

RHONDDA CYNON TAF PENSION BOARD

Minutes of the meeting of Rhondda Cynon Taf Pension Board held at The Council Headquarters, Clydach Vale, on Friday, 27th April 2018

In Attendance:

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

Officers:

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

36 DECLARATION OF INTEREST/CONFLICTS

There were no declarations of personal interests/conflicts in matters pertaining to the agenda.

37 MINUTES

AGREED to approve as an accurate record, the minutes of the meeting of the RCT Pension Board held on 12th December 2017 subject to Minute No. 31 to read '*It was reported that the exercise needs to be completed and returned to the HMRC by 18th December 2018*'.

38 MATTERS ARISING

Minute 23 –Liability Insurance – The Head of Pensions, Payments and Payroll confirmed that the issue has been taken up with the LGA, who had received a number of other enquiries. Any further information would be relayed to the Pension Board at a future meeting.

Minute 15 – It was confirmed that the information required to produce the Welsh comparison (between RCT Fund and that of other Welsh Funds), and as referred to in Mr Cullinan's presentation (12th September 2017), would not be available as WM Investments, who previously co-ordinated this information, has closed.

Minute 17 — The Head of Finance, Education and Financial Reporting confirmed that the paper on derivatives had not been circulated as it was not going ahead due to pooling and costly legal advice would need to be sought.

Minute 29 (5) – Member Self Serve – The Head of Pensions, Payments and Payroll updated the Board in respect of progress of the Member Self Serve. He confirmed the system would go live in July 2018 for the next phase ‘Active’ members, and confirmed that Board Members would be given access to the test version.

Minute 29 (6) – Euoplan Shareholder II system – It was confirmed that The Chair of the Pension Board had attended the meeting of the Pension Fund Committee (4th January 2018) to receive an overview of the Shareholder Management System. It was agreed that the remaining members of the Board would also have opportunity to undertake a training session on the system.

39 SUMMARY OF ACTION POINTS ARISING FROM THE MEETING OF THE RCT PENSION BOARD HELD ON 12th DECEMBER 2017

The Board Members considered the summary of action points arising from the minutes of the last meeting and the status updates were noted:-

Minute 27 (3) – Members discussed the remaining tenure of the Pension Board and the importance of maintaining continuity where possible. The Head of Pensions, Payments and Payroll confirmed the individual terms of office – appointment letters had been issued.

40 INVESTMENT & ADMINISTRATION ADVISORY

The Board received the minutes of the meetings of the RCT Pension Fund Investment & Administration Advisory Panel held on 14th March 2018 and the Pension Fund Committee held on the 4th January and 26th March 2018.

RCT Pension Fund Investment & Administration Advisory Panel

The Head of Finance, Education and Financial Reporting highlighted the three year performance figures for the Fund with particular regard to the performance of the individual Fund Managers. It was clarified that there was no Fund Manager presentation at this meeting but conference calls were subsequently held with Newton and Invesco. It was clarified that although any underperformance is monitored and challenged, overall the RCT Pension Fund is performing very well.

The Head of Pensions, Payroll & Payments updated the Board on key administration items facing the Fund. He reported on the two small late payments which the Board wished to formally acknowledge. He also reminded the Board of the expectation by the Regulator that the Pension Board have a material input into breaches, in accordance with the Fund’s Breaches Policy.

It was agreed that an update in respect of the appointment and implementation of the Pensions Software Provider would be reported at the next meeting.

The Board was also updated on the progress regarding the ‘mandatory’ Fund Employer sign-up to I-Connect and the Pension Board expressed its support in respect of the mandatory sign-up, as a key action within the Fund’s Data Improvement plan.

It was reported that the Chair had received a copy of correspondence to the Local Authority from a pensioner member who had been in dispute for some time. This had been referred to the Head of Pensions, Payroll & Payments and subsequently discussed at the meetings of the Pension Board and at the Pension Fund Committee. It was confirmed that the matter is with the Council's Legal Office. It was also agreed that the wording of the Minutes of the RCT Pension Fund Investment & Administration Advisory Panel held on 14th March 2018 should be amended to read 'This pensioner has also emailed the Chair of the Pension Board'.

Pension Fund Committee

The Board noted the minutes of the Pension Fund Committee on the 4th January 2018, and requested a copy of the slides of the 'Socially Responsible Investing' presentation by Mr Keith Bray.

Members were provided with an update in respect of the Wales Pension Partnership – Investment Pooling arrangements as reported at the Pension Fund Committee held on the 26th March 2018. A presentation had been received from the appointed operator (Link Fund Solutions) and their investment sub-contractor (Russell Investments).

It was agreed that the presentation delivered by CEM Benchmarking would be circulated to the Board Members following the meeting.

Following consideration thereof it was **RESOLVED**:-

1. To note the Minutes of the RCT Pension Fund Investment & Administration Advisory Panel held on the 14th March 2018 (subject to it being amended to read Point 11.1 'This pensioner has also emailed the Chair of the RCT Pension Board).'
2. To note the Minutes of the Pension Fund Committee held on the 4th January and 26th March 2018;
3. That it be noted that the RCT Pension Board has formally noted the two late payments identified during February 2018 and agreed with the Panel's view with regard to materiality;
4. To receive an update in respect of the appointment and implementation of the Pensions Software Provider at the next appropriate meeting of the Pension Board;
5. To progress the 'mandatory' Fund Employer sign-up to I-Connect;
6. That the Chair of the RCT Pension Board is invited to attend the next Employers Meeting;
7. That a report is brought before the Board in respect of Penywaun Enterprise Partnership when it is completed;
8. That the presentation slides in respect of Socially Responsible Investing (Received by the Pension Fund Committee 4th January 2018) are circulated to the RCT Pension Board; and

9. That the presentation delivered by CEM Benchmarking is circulated to the RCT Pension Board;

41. RISK MONITORING

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

Following consideration of the document presented, the Board **RESOLVED** to agree to note the information subject to 'RAG' rating being inserted into the table.

42. GOVERNANCE DOCUMENTS REVIEW

The RCT Pension Board received the annual update of the Fund's key governance and strategy documents relating to the following:-

- Pension Fund Administration Strategy 2018;
- Pension Fund Governance Policy Statement 2018;
- Pension Fund Communication Policy 2018;
- RCT Pension Fund Compliance Statement 2018; and
- Investment Strategy Statement 2018

The Head of Pensions, Payroll & Payments identified the changes within each of the documents and it was **RESOLVED**:-

1. That the Head of Pensions, Payroll & Payments reviews the wording (Pension Fund Communications Strategy, page 88) under the heading 'Email' as requested by the Board;
2. That the acronym MHCLG (Pension Fund Communications Strategy, page 91) is preceded by the full version;
3. The Head of Pensions, Payroll & Payments to check to see if there is text missing from the section entitled 'Pension Fund Training' (Pension Fund Communications Strategy, page 91);
4. The Head of Pensions, Payroll & Payments to check whether the year '2013' referred to on page 109 (Investment Strategy Statement) is correct; and
5. That one full stop is removed from the last paragraph on page 115.

43. INVESTMENT STRATEGY REVIEW

The Head of Pensions, Payroll & Payments referred the Board to the Pension Fund Committee Minutes of the 26th March 2018 (Agenda Item 3) to consider the investment strategy review.

It was reported that AON Hewitt had been commissioned to undertake the Asset Liability Review 2017/18 at an opportune time, prior to the investment pooling, to

evaluate the current allocation and benchmarking and to consider the strategy options. On review of those options, a discussion took place in respect of Absolute Return Bonds.

It was agreed that the Board would be provided with the presentation delivered by AON Hewitt. The Head of Pensions, Payroll & Payments confirmed that the Pension Fund Committee resolved to agree Strategy 2 which would retain the expected return as well as reducing the risk profile.

It was **RESOLVED** to note the outcome of the Strategy Review and to receive the presentation handouts as circulated at the meeting of the Pension Fund Committee on the 26th March 2018.

44. SOCIALLY RESPONSIBLE INVESTING

The Board received handouts which had been previously circulated to the Pension Fund Committee on the 4th January 2018 and delivered by Mr Keith Bray, Forum Officer, Local Authority Pension Fund Forum (LAPFF) in respect of socially responsible investing. It was confirmed that the Fund Managers are signed up to the principals of responsible investing. It was **RESOLVED** to note the information contained within the handouts.

45. WALES PENSION PARTNERSHIP

The Head of Pensions, Payroll & Payments provided an overview of the Wales Pension Partnership progress and confirmed that the appointed operator (Link Fund Solutions) and their investment sub-contractor (Russell Investments) had been selected. Further, the deadline of April 2018, as requested by the Minister, has been met and good progress made in respect of the Wales Pension Partnership.

The Chair explained that he, along with other Chairs of Pension Boards, had attended a session which had outlined the overall arrangements for pooling, where they had considered the structures and arrangements of other partnerships. He commented that the session had been well attended.

Following consideration of the update it was noted that the Pension Fund will measure the progress and performance of the pool through performance indicators developed and agreed by the Wales Pension Partnership Officer Working Group.

46. KNOWLEDGE & UNDERSTANDING FRAMEWORK

The Board was provided with a copy of the 'Knowledge and Understanding Framework' which shows details of the Core Technical Requirements for the Chair and members of the Pension Board together with details of the training undertaken to date. It was **RESOLVED** to add that Angela Pring attended the following to the list of 'Training Updates'

- Unison Training Scheme in Cardiff on the 22nd and 23rd March 2018 (AP)
- 'Pension Funds' – 3 years on (Chair)

47. OTHER BUSINESS

It was **RESOLVED** to agree the following dates as the annual meeting schedule for the 2018/19 Municipal Year:-

- Monday, 20th August 2018
- Monday, 5th November 2018
- Friday, 11th January 2019
- Friday, 12th April 2019

**PROFESSOR H. COOMBS
CHAIRMAN**

The meeting closed at 12.30 p.m.