the remainder of the municipal year. The proposed work programme for these meetings is set out below.

Meeting Date – July 2023

1. Terms of Reference and Work Programme
2. Delegated Functions Report
3. Risk Register Review
4. Wales Pension Partnership – Progress Update (including WWP Business Plan 2023-2026)

Meeting Date – October 2023

1. Learning and Development
 - Responsible Investing – to receive a presentation on responsible investing.
2. Delegated Functions Report
3. Risk Register Review
4. Wales Pension Partnership – Progress Update

Meeting Date – December 2023

1. Learning and Development
 - LAPFF update
2. Delegated Functions Report
3. Risk Register Review
4. Audited Financial Statements and Audit Wales report
5. Wales Pension Partnership – Progress Update

Meeting Date – March 2024*

1. Review of Governance and Strategy Documents
2. Delegated Functions Report
3. Risk Register Review
4. Wales Pension Partnership – Progress Update and presentation from Link (the operator)

* Note, Members of the RCT Pension Board will be invited to attend and contribute to this meeting.

- 4.2 Clearly there will need to be a degree of flexibility to introduce other items into meetings, which will be by the agreement of the Chair.

5.0 SKILLS AND KNOWLEDGE

- 5.1 To obtain an understanding of governance and other aspects of the local authority pension scheme including legislation, scheme benefits, investment strategy, actuarial methods and pensions accounting it is necessary for both officers and committee members to undergo a structured assessment and training programme.

- 5.2 In an attempt to determine the right skills, CIPFA has developed a knowledge and skills framework. The framework identifies six areas of knowledge and skills as the core technical requirements for those involved in decision making. They are:

- Pensions legislative and governance context;
- Pensions accounting and auditing standards;
- Financial services procurement and relationship management;
- Investment performance and risk management;
- Financial markets and products knowledge; and
- Actuarial methods, standards and practices.

- 5.3 Committee Members should develop a general awareness across these areas. General awareness is defined as “able to demonstrate a familiarity with the key issues of the subject area, and a working knowledge and understanding of the application of these issues to the responsibilities of a trustee”.

- 5.4 An on-going programme of learning and development is in place as included in the Forward Work Programme set out above to support the effective discharge of the Committee’s Terms of Reference (noting that induction for new Committee Members via the LGA Pension Fund Fundamentals Course (3 days) is also in place and forms a key part of the overall learning and development arrangements).

6.0 **CONCLUSION**

- 6.1 This report sets out, for the Committee, the proposed work programme through to March 2024.
