



RHONDDA CYNON TAF COUNCIL

Minutes of the virtual meeting of the Pension Fund Committee held on Tuesday, 18 July 2023 at 2.00 pm.

County Borough Councillors – The following Councillors were in attendance:

Councillor M Norris (Chair)

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

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 & Improvement Services
Ms Y Keitch, Principal Accountant Pensions and Treasury Management

36 Declaration of Interest

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

37 Minutes

It was **RESOLVED** to approve the minutes of the 27 March 2023 as an accurate reflection of the meeting.

38 Work Programme

The Deputy Chief Executive and Group Director - Finance, Digital and Frontline (Group Director) Services presented the report to Members which provided details of the Committee's Terms of Reference, their strategic role and proposed work programme for the 2023/24 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, which will be by the agreement of the Chair.

Future meetings of the Pension Fund Committee for the 2023/24 Municipal Year were also set out as part of the update to Members.

Following discussion, Members **RESOLVED** to agree the work programme for the 2023/24 Municipal Year.

39 Delegated Functions Report

The Group Director presented the report in respect of the key issues being addressed as delegated functions and as specified in the Pension Fund

Governance Policy Statement.

The Group Director referred Members to the performance of the fund detailed at paragraph 4.3 of the report and explained that during the quarter ending 31st March 2023, the overall value of the Fund increased from £4,103 million to £4,256 million.

The Group Director informed Members that the Pension Fund is progressing the investment into Blackrock GIS 4 Infrastructure Fund, in line with the agreed Asset Allocation Strategy, with capital contributions to date totalling £29.5 million. Members were also informed that the Pension Fund is committing £70 million to the closed ended infrastructure first vintage launched by the Wales Pension Partnership, with the first capital call of £4.47 million transferred on 30th May 2023.

A Member asked what the increase in value equated to as inflation had been high at 10%. The Group Director advised that inflation is one of the factors that influences the level of return and fed back that the Fund's asset allocation strategy is increasing the value of the Fund's assets over the long term, noting that the level of return may not be in line with short term changes in the rate of inflation.

A Member referred to the Asset Allocation Strategy and asked if there was a timescale in which to progress to Step 3 of the Strategy.

The Group Director advised that the availability of appropriate infrastructure investment opportunities is a key determining factor, with the delivery of the Asset Allocation Strategy anticipated to cover at least a 5-year period.

The Service Director Pensions, Procurement and Transactional Services then took Members through section 5 of the report.

A Member asked if there is a method to recall overpayments. The Service Director fed back that depending on the circumstances, there may be opportunity to off-set overpayments against future payments due and in other cases there will be a need to raise an invoice to recover the funds.

Following discussion, Members **RESOLVED** to note the issues being addressed in the Delegated Functions report.

40 Pension Fund Risk Register- Risk Register Overview

The Service Director, Finance & Improvement Services informed Members of the arrangements in place to manage risk within the Pension Fund.

The Service Director 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 were informed of the updates included within the Risk Register, these being in respect of the specific Risk Categories of Funding, Investments, Governance and Operational.

The Service Director confirmed that the Fund's Pension Board continue to monitor and support the Fund's compliance around current and emerging risks.

RESOLVED: Members noted the arrangements in place for the management of risk within the Fund

41 Wales Pension Partnership - Update (including WPP Business Plan 2023-26)

The Principal 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). Members were informed that the next meeting will be held on the 19th July 2023 where the following annual policies and papers will be reviewed:

- Annual Return for the year ended 31st March 2023.
- Approval of the evaluation criteria including weightings for the Operator Procurement.
- Stock Lending report.
- Policy Reviews of Climate Risk Policy and Voting policy.
- Operator update.
- Performance reports as at 31st March 2023.
- ESG and Climate Risk reports.

The Principal Accountant went on to advise Members of the next steps and key priorities as outlined in paragraph 3.4 of the report and requested the Committee to review and approve the Wales Pension Partnership Business Plan 2023-26, as set out at Appendix 1.

The Group Director also fed back to the Committee that the UK Government's Chancellor of the Exchequer made a recent announcement on a pension scheme assets pooling consultation document, noting that it is anticipated this would present practical challenges in its current form should it be implemented in the future. The Group Director added that further updates will be announced by the UK Government in due course following completion of the consultation process.

RESOLVED: To note the update and Members considered and approved the Wales Pension Partnership Business Plan 2023-26

This meeting closed at 2.55 pm

**Councillor M Norris
Chair.**