

RHONDDA CYNON TAF PENSION BOARD

Minutes of the meeting of Rhondda Cynon Taf Pension Board held at The Pavilions, Clydach Vale on Monday, 5th November 2018 at 9.30 a.m.

In Attendance:

Professor Hugh Coombs	Employer Representative (University of South Wales) and Chairman of the RCT Pension Board
Angela Pring	Member Representative (Actives/Deferred)
Rob Whiles	Member Representative (Pensioners)
David Francis	Employer Representative (Coleg y Cymoedd)

Officers:

Ian Traylor	RCTCBC Support
Stephanie Davies	RCTCBC Support
Catherine Black	RCTCBC Support
Julia Nicholls	RCTCBC Admin Support

13 DECLARATION OF INTEREST/CONFLICTS/CONFIDENTIALITY

There were no declarations of personal interests/conflicts in matters pertaining to the agenda and the confidential nature of proceedings was noted.

14 MINUTES

AGREED to approve as an accurate record, the minutes of the meeting of the RCT Pension Board held on 20th August 2018 subject to removal of '*the*' derivatives under Matters Arising (page 3) and that the Action Points should refer to the meeting held on the 27th April 2018 and not the 16th June 2017 as stated.

15 Matters Arising

- ESG Seminar – The Chair referred to the recent ESG seminar he had attended and to the report 'Performance of Local Government Funds' which acknowledged the good performance of Baillie Gifford. He added that at the seminar, the importance of reviewing our Investment Strategy Statement had been stressed. It was confirmed that the slides presented at the seminar would be circulated to all members of the RCT Pension Board.
- LGPS National Confidence Assessment – It was reported that the results of the assessment completed by the Pension Fund Committee and RCT Pension Board would be circulated to all members of the Board.

16 **SUMMARY OF ACTION POINTS RESULTING FROM THE MEETING OF THE PENSION BOARD ON 20th AUGUST 2018.**

The Board Members considered the summary of action points to have arisen from the minutes of the previous meeting held on the 20th August 2018 as follows:-

Minute 3 – Liability Insurance – It was confirmed that there was no update to report as yet.

Minute 10 – Socially Responsible Investments training session – The Chair updated members on the training session he had recently attended which had been well attended and deemed a very positive and relevant event.

Minute 12 –

LGPS National Confidence Assessment – It was reported that this would feature as an agenda item for the next meeting and would be circulated to all.

Audit/accounts signed off –It was reported that external auditors had signed off the annual accounts.

Pension AGM –Mr Rob Whiles and Mr David Francis confirmed their intended attendance at the Pension AGM.

Pension Fund Committee and RCT Board Minutes – It was agreed that the Pension Board Minutes would be published on the Fund website in draft form, subject to being agreed at the next meeting in line with the Council's protocol for committee meetings.

17 **INVESTMENT & ADMINISTRATION ADVISORY PANEL**

The Board was provided with an update in respect of the minutes of the Rhondda Cynon Taf Pension Fund Investment & Administration Advisory Panel held on 24th September 2018 and of the Pension Fund Committee held on 15th October 2018.

The Head of Finance, Education & Financial Reporting reported that the overall value of the fund had increased for the quarter ending 30th June 2018, with performance of 6.6% ahead of the scheme benchmark of 4.9%. It was confirmed that the Blackrock UK Equity mandate had been terminated.

At the Panel, Baillie Gifford presented its investment report in respect of both portfolios and emphasised its long term growth philosophy. It reported that by holding companies for longer it encourages better engagement with companies. Its three year rolling performance figures were noted (High Alpha Equities) as 19.7% compared to benchmark of 15.3%. The core portfolio returned 18.3% on the 3 year performance results compared to a benchmark of 12.6%. They presented further details on key contributors and detractors to their performance.

In response to a query concerning voting rights and how they are exercised, the Head of Finance, Education & Financial Reporting confirmed that Baillie Gifford is proactive in influencing positive stewardship and governance and provided an example of where influence was exercised to ensure remuneration policy was linked to carbon reduction. The Board discussed Baillie Gifford's low holdings in oil, gas and mining which are not necessarily exposed to the same investment risk characteristics as other sectors. .

It was noted that the Fund is committed to an orderly carbon reduction in terms of its Investment Strategy and this is referenced on the Fund's website. The role of LAPFF was also noted with its active engagement with companies across a range of responsible investing themes including carbon reduction.

The Head of Pensions, Payroll and Payments reported on key administration issues facing the Fund such as the Funding Strategy Statement which is being reviewed in light of changes to the Regulations relating to balances on cessation. It was confirmed that the Regulator Scheme Return which had to be completed before the 6th November 2018 was actually completed on the 29th October 2018 (which would be reported in further detail later in the meeting).

The Annual Benefit Statements were published on the 17th August 2018 in advance of the statutory deadline of the 31st August, the majority through the Member Self Serve. It was confirmed that a final summary of the GMP reconciliation, would be brought to the next meeting of the RCT Pension Board as it was nearing completion.

In respect of the Pension AGM, it was reported that some employers had yet to confirm their attendance. At the time of the meeting, it was noted that there were 28 attendees from 19 employers who had confirmed their attendance. Following a discussion around Employer engagement, it was agreed to invite Welsh Government to participate in the Communications forum.

It was reported that Prudential are no longer hosting retirement events for Council employees and it was proposed to monitor the situation. In response to a query regarding 3rd Sector Party Transfers by individuals from the Fund, the Board was assured that the LGPS has established clear control requirements of the administrator, to mitigate the risk of inappropriate transfers.

The Head of Pensions, Payroll and Payments advised Board members of an additional piece of work that involved communicating with all pre 2014 deferred members who may be able to take benefits at aged 55 and AVC members both active and deferred with a pre 14 AVC contract. It was acknowledged that this had involved issuing of 22,000 letters by mid-August.

An update was provided in respect of the I-connect uptake and those going live over the next few months. It was reported that the figures for the Member Self Serve (MSS) have increased with action being taken to encourage further take up such as all correspondence including reference to the MSS. Further to the discussion it was agreed that a breakdown of employer take up of the Member self service would be provided.

With respect to GDPR, it was noted that the Head of Pensions, Payroll and Payments had issued a 'Privacy Notice' on the Pension Fund and Council website and a Memorandum of Understanding had also been sent to all Employers. The next phase was reported as involving a review of current documents, supported by the Council's Information Management team. An update was provided in respect of Employer Transfers and it was agreed that further information in the form of a table would be inserted and presented to the next meeting.

Consideration was also given to the Minutes of the Pension Fund Committee which was held on the 15th October 2018 and it was agreed to share the slides from the AON training session with the Board members. It was noted that the overall changes to the Fund's Investment Strategy Statement would be amended to reflect Committee's views in respect of Responsible Investing. The draft changes would be reported to December's Pension Fund Committee with a final version to be agreed in March 2019. The Head of Pensions, Payroll and Payments proposed that it would be of value for the Board Members to undertake training with the Actuary, in relation to the Valuation process and to be in attendance at the Pension Fund Committee to receive the final draft changes to the Fund's Investment Strategy Statement in March 2019. Subject to two minor amendments in the Minutes, it was agreed to note the updates from the Investment & Administration Advisory Panel.

RESOLVED:

1. That an appropriate representative from Welsh Government is invited to participate in the Communications Forum;
2. That a breakdown of employer take-up of the Member self service is provided;
3. That further information in respect of Employer Transfers would be reported to the next meeting of the RCT Pension Board; and
4. That Board members undertake training in respect of the Valuation process with the Actuary and are invited (subject to committee approval) to the Pension Fund Committee to receive the final draft changes to the Fund's Investment Statement (and other governance documents) in March 2019.

18 ALL WALES POOLING

The Head of Pensions, Payroll and Payments stated that the update on the all Wales pooling would reflect the minutes of the Pension Fund Committee of the 15th October 2018 as there were no further updates to report at this time.

There followed a discussion in respect of the Pension Board Chairs meeting on the 31st October 2018 and specifically to the meeting that was undertaken following the training session. The Chair enquired as to whether the Board could have sight of the Pools business plan and associated KPI's. It was stated that as part of the all Wales pooling, strategic asset allocation will remain a local decision for each local authority and each local authority will determine its own

funding strategy. It was clarified that the initial sub funds (global high alpha equities) have individual manager outperformance targets commensurate with current managers, with the 2 sub funds available having different mixes of individual managers.

It was clarified that in the future as part of the pooling arrangements, Link will be responsible for holding fund managers to account should any concerns in respect of investment performance arise. Any performance concerns of the Pool will be dealt with by Link.

The Board requested that any current policies in place with the host authority relating to the Pooling arrangements, such as business continuity, policies to deal with potential breaches, training or complaints be reported to a future meeting of the RCT Pension Board.

The role of host authority, Carmarthenshire County Council was explained as being primarily to provide administrative and secretarial support to the Joint Governance Committee, and the coordination of workstreams. It was reported that currently a website is being developed to which all future agendas and Minutes will be published. The Board requested that the JGC Minutes should be included on the agenda for the next RCT Pension Board.

In respect of the investment strategy relating to infrastructure, it was reported that it is the intention of the Fund to invest 5% in infrastructure and that appropriate investment opportunities would be sought via the pool. There is also a cross pool infrastructure group.

Following discussion it was **RESOLVED**:-

1. To share with the Board, the WPP business plan and associated KPI's of the Fund;
2. To inform the RCT Pension Board of any existing policies of the All Wales Pool as previously discussed;
3. That the Joint Governance (JGC) Minutes are included on the agenda for the next RCT Pension Board; and

19 RISK MONITORING

The Board was presented with an assessment of the risks associated with the RCT Pension Fund and the control measures in place.

20. DATA QUALITY

The Board was presented with the RCT Pension Fund Data Improvement Plan which was circulated at the meeting. It provided Board members with updates on a number of objectives and their subsequent progress such as the IConnect and Scheme membership collected annually for non-IConnect Employers. It was reported that the improvement plan before the Board was updated in October 2018 and quarterly updates would be provided in the future.

The Board discussed the common and specific data quality reports which produce the overall data scores for 2018, which compare well with other local

authorities. It was agreed that having the Pension Regulator in attendance at the Pension AGM would be helpful.

In conclusion, Board members were informed of the actions and tools already implemented to verify member data such as the monthly ATMOS mortality screening and National Fraud Initiative (NFI) (data matching received biannually). Following discussion, it was **RESOLVED** to note the RCT Pension Fund Data Improvement Plan and to receive quarterly updates.

21. KNOWLEDGE & UNDERSTANDING FRAMEWORK

Officers provided the Board with a copy of the 'Knowledge and Skills Framework' showing details of the Core Technical Requirements for the Chair and Members of the Pensions Fund Board together with details of the training undertaken to date.

It was **RESOLVED** to circulate and include the following information in the Knowledge & Understanding Framework:-

1. The Socially Responsible Investment training session, attended by the Chair;
2. The AON presentation (that was delivered to the Pension Fund Committee) in respect of investment training regarding Fixed Interest and Infrastructure.

22. ANY OTHER BUSINESS

- It was confirmed that arrangements would be put in place for a joint meeting of the Pension Fund Committee and the RCT Pension Board to be held in March 2019 to receive training from the Actuary and to consider updates to Fund governance documents, including the Fund's Investment Strategy Statement.
- The Regulator's Annual Survey would be undertaken by the Chair of the RCT Pension Board.
- It was agreed that the issues raised by the Chair earlier in relation to WPP would be brought to the attention of the Director of Financial Services, the Group Director, Corporate & Frontline Services and the Pension Fund Committee.
- It was proposed that Board members attend the Autumn Seminar on an annual basis.

**PROFESSOR H. COOMBS
CHAIRMAN**

The meeting closed at 1:00 p.m.