



RHONDDA CYNON TAF COUNCIL RCT PENSION BOARD

Minutes of the meeting of the RCT Pension Board held on Friday, 29 November 2019 at 9.30 am at the Block F, The Pavilions, Clydach Vale.

County Borough Councillors - RCT Pension Board Members in attendance:-

Professor Hugh Coombs, Employer Representative (University of South Wales) and Chairman of the RCT Pension Board

David Francis, Employer Representative (Coleg Y Cymoedd)

Angela Pring, Member Representative (Actives/Deferred)

Rob Whiles, Member Representative (Pensioners)

Officers in attendance:-

Mr I Traylor, Service Director – Pensions, Procurement & Transactional Services

Ms S Davies, Head of Finance, Education & Financial Reporting

Sarah Handy, Graduate Scrutiny Officer

Yvonne Ketch, Principal Accountant, Treasury Management & Pension Fund

46 Declaration of Interest/Conflicts/Confidentiality

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

47 Minutes of the RCT Pension Board (16th August 2019) and Minutes of the Pension Fund Committee (22nd October 2019)

AGREED to approve as an accurate record the minutes of the RCT Pension Board held on the 16th August and minutes of the Pension Fund Committee held on the 22nd of October 2019, subject to the following amendments:-

- **Minute 38, point 27** – to be amended from “has *not yet* been received” to “a summary of the data *has been received* and that the actuary have received an uploaded file containing all the required information”.

48 Matters arising

Minute 37

Board Members were informed that RCT are still waiting on remedies in respect of the McCloud judgement and that the guidance is still a matter outstanding.

Minute 39

In respect of the Fund's Communications Forum, the Head of Finance: Education & Financial Reporting advised Board Members that the rescheduled forum did take place on the 10th September 2019 and that activity to support MSS take-up was discussed.

Minute 40

In respect of when Internal Audit will next review the Pensions Service, the Service Director advised that he will refer to the audit plan and provide an update.

Minute 43

In respect of the 'Draft Responsible Investment Policy', the Service Director confirmed that this has now been circulated to the Board. The Chair also confirmed that Councillor M. Griffiths was recently appointed as a Member on the Pension Fund Committee and that an invitation had been extended for her to attend a future meeting of the RCT Pension Board. Board Members confirmed their support to the invitation.

49 Summary of Action Points arising from the RCT Pension Board held on the 16th August 2019

The Board Members considered the summary of action points to have arisen from the minutes of the previous meeting held on the 16th of August 2019 as follows:-

Minute 35- It was agreed that the succession dates will be discussed at the next meeting of the RCT Pension Board.

Minute 36- It was confirmed that the Service Director has updated the Board in respect of the McCloud judgement.

Minute 37 – It was confirmed that a progress report has been circulated in respect of Hymans.

Minute 38- It was confirmed that the Board receive regular updates in respect of Member Self-Serve and that the Service Director will provide a further updates to the Board in respect of any specific activity in this regard.

50 Investment & Administration Advisory Panel

The Board was provided with an update in respect of the minutes of the Rhondda Cynon Taf Pension Fund Investment & Advisory Panel held on the 4th of October 2019.

The Head of Finance: Education & Financial Reporting reported that the overall value of the Fund increased from £3,457 million (31st March 2019) to £3,617 million (30th June 2019). The overall return of the Pension Fund for the quarter ending 30th June 2019 was 5%, ahead of the scheme specific benchmark of 4.1%.

The Head of Finance: Education & Financial Reporting referred Members to the review of the Fund Manager's performance and assured Board Members that the review shows the RCT's due diligence is working effectively.

Board Members were also referred to the presentation of STOXX, a Global Index provider and a part of QONTIGO. The Head of Finance: Education &

Financial Reporting informed Board Members that STOXX can create custom made strategies for individual funds. The purpose of the presentation was to enhance understanding and knowledge on alternative indices and sustainable reporting.

The Service Director, Procurement & Transactional Services continued to provide an update to the Board in respect of the key administration issues facing the Fund. Board were informed of the recent publication of the Pensions Regulator report following a survey of the governance and administration at 10 LGPS Funds. It was agreed, that the Board and Administration Team would undertake a joint exercise to support this Fund's compliance against those recommendations contained in the Regulator report.

In respect of the publication of the 'Good Governance Report' by Hymans, the Service Director assured the Board that the report would be circulated to Members accordingly. The Service Director advised the Board in respect of Group AVCs; ELAS proposal to undertake a business transfer to Utmost Life. The Pension Fund has 29 Members with funds held with ELAS, with the main impact on the 8 'With Profits' policyholders. The Fund is required to vote on the proposal and communicate its intentions to those members concerned.

In respect of Year End/2019 Valuation, Annual Benefit Statements were published on 2 August 2019 (both Active and Deferred). Board Members were informed that there were some issues with the email notifying members that the electronic Annual Benefit Statements were available, however the Board were assured that the statutory deadline was met. The Service Director advised the Board that approximately 115 members have potentially exceeded the pension annual allowance tax limits. Members were reminded that the annual report is underway incorporating CIPFA changes where necessary and will be published prior to the statutory deadline in December.

The Service Director advised the Board that the Communications Forum was held on the 10th of September and Employers were asked again about sharing details of scheme members for MSS to target take-up. BCBC and MTCBC were asked to formally confirm why they would not be able to meet the December on boarding date for I-connect. The Service Director advised the Board that a letter has been sent to all Employers who have not yet implemented i-connect and that feedback will be provided to the Board at its January meeting.

Discussions ensued and Board Members were informed that the Pension Fund was represented at the RCT Apprentice, Graduate induction days, promoting the benefits of the scheme and encouraging sign up to MSS. The AGM was scheduled for the 25th of November 2019 and the Service Director informed the Board that the slides from the meeting will be circulated to Board Members accordingly.

In respect of data quality, the Service Director, Pensions, Procurement & Transactions Services confirmed that that progress is being made with regard to the final rollout of 'I-connect'.

In respect of MSS, the Service Director Pensions, Procurement & Transactions Services confirmed that a further update will be provided to the Board in respect of Cyber Security controls.

Board Members were then referred to the performance against the Fund's key

service standards. Board members also received confirmation that the service has recently undergone a high turnover of staff, which has resulted in four new appointments in July/August, and two Apprentices in September. It was noted that whilst the Service has concluded a positive recruitment exercise, an initial training and skills gap may influence performance in the short term. In respect of performance standards, Members of the Board agreed that it would be better to receive quarterly figures. The Service Director confirmed that quarterly figures will be provided to the Board going forward.

In respect of the Wales Pension Partnership Report, Board Members were advised that Global Growth Fund and the Global Opportunity Fund was launched on the 14th January 2019. The Global Opportunity Fund is managed on more of a non-consultative, with Russell Investment being the Fund Manager. The Global Growth Fund is operated by Link, and consists of three fund managers. The Board was informed that Tranche 3 will cover fixed income investments. The WPP have appointed Hymans as transition adviser. The Fund launch date is contingent on the transition manager appointment, completion of scheme documentation, market openings, FCA admission and Northern Trust availability. Board members also acknowledged the minutes of the Joint Governance Committee meeting.

Discussions ensued in respect of socially responsible investments and the Board were informed that the overriding principle of the Fund's investment policy is to obtain the best possible financial return using the full range of investments authorised under the Local Government Pension Scheme regulations. Board Members were reminded that Black Rock has three ESG products available, including:-

- Black Rock ACS World Low Carbon Equity Tracker Fund;
- BlackRock ESG Optimised Fund;
- BlackRock factors plus ESG Fund

Members were also informed that Black Rock is currently promoting the ACS World Carbon Equity Tracker Fund to the Wales Pension Partnership.

In respect of the Pension Fund Statement of Accounts and Audit Opinion, Board Members were advised that Members of the Full Council approved the Pension Fund Statement of Accounts on the 31st July 2019 and Wales Audit Office provided an unqualified audit opinion. Board members were advised that there were only presentational audit adjustments, none affecting the core financial statements. Members were reminded that the Fund has met the reduced timescales for publishing accounts two years before required by regulations.

51 Risk Monitoring

Board Members were provided with an assessment of the risks associated with the RCT Pension Fund and to outline the control measures in place.

The Head of Finance: Education & Financial Reporting confirmed that there had been no change in respect of the scores for any of the risks.

Board Members were referred the new risk in terms of Pension Fund investments not being accurately valued and were advised that this had been categorised as a 'Low Risk'.

The Head of Finance: Education & Financial Reporting further advised the Board that the mitigation on the risk relating to "Conflicts of Interest" has been amended to include the word "Pension" prior to "Board" and "Committee". A further amendment was also made following the presentation to the Board by the Service Director, ICT & Digital Services at the last Board meeting in respect of Cyber Security; the Compliance with data quality regulation and best practice has been amended to reflect that membership data is hosted in the UK.

The Chair sought clarification in respect of when Internal Audit will review the Pension Service and which areas will be covered. The Service Director agreed to check the audit plan and to provide an updated response to the Board.

The Board **RESOLVED** to note the current risks associated with the RCT Pension Fund and the control measures in place.

52 All Wales 'Pooling'

The Service Director, Pensions, Procurement & Transactional Services provided the Board with an update on the progress of the Wales Pensions Partnership.

The Service Director confirmed that the 'Draft Responsible Investment Policy' has been circulated to Board Members accordingly.

Board members were also advised that the Code of Practice 14 (issued by the Pension Regulator) is on the website and members were advised to review it carefully.

Following discussion, it was **RESOLVED** to note the current update in respect of the Wales Pensions Partnership.

53 Knowledge and Understanding Framework

The Service Director, Pensions, Procurement & Transactional Services referred Board Members to the training undertaken to date by the Board and the training plan for November 2019 to March 2020. Members were advised to contact the Service Director in respect of any further training requirements.

Following discussion, Members **RESOLVED** to note the information in respect of the Board's knowledge and skills framework.

54 Any Other Business

Discussions ensued in respect of the McCloud judgement and the Pension Regulator Survey.

The Service Director went through the Pension Regulator, Annual Governance survey that had been completed in conjunction with the Chair, prior to submitting the survey.

In respect of the McCloud judgement, Board members were assured that they

were being kept up to date.

The Chair referred the Board to Cyber security risks and sought clarification as to whether the Board would receive reports in terms of security breaches. The Service Director assured the Board that if a cyber incident happened then the Board would receive an up to date response from the Council immediately.

The Chair informed members that the Board's response to the guidance on the ESG investment is due in by the 11th of January 2020 and members were asked to send their responses direct to the Chair. The Chair also reminded the Board about the workshop on the 15th of January 2020.

It was noted that the date of the next meeting was the 31st of January 2020.

This meeting closed at 12:37pm

**MR H. COOMBS
CHAIR.**