

PENSIONS

ANNUAL REPORT

WATCH YOUR MONEY GROW



2021

Contents

Chairman's Foreword	1
---------------------------	---

Introduction.....	2
-------------------	---

Summary.....	3
--------------	---

- Participating Employers
- Contributors
- Pension Fund Committee Members
- Pension Advisory Panel Members
- Pension Board Members

Administration Report	8
-----------------------------	---

- Introduction
- Actuarial Valuation
- Governance
- Regulatory
- HMRC Pension Tax Changes
- Freedom of Choice/Transfer Scams
- Prevention and Detection of Fraud
- Forward Look
- Performance Information
 - Membership Numbers
 - Membership Analysis



Investment Report	16
-------------------------	----

- Introduction
- Investment Management
- Investment Performance
- Asset Allocation and Performance
- Details of Fund Managers
- Profits and Losses on Investments
- Custodial Arrangements
- Fund Manager and Advisor Fees
- Largest Share Holdings
- Wales Pension Partnership (WPP)
- Investment Strategy Statement
- Myners Compliance Statement

Accounts Report.....	34
----------------------	----

- Fund Account
- Net Asset Statement
- Notes to the Pension Fund Accounts
- Contributions
- Audit Opinion

Actuary's Report.....	44
-----------------------	----

- Introduction
- Actuarial Position

Communication Report	48
----------------------------	----

- Annual Meetings
- Helpdesk
- Website
- Presentations
- Annual Benefit Statements
- Electronic Communications
- LGPS2014
- Cost of Living Increases

Pension Fund Governance	50
-------------------------------	----

- Local Pension Board
- Chairman's Update
- Governance Structure
- Pension Governance Attendance
- Knowledge and Skills
- Risk

Partners.....	60
---------------	----

Contributors' Contact Information	61
---	----

■ Councillor Mark Norris
Chair of the RCT Pension Fund Committee



Chairman's Foreword



It is my pleasure, as Chairman of the RCT Pension Fund Committee, to present this year's Pension Fund Annual Report, following what has truly been a year like no other.

I would firstly like to take the opportunity to thank all of the Members and officers who have been involved across the Fund's comprehensive governance arrangements, including most importantly the staff who have ensured that Fund Members have continued to receive an excellent service throughout the period of the pandemic.

The Committee and Board discharged their respective responsibilities virtually through the year, giving assurance that high standards of governance and compliance of the fund were maintained.

The Pensions Team swiftly moved to homeworking at the outset of the pandemic in line with national restrictions and have continued to do so throughout the year. It is highly commendable how the team have continued to deliver an exemplary level of service through the year, whilst also dealing with the continual changes to the LGPS. I know that Fund Members are appreciative of the service which they receive.

The Fund's Investment performance excelled during 2020/21, with a significant increase in the Fund value over the year, from £3.35bn to £4.49bn at the 31st March 2021. During the year the Fund reviewed its asset allocation following the conclusion of the 2019 valuation process and in light of the improved funding position with the Committee agreeing a revised strategy at its March 2021 meeting.

The Committee also remain resolute in ensuring 'Responsible Investment' is factored into all our investment decisions, and in December 2020 the Fund concluded its transition of over £200m of funds into the BlackRock Low Carbon Equity Fund.

The Wales Pension Partnership (WPP) collaboration continues to make good progress against key milestones. The 2020/21 Annual Report has recently been published demonstrating the extent of progress with 68% of Wales' Pension Fund investments now undertaken through the WPP.

The Fund has experienced an increase in 'active' participating membership during the year, with over 20,000 pensioner members/dependants now benefiting from this much valued scheme, with a total of £131m of pension benefits paid out during the year.

In conclusion, it has been an extremely challenging year for all concerned and there remains much uncertainty. Despite this backdrop, financial market volatility and global recovery has led to strong positive investment performance and growth of the Fund.

Thank you for taking the time to read this report.

A handwritten signature of Councillor Mark Norris.

Councillor Mark Norris
Chair of the RCT Pension Fund Committee



Introduction

This year's annual report is provided against the backdrop of a year which none of us could have reasonably anticipated and an unparalleled period of global economic uncertainty. This has included national and international restrictions on movement and the UK government taking unprecedented action to support jobs, public services and businesses throughout the pandemic with £378 billion of direct support for the economy provided over the last year.

LGPS funds performed remarkably well during the year however, more than making up for the losses seen in the last quarter of 2019/20. Indeed, equity returns recovered that lost performance and delivered an average return of 11.4% over the last two years.

With regard to the Rhondda Cynon Taf Fund, a significant return of 34.1% was achieved for 2020/21, with exceptional equity returns driving an out-performance of the Fund's benchmark return by 10.9%. The Fund maintained its ranking within the top quartile of local authority pension funds, ranked in 1st percentile over the last 3 years, with the Fund value growing from £3.35bn to £4.49bn at the 31st March 2021.

Following the enforced national restrictions in March 2020, the business continuity arrangements at the Fund were immediately activated ensuring that the Fund governance, management and operational arrangements continued in a relatively seamless manner.

Services to Members remained our focus, ensuring that needs were dealt with promptly during what has been an extremely uncertain time. It is pleasing to note that we maintained our high levels of performance and service standards across our most critical areas of business activities.

The Wales Pension Partnership (WPP) continues to evolve and by the end of the financial year had assets under management amounting to £14.6bn, which represents 68% of the aggregate Investment assets of the 8 LGPS Funds in Wales. A further five sub funds were launched during the year providing a number of fixed income options for Funds to invest in. An emerging market sub fund has also subsequently launched, and a procurement process is under way in respect of private markets, including property and infrastructure.

The WPP Responsible Investment Policy was formulated in 2019/20 and work has continued over the last twelve months to deliver on the commitments made in this Policy:

- A Climate Risk Policy has been formulated, which outlines WPP's unified Climate Risk beliefs and what measures we have adopted to manage Climate Risk within the WPP Sub-Funds.
- Voting and Engagement work is ongoing with Robeco. Robeco engage with investee companies on behalf of the WPP, on a broad range of matters, including matters relating to managing Environmental, Social, Governance (ESG) and climate related risks. WPP has adopted Robeco's voting policy.
- Reporting has developed over the last twelve months with detailed Responsible Investment and Climate Risk monitoring reports being produced for each of the WPP's Sub-Funds and quarterly progress reports being received from Robeco.

Further details on the work, governance arrangements, policies, annual report and business plan of the WPP can be found at the website www.walespensionpartnership.org

Following the conclusion of the 2019 valuation and the improved funding position (98.4%), the Fund undertook a review of its asset allocation, with a view to reducing the level of risk within the portfolio. The Fund has subsequently reduced its equity exposure, transitioning into UK Government and UK Corporate bonds. Further transition into infrastructure opportunities is planned across future years.

Initial planning discussions have now been held with the Fund Actuary regarding the 2022 Valuation, with a number of exercises underway to support the process. I am aware that many of our Employers continue to face financial pressures and I will ensure that we maintain effective dialogue through the forthcoming period further to our discussions with the Fund Actuary.

The legislative changes required as a result of the McCloud case are progressing, and it is understood that draft LGPS regulations will be available in 2022. Implementing the remedies which require retrospective benefit comparisons will result in significant work over a protracted period for the Fund's Administration Team and for Employers in providing historic service data.

The LGPS Scheme Advisory Board is continuing its work in respect of the Good Governance project and we welcome any consistency developments in that regard.

I am pleased to report that as part of our workforce planning arrangements, the Fund has continued to support apprenticeship and graduate schemes, with a further two apprentice appointments made during 2021. The ongoing commitment to develop the Fund's Pension Administration Team and to invest in new technologies, has helped the Service maintain business continuity and continuous improvement.

The delivery of the Local Government Pension Scheme truly is a partnership, and I would extend my sincere thanks to everyone who plays their part in providing scheme members with a first-class service.

I hope that you find the information presented in this report helpful; if you feel it could be improved in any way, we would welcome your suggestions.

Barrie Davies, C.P.F.A
Director of Finance and Digital Services (Section '151' Officer)

Summary

Participating Employers

Administering Authority

Rhondda Cynon Taf County Borough Council

Admitted Bodies

Agored Cymru

Awen Cultural Trust

Capita Glamorgan Consultancy

Careers Wales Association

Careers Wales - Mid Glamorgan and Powys Limited

Compass Cymoedd Contract Services (Cymoedd) Ltd

DBW FM Ltd (Formerly Finance Wales Investment Ltd)

Development Bank of Wales Plc
(Formerly Finance Wales Plc)

Drive Ltd

Halo Leisure

Local Government Data Unit

Merthyr Tydfil Institute for the Blind

Merthyr Tydfil Leisure Trust

Merthyr Valley Homes

Social Care Wales (Formerly Care Council for Wales)

Trivallis

Valleys to Coast Housing

Welsh Government
(former Welsh Development Agency)

Welsh Joint Education Committee (WJEC)

Scheduled & Designated Bodies

Amgen Cymru

Bedlinog Community Council

Brackla Community Council

Bridgend College

Bridgend County Borough Council

Bridgend Town Council
(no active members at present)

Central South Consortium

Chief Constable South Wales

Coleg Y Cymoedd

Coity Higher Community Council

Coychurch Crematorium Joint Committee

Garw Valley Community Council

Gelligaer Community Council

Hirwaun & Penderyn Community Council

Laleston Community Council

Llanbradach Community Council
(no active members at present)

Llanharan Community Council

Llanharry Community Council
(no active members at present)

Llantrisant Community Council

Llantwit Fardre Community Council

Llwydcoed Crematorium Joint Committee

Maesteg Town Council

Merthyr Tydfil College

Merthyr Tydfil County Borough Council

Police and Crime Commissioner for South Wales

Pontyclun Community Council

Pontypridd Town Council

Royal Welsh College of Music & Drama

South Wales Fire Authority

South Wales Valuation Tribunal

St Brides Minor Community Council

Tonyrefail Community Council

University of South Wales

Ynysawdre Community Council

Definition of Bodies

Scheduled Bodies:

These include County Councils, Police Authorities and the Environment Agency among many others.

Designated Bodies:

Designated bodies, such as Community Councils are required to pass a resolution stating whom within their employment can join the scheme.

Admitted Bodies:

Admitted Bodies can participate in the scheme by means of an admission agreement. These Admitted Bodies may state whether all or some of their employees can join the Scheme.

Contributors page (Who's Who)

Service Director, Pensions, Procurement and Transactional Services **Ian Traylor**

Ian joined Local Government in 1990 with the former Mid Glamorgan County Council and transferred to Rhondda Cynon Taf during the 1996 re-organisation. Ian has a well-established background in financial control / risk management with a primary career spent in Internal Audit. Ian joined the Pensions Service in 2006 and is an active member of the Pension Advisory Panel.



Principal Accountant, Treasury and Pension Fund Investments **Yvonne Keitch**

With over 30 years experience within local government, Yvonne is responsible for the administration of the pension fund investments. Yvonne has been the fund's Investment Manager since 1995.



Accountant, Treasury and Pension Fund **Vanessa Thomas**

Vanessa joined local government in 1989 with Rhondda Borough Council and transferred to Rhondda Cynon Taf in 1996 during re-organisation.

She has worked in the Investment Team since 2005 and is currently the officer responsible for the maintenance and closure of the Pension Fund accounts.



Senior Team Manager **Catherine Black**

Catherine joined us in 2013. Previously she worked in an in-house pension administration department of a large multi-national retailer, where her role involved implementing regulatory changes, calculating member benefits and delivering presentations to scheme members.



Pension Fund Committee Members

Chairman Pension Fund Committee

Councillor Mark Norris

Councillor Norris is the Cabinet Member for Corporate Services and Elected Member representing the ward of Cwm Clydach. Councillor Norris has been Chairman of the Pension Fund Committee since its inaugural meeting on 5th July 2016.



Pension Committee Member

Councillor Gareth Caple

Councillor Caple is Vice Chair of the Planning & Development Committee, and a member of Democratic Services, Finance & Performance Scrutiny Committee, Overview & Scrutiny Committee, Audit Committee, Cwm Taf Community Health Council (Outside Body), Cwm Taf Public Service Board Joint Overview & Scrutiny Committee and a Local Member for Cymmer. Councillor Caple has been a member of the Pension Fund Committee since May 2017.



Pension Committee Member

Councillor Emyr Webster

Councillor Webster is a member of the Audit Committee and Standards Committee and is the Local Member representing the ward of Treorchy. Councillor Webster has been a member of the Pension Fund Committee since its inaugural meeting on 5th July 2016.



Pension Committee Member

Councillor Michael Powell

Councillor M Powell is Leader of the RCT Independent Group and is Chair of the Finance & Performance Scrutiny Committee. He is also a member of the Children & Young People Scrutiny Committee and Audit Committee, Cwm Taf Public Services Board Joint Overview & Scrutiny Committee, Local Education Authority Governors (Appointments) Committee and VER Panel.

Councillor Powell is the local Member for Trallwng, serves as a Councillor on the Pontypridd Town Council as well as a LEA Governor for two local schools, Hawthorn High School and Coedpenmaen Junior School. Councillor Powell has been a member of the Pension Fund Committee since September 2020.



Pension Committee Member

Councillor Margaret Griffiths

Councillor M Griffiths is a member of the Overview & Scrutiny Committee, Children & Young People Scrutiny Committee, Corporate Governance & Constitution Committee, Capita Joint Committee and is a Board Member for Trivallis. Councillor Griffiths has been the local Member for Pontyclun since 2012. Councillor Griffiths has been a member of the Pension Fund Committee since 2019 and is now Vice Chair to the Committee.



Pension Advisory Panel Members

Director of Finance and Digital Services & Section 151 Officer Barrie Davies C.P.F.A

Barrie joined Local Government with Mid Glamorgan County Council in 1985, moving to Rhondda Cynon Taf with re-organisation in 1996. Barrie is an active member of the Investment and Administration Advisory Panel and was appointed to his current role in March 2019.



Service Director Finance & Deputy Section 151 Officer Paul Griffiths C.P.F.A

Paul joined local government in 1989 with the former Mid Glamorgan County Council and transferred to Rhondda Cynon Taf during the 1996 reorganisation. Paul has a background in financial management, Internal Audit and corporate performance management, and was appointed to the position of Service Director – Finance and Improvement Services in March 2019. Paul also became a member of the Investment and Administration Advisory Panel in March 2019.



Service Director, Pensions, Procurement and Transactional Services Ian Traylor

Ian joined Local Government in 1990 with the former Mid Glamorgan County Council and transferred to Rhondda Cynon Taf during the 1996 re-organisation. Ian has a well-established background in financial control / risk management with a primary career spent in Internal Audit. Ian joined the Pensions Service in 2006 and is an active member of the Pensions Investment and Administration Advisory Panel.



Principal Accountant, Treasury and Pension Fund Investments Yvonne Keitch

With over 30 years experience within local government, Yvonne is responsible for the administration of the pension fund investments. Yvonne has been the fund's Investment Manager since 1995.



Head of Finance, Education and Financial Reporting Stephanie Davies F.C.C.A.

Following a career in the private sector, Stephanie joined Rhondda Cynon Taf in 2000 as a Principal Accountant responsible for the production of the Council's statutory accounts. In her current role, one of Stephanie's responsibilities is the management of the Pension Fund Investment team and became a member of the Pension Fund Investment and Administration Advisory Panel during 2014.



Accountant, Treasury and Pension Fund Vanessa Thomas

Vanessa joined local government in 1989 with Rhondda Borough Council and transferred to Rhondda Cynon Taf in 1996 during re-organisation. She has worked in the Investment Team since 2005 and is currently the officer responsible for the maintenance and closure of the Pension Fund accounts.



Carolyn Dobson

Carolyn Dobson is an Independent Investment Adviser for a number of LGPS funds including the Environment Agency, Staffordshire County Council, Buckinghamshire County Council and the London Borough of Enfield. She was a Director of Abbey National Asset Management and Murray Johnstone and has had over thirty years experience as a fund manager and investment adviser.



David Cullinan

David has been an Independent Investment Adviser to the Fund for over ten years. He is now self-employed, having worked for over thirty years for State Street (formerly the WM Company), managing relationships with a large variety of clients - pension funds, asset management companies, insurance companies, charities and foundations. From a background in investment accounting, fund valuation and unit pricing, David focussed his career on engagement, measurement and performance of funds in the public sector and in particular, the collation of long term statistics and trends on behalf of the collective LGPS – formerly the sector renowned WM Universe and latterly, PIRC's LAPP service.



Pension Board Members

Employer Representative
Professor Hugh Coombs
(Chair)

University of South Wales



Employer Representative
Mr David Francis

Coleg Y Cymoedd



Member Representative
Mr Rob Whiles

Pensioner of the
RCT Pension Fund



Member Representative
Mrs Angela Pring

Member of the RCT Pension Fund
and Trade Union (Unison)
representative



■ Ian Traylor

Service Director, Pensions, Procurement and Transactional Services



Administration Report



Introduction

2020/21 has certainly been a challenging year for the Service and in particular responding to events since March 2020. The Pension Team have responded well, quickly adjusting to home working and implementing other necessary business continuity measures, whilst protecting our team. Sadly, the number of membership deaths increased during the early part of the pandemic, and having transitioned swiftly, the team were able to provide that sensitive service to those families directly impacted.

During the year, all staff continued to work remotely. In recent months however, we have been trialling a hybrid model which requires some office time to help support the continual development of new and existing team members.

Maintaining appropriate communication channels with all stakeholder groups became a key priority, engaging with Scheme Members through “My Pension Online” Member Self-Serve document sharing functionality, updating Employers on relevant LGA advice for example furlough implications, facilitating Committee and Pension Board virtually to keep our governance oversight forums updated. We also provided the Scheme Advisory Board with impact surveys and data requests around service resilience, governance arrangements and key statistics to help inform decisions and support activity during the pandemic.

To ensure this specialist Service is adequately resourced to meet existing and future challenges (McCloud, etc), we continue to support, invest and develop the Pension Team, through technical training and further recruitment through the apprenticeship and graduate programme. The team have continued to access skills and knowledge resources throughout the pandemic via relevant webinar events, and their partial return to the office will enhance this development activity by focusing on the more complex elements.

Actuarial Valuation

The next Triennial Valuation of the Fund is scheduled for 31st March 2022 and initial meetings with the Actuary and data exercises have already commenced. The Valuation will provide a revised ‘Rates and Adjustment Certificate’ setting out the Employers contributions for the following 3 years, with initial rates taking effect from 1st April 2023.

Consideration and appropriate provision will again be made in respect of the implications on public sector scheme liabilities as a result of the McCloud legal case.

Progress against the Fund’s Data Improvement Plan has resulted in a further improvement in membership data scores provided to the Pensions Regulator in the Annual Scheme Return. We will continue to work with the Fund Actuary and Employers to improve further in the lead up to the Valuation.

The funding level at the 2019 valuation was 98.4%. Since this point the fund value has increased significantly and whilst interim valuations show the funding level in excess of 100%, the actual fund value and fully re-assessed projected liabilities at the 31st March 2022 will be key, alongside the suite of actuarial assumptions which will be updated and factored into the next valuation.

The Government Actuary Department (GAD) continue to request annual valuation data from the Fund as part of refreshing the ‘Cost Management’ process. HM Treasury is currently consulting on changes to the cost control mechanism. GAD expects the transactional data requirements to evolve once this consultation has closed and changes to the cost control mechanism have been decided.

Governance

The Pension Board and Officers of the Fund jointly responded to the Pension Regulators (TPR) survey on public service pension scheme governance in January 2021. The RCT Pension Fund confirmed that it was compliant with all six governance areas raised. The TPR has intention to survey Administering Bodies again towards the end of 2022.

On the 17th March 2021, the TPR published a draft of its new single modular code of practice. This brings together 10 of TPR’s existing ‘codes of practice’ and some associated guidance, that mainly deal with the governance and administration of pension schemes. Officers and Pension Board have attended several sessions on the new code to obtain a better understanding of the requirements.

On 15th February 2021, the ‘Scheme Advisory Board’ (SAB) published the Good Governance Phase 3 Report. The report provides further details on some of the recommendations that were included in the Phase 2 report (as updated last year) and as such the two reports should be read in conjunction.

The SAB has submitted its recommendations ‘Good Governance Action Plan’ to the Department for Levelling Up, Housing and Communities. (formerly MHCLG) for their consideration.

The Fund’s governance forums have continued to operate effectively during the pandemic. Officers work closely with the RCT Pension Board to jointly consider any new and existing items of risk and compliance. Meetings of the Chairs of Welsh Pension Boards are facilitated through the Wales Pension Partnership (WPP), which include an update from the ‘host’ authority in respect of WPP activity and updates from the Operator and the Investment Manager Solutions Provider.

Regulatory

McCloud

The Public Service Pensions and Judicial Offices Bill is progressing through Parliament and is expected to receive Royal Assent in early 2022. Government is expected to lay LGPS regulations in the spring of 2022 to come into force on 1st April 2023.

The Bill makes provision to rectify the unlawful age discrimination identified by the McCloud judgment. In respect of the LGPS, Chapter 3 of Part 1 confirms which members will be in scope and what membership service is ‘remediable’.

The key feature of the proposed remedy is to extend the final salary underpin to a wider group of members for service up to 31st March 2022. This applies to all members who were active on or before 31st March 2012 and who either remain active or left service after 1st April 2014.

In practical terms, due to the retrospection of the remedy, there is membership data collection requirements from the Fund’s Employers. In addition, the Fund’s software provider is beginning to develop technical tools to support the implementation. This will be a significant protracted exercise for the Pension Team to fully implement in the months ahead and resources are being aligned accordingly.

Management of Employer Risk

In September 2020, regulations introduced new funding flexibilities into the LGPS expressly allowing administering authorities to review employer contributions, spread exit payments due from exiting employers and to enter into deferred debt agreements. During March 2021, the Scheme Advisory Board (SAB) produced guidance to support Fund’s around these new flexibilities. Accordingly, the Fund has updated its relevant Strategy documents, having formally consulted upon the proposed changes.

Exit Payment Reform 95k CAP

The Public Sector Exit Payments Regulations which came into effect on the 14th October 2020 were subsequently disapplied from 12th February 2021. Whilst pension processes were initially refined to deal with the legislation, fortunately during the period no member was directly impacted and as such no retrospective adjustment was required following the disapplication notice.

HMRC Pension Tax Changes

Lifetime Allowance

The Lifetime Allowance (LTA) is the maximum amount of pension savings that you can build up over your lifetime that benefit from UK tax relief. The Finance Act 2016 reduced the level of the standard LTA. The lifetime allowance for the 2020/21 tax year was £1.073m and will remain at this current level until April 2026.

Any pension savings above the lifetime allowance are subject to the lifetime allowance charge. This charge will continue to be:

- 55% if the excess is taken as a lump sum
- 25% if the excess is taken as income i.e. pension,

Annual Allowance

Since the reduction in Annual Allowance to £40,000 (unchanged for 2021/22), the Fund is experiencing more instances of members exceeding this allowance and incurring a tax charge. This results in a tax payable by members through their individual self-assessment process or there may be opportunity to arrange a 'scheme pays' option with the RCT Fund.

Annual allowance taper provisions changed from 6th April 2020. From that date, a member's pension growth is measured against a tapered annual allowance if their Threshold income is more than £200,000 and their Adjusted income is more than £240,000.

The minimum tapered annual allowance will reduce from £10,000 to £4,000. This means that a member with Adjusted income of £312,000 or more will have their pension growth measured against the new minimum annual allowance of £4,000.

HMRC have launched an online calculator to help members determine how much annual allowance they have used <https://www.tax.service.gov.uk/pension-annual-allowance-calculator>

The Fund's Communication team issue a statement and factsheet during October of each year, to individual members that are impacted by the Annual Allowance.

Freedom of Choice/Transfer Scams

Whilst these freedoms are not applicable to the LGPS, the Fund continues to experience interest in the possibility of transferring benefits out to Defined Contribution arrangements.

Along with such freedoms there have unfortunately been a national increase in pension transfer scams.

The Fund is required to undertake due diligence safeguarding checks; however, this can cause tension between the Fund, and the scheme members (and their advisors) around potential delays that may arise around the transfer process.

The Pensions Regulator (TPR), working with the Financial Conduct Authority (FCA) and the Pensions Advisory Service, produced a template letter to issue to members requesting a Pension Transfer quotation. In support of the Regulator, the Fund has been actively monitoring the number of requests coming through.

The Pensions Regulator (TPR) published guidance on communicating to members during COVID-19. The guidance emphasises the importance of supporting members to make an informed decision when they are considering a pension transfer.

The Pension Regulator continues to support Fund's in respect of Pension Scam avoidance material and awareness training.

Further information can be found at:
www.thepensionsregulator.gov.uk/pension-scams

Prevention and Detection of Fraud

The Fund participates in the National Fraud Initiative which is designed to target and prevent fraud and corruption. As part of the initiative, public agencies are allowed to share this information for cross matching purposes.

The Pensions Service also has access to the Council's Corporate Fraud Team to support the pursuit and prosecution where necessary of any potential pension irregularity.

Forward Look

HMT publishes consultation response on the cost control mechanism

On 4 October 2021, H M Treasury (H M T) published its response to the Public Service Pensions: cost control mechanism consultation. The Government's response confirms it will proceed with all three proposed reforms:

- moving to a reformed scheme only design so that the mechanism only considers past and future service in the reformed schemes. Costs related to legacy schemes are excluded
- the cost corridor will be widened from two per cent to three per cent of pensionable pay
- introducing an economic check so that a breach of the mechanism will only be implemented if it still would have occurred had the long-term economic assumptions been considered.

UK Pension Dashboards Programme

Pension dashboards will enable individuals to access their pensions information online, securely and all in one place, thereby supporting better planning for retirement. Dashboards will provide clear and simple information about an individual's multiple pension savings, including their State Pension. The implementation timeline suggests that a Fund of our size is likely to be an early adopter, onboarded during 2023.

www.pensionsdashboardsprogramme.org.uk

September 2021 CPI rate announced

On 20 October 2021, the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2021 as 3.1%.

Government policy in recent years has been to base increases on the rate of CPI in September of the previous year. The LGPS Pension Increase is formally confirmed by HM Treasury in January and paid from the first Monday of each new tax year.

Performance Information

The results of key performance indicators identified and agreed by the Pension Panel for the period up to 31st March 2021 are listed in the adjacent table.

Service Standards

Many Fund employers have undertaken some rationalisation and internal restructuring over the last year and this has increased our workload for producing early retirement costs for employers, along with pension illustrations and retirement packs to members.

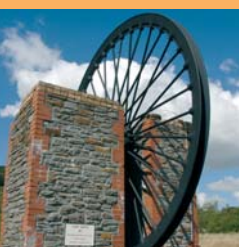
Providing this complex information in a timely and accurate manner has proved challenging but the demand has been met without a reduction in our published performance standards or to the detriment of other priority work.

This has been achieved by actively reallocating and targeting resources in line with our key objectives.

Disputes

In line with legislation the Pension Fund has an Internal Disputes Resolution Procedure (IDRP) which deals with formal complaints against the Scheme. During 2020/21 no complaints were received under the procedure.

Procedure Description	Performance Target	Intervention Target	Actual Performance	Number of cases Processed
Divorce Estimate (calculation for members)	10 days	95%	100%	170
Preserved Benefit (notification to leavers)	10 days	90%	99.18%	1336
Refund of Contributions (payment back to scheme members)	10 days	95%	87.50%	200
Employer Request for Retirement Estimate	5 days	95%	91.51%	212
Retirement Payment (from active membership)	5 days	95%	98.14%	431
Preserved Benefit into Payment on Retirement	5 days	95%	97.89%	569
Transfer In (calculation from previous pension scheme including late transfer applications)	10 days	90%	81.98%	222
Transfer Out (payment to receiving pension scheme)	10 days	95%	41.44%	111



Membership of the Fund

Number of Employers

	Active	Ceased	Total
Scheduled Body	32	23	55
Admitted Body	19	12	31
TOTAL	51	35	86

Fund membership at 31st March is as follows:-

Number of Contributing Members

2017	2018	2019	2020	2021
23,918	24,109	23,329	23,696	23,931

Number of Deferred Beneficiaries

2017	2018	2019	2020	2021
24,641	25,956	27,104	28,108	28,868

Number of Pensioners and Dependants

2017	2018	2019	2020	2021
18,955	19,262	19,704	20,238	20,514

Number of Undecided Withdrawals

2017	2018	2019	2020	2021
2,506	2,667	2,999	3,113	3,071

Membership Trends

	2016/17	2017/18	2018/19	2019/20	2020/21	% Increase/ Decrease from 2019/20
Active Employers	49	49	50	51	51	-
Contributors	23,918	24,109	23,329	23,696	23,931	+0.99%
Pensioners	16,315	16,609	17,025	17,512	17,728	+1.23%
Dependants	2,640	2,653	2,679	2,726	2,786	+2.20%
Deferred Beneficiaries	24,641	25,956	27,104	28,108	28,868	+2.70%

Fund Costs per Member

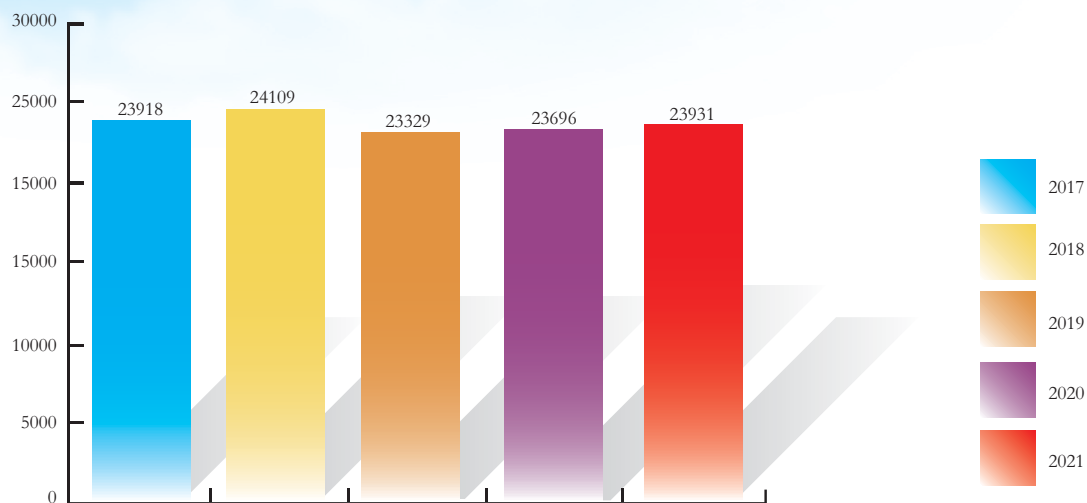
	Cost per member (£)	
	2019/2020	2020/2021
Administration Costs	24.55	24.48
Investment Management Expenses	146.38	141.86
Oversight and Governance Costs	3.66	4.95
TOTAL	174.59	171.29

The Pension Fund currently employs 24.6 full time equivalent staff in administration and 2 in Pension Fund Investments and Accounts.

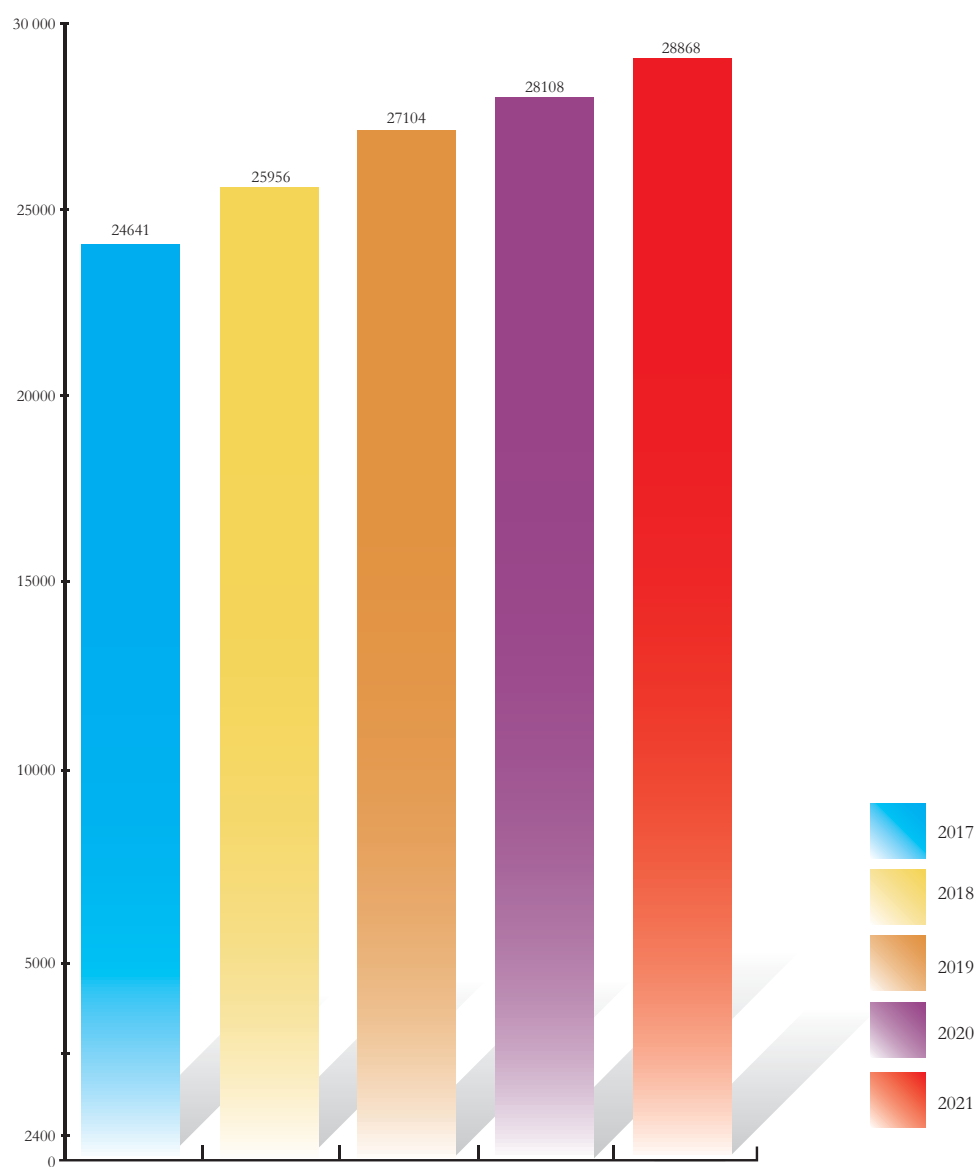
Membership and Analysis of the Fund

Fund membership at 31st March is as follows: -

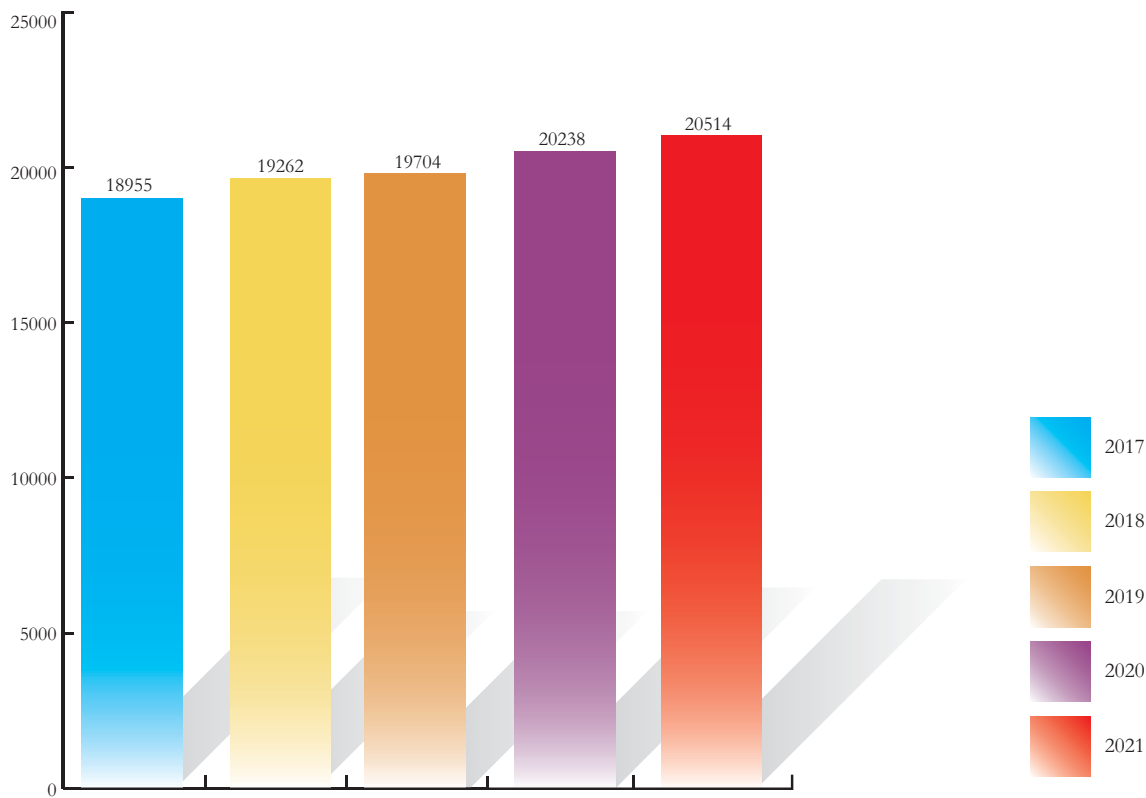
Number of Contributing Members



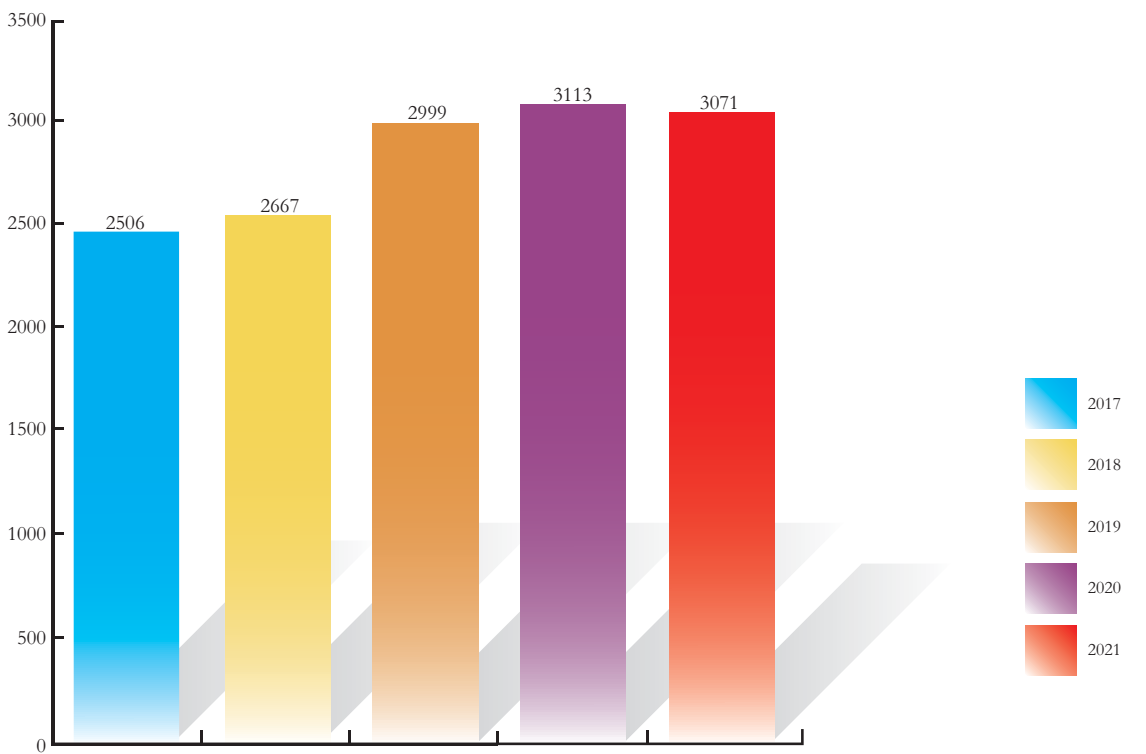
Number of Deferred Beneficiaries



Number of Pensioners and Dependants



Number of Undecided Withdrawals



Membership Analysis

Leavers from active status

	2019	2020	2021
Refund of Contributions	116	81	117
Transfers to other Schemes	4	4	0
Death in Service	18	35	20
Ill Health Retirements	30	24	28
Early / Normal Retirements	157	176	164
Redundancy / Efficiency Retirements	193	125	83
Flexible Retirements	18	20	7
Late Retirement	64	56	81
Opt Outs	224	428	146
Preserved Benefits	2,017	1,545	894
Other Leavers	272	522	195
TOTAL	3,113	3,016	1,735

Deferred Benefits – Exits

	2019	2020	2021
Transfer to other Schemes	144	198	92
Deaths	32	42	46
Ill Health Retirements	8	4	4
Early / Normal Retirements	484	431	390
Other Benefits	2	4	0
Number of Deferred Members Re-entering the Scheme	10	3	0
TOTAL	680	682	532



■ Yvonne Keitch

Principal Accountant, Treasury and Pension Fund Investments



Investment Report



Investment Report

At the start of the financial year, the market value of the Rhondda Cynon Taf Pension Fund investments was £3,350.2 million. By the 31st March 2021 the Fund had increased in value to £4,493.4 million.

Rhondda Cynon Taf Pension Fund achieved an annual return of 34.1% in 2020/21 ranking in the 3rd percentile of PIRC's Annual Local Authority Fund Statistical Universe Review. The Fund benefitted from strong equity performances of Baillie Gifford and the WPP equity mandates. RCT Pension Fund was well ahead of benchmark over 3, 5, and 10 years, ranking in 1st percentile over 3 years, 3rd percentile over 5 years, and 5th percentile over 10 years.

Investment Management

The Pension Fund Committee is responsible for the strategic management of the RCT Pension Fund in accordance with its terms of reference.

The Director of Finance and Digital Services (in his capacity as S151 Officer) supported by an Investment and Administration Advisory Panel, has delegated responsibility for all day to day operational matters.

The Pension Fund Investment and Administration Advisory Panel, is chaired by the Director of Finance and Digital Services, and consists of two independent investment advisors and other Senior Finance Officers.

The Panel meets quarterly to consider both administration and investment issues and determine policy in light of market movements and to question and challenge the Investment Managers on activities and performance.

There are currently six separate investment mandates. Baillie Gifford Traditional Equities, Global Growth High Alpha Equities (WPP), Global Opportunities High Alpha Equities (WPP), Sterling Credit Fund (WPP), CBRE Property and BlackRock Passive mandate covering Low Carbon Equities and Passive Gilts.

Investment Performance

The table below shows performance, at an asset class level, over historical periods measured to 31st March 2021.

	1 Year		3 Years		5 Years	
	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund
	%	%	%	%	%	%
Equities	36.9	52.9	10.8	16.3	12.7	16.8
Bonds	0.6	1.7	3.3	3.5	3.7	4.0
Property	5.2	-1.6	5.9	2.7	6.5	5.0
Cash	-0.1	0.0	0.3	0.6	0.3	0.5
Total Assets	23.2	34.1	8.7	12.4	10.0	12.9

Asset Allocation and Performance

The table below shows the asset allocation and the performance of these asset allocations against their respective benchmarks for the year 2020/21.

Investment Assets	Opening Value £'000	Opening Value %	Closing Value £'000	Closing Value %	Net Performance (1 year) %	Benchmark %
Equities	722,158	21.6	1,192,224	26.5	63.7	34.1
Bonds	896,429	26.8	0	0.0		
Pooled Funds						
Global Growth Equities	1,011,978	30.2	1,501,146	33.4	49.0	38.9
Global Opportunities Equities	258,922	7.7	366,709	8.2	42.2	38.9
UK Credit	0	0.0	550,961	12.3		
Other Pooled Investments						
Passive UK Gilts	0	0.0	372,929	8.3		
Passive Equities	144,462	4.3	200,829	4.5	38.3	38.0
Pooled Property	287,697	8.6	282,289	6.3	-1.6	5.2
Cash	28,578	0.9	26,320	0.6	0.0	-0.1
Total Assets	3,350,224	100	4,493,407	100	34.1	23.2

The bond mandate comprising of UK gilts and UK corporate bonds transitioned into the WPP UK Credit Fund and the passive UK Gilt mandate during July 2020. Therefore, there are no 1 year performance figures for these asset classes.



Details of Fund Managers

The market values of investments held by the Fund Managers employed by the Fund are detailed in the following table:

Fund Manager	Market Value		Proportion of Fund	
	31/03/20 £'000	31/03/21 £'000	31/03/20 %	31/03/21 %
Baillie Gifford (Global Equities)	728,101	1,197,175	21.7	26.6
BlackRock (Passive Equities)	144,528	200,880	4.3	4.5
BlackRock (Passive Bonds)		372,929		8.3
BMOGAM (Bonds)	903,811		27.0	
CBRE (Property)	290,497	287,956	8.7	6.4
Link (Global Growth)	1,011,978	1,501,146	30.2	33.4
Link (Global Opportunities)	258,922	366,709	7.7	8.2
Link (UK Credit)		550,961		12.3
Internally Managed	12,387	15,651	0.4	0.3
TOTAL	3,350,224	4,493,407	100	100

BlackRock's passive equity mandate transitioned to their low carbon product during the December 2020 quarter. The bond mandate of BMOgam comprised of UK gilts and UK corporate bonds. This transitioned into the WPP UK Credit Fund and the passive gilt mandate during the September 2020 quarter.

No single investment accounted for more than 5% of the Fund's assets.

The market value of investments shown in this table includes short-term investments such as cash balances and money deposits, and so differs from the total of long-term investments only.

Investment risk is mitigated by employing a number of fund managers to diversify manager risk, with mandates covering a variety of assets including equities, bonds and property. Managers must maintain a diversified portfolio of investments and comply with the LGPS investment regulations, and any additional restrictions within their mandates. The underlying investments are further diversified by country and industry sector.

Each manager's performance is monitored quarterly against a target linked to an asset allocation benchmark, effectively constraining managers from deviating significantly from the intended approach, while still permitting some flexibility to enhance returns.

Profits and Losses on Investments

	2019/20 £'000	2020/21 £'000
Profits on sales	102,515	169,241
Losses on sales	(41,542)	(19,443)
Net profit / (loss) on sales	60,973	149,798
Change in market value	(201,697)	919,031
Net increase/ (decrease) in value	(140,724)	1,068,829

Custodial Arrangements

Rhondda Cynon Taf Pension Fund has appointed State Street to act as custodian for the shares of the pension fund. Shares are held to the order of the custodian for the benefit of Rhondda Cynon Taf Pension Fund. State Street is regulated in the UK by the Financial Conduct Authority and the Prudential Regulatory Authority.

Link, the operator of the Wales Pension Partnership (WPP), has appointed Northern Trust to act as custodian for shares held within the sub funds of the WPP.

Fund Manager and Advisor Fees

Fund manager fees are charged on a reducing scale based upon the market value of the fund.

In addition to fund manager fees, the indirect costs of the investments in the WPP are reflected in the net asset value of the pooled units.

The Fund's advisors receive a fixed annual fee for their services and attendance at quarterly meetings. Any additional meetings incur an extra charge.

Largest Share Holding

The ten largest holdings for the equity fund manager Baillie Gifford as at 31st March 2021 are:

Baillie Gifford's Ten Largest holdings

Share	£
Diageo	13,088,170
Rio Tinto	12,425,994
Unilever	12,273,734
Prudential	12,097,541
BHP Group plc	11,422,516
Lancashire Holdings	10,644,984
St James Place	9,216,964
British American Tobacco	9,160,527
Standard Chartered	8,867,583
Inchcape	8,630,380

Wales Pension Partnership (WPP)

The WPP was established in 2017 with the objective to deliver:

- economies of scale
- strong governance and decision making
- reduced costs and excellent value for money, and
- an improved capacity and capability to invest in infrastructure

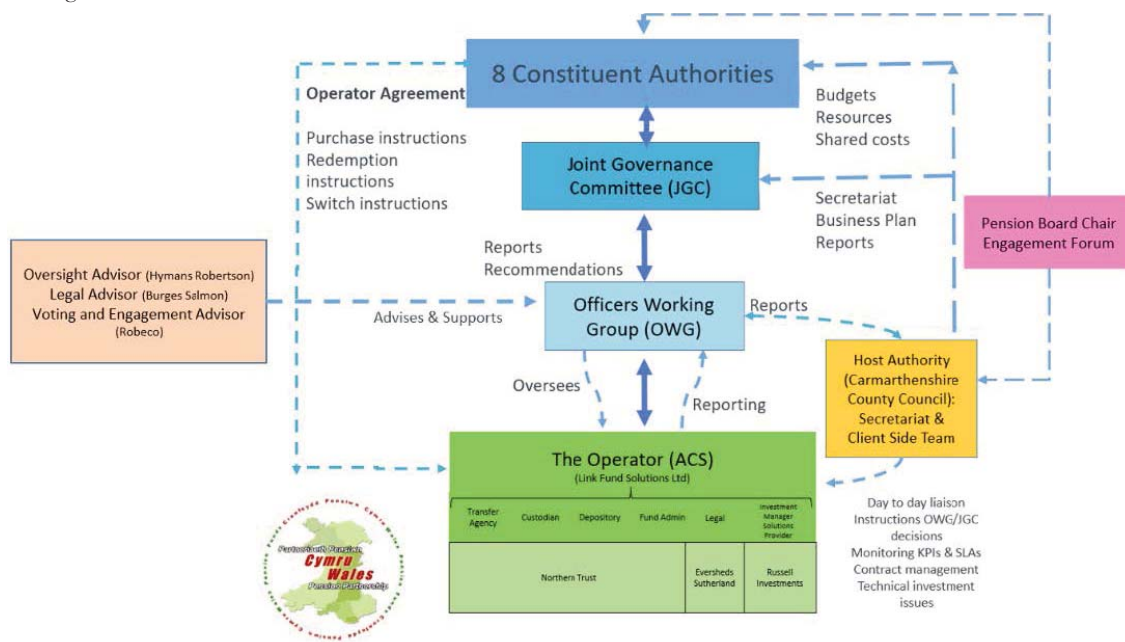
The WPP is one of the eight Local Government Pension pools nationally and is a collaboration of the eight LGPS funds in Wales including Cardiff and the Vale of Glamorgan, Clwyd, Dyfed, Greater Gwent (Torfaen), Gwynedd, Powys, Rhondda Cynon Taf and Swansea. The eight funds have a long, successful history of collaboration including a collaborative tender for a single passive equity provider for the Welsh funds pre-dating the Government's pooling initiative.

Collective investment management offers the potential for investment fee savings, opportunities to broaden investment portfolios, enhanced voting and engagement activity as well as access to shared knowledge and best practice. Whilst the WPP is responsible for providing collaborative investment solutions, each constituent authority remains responsible for setting their own investment strategy.

WPP's operating model is designed to be flexible and deliver value for money. WPP appointed an external fund Operator and makes use of external advisers to bring best of breed expertise to support the running of the Pool. The Operator is Link Fund Solutions and they have partnered with Russell Investments to deliver effective investment management solutions and provide strong net of fee performance for all the Constituent Authorities.

Governance

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA) which was approved by all eight Constituent Authorities in March 2017. The IAA defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers and includes a Scheme of Delegation outlining the decision-making process. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure:



The eight Constituent Authorities of the WPP are:

- Carmarthenshire County Council (Host)
- City and County of Swansea Council
- City of Cardiff Council
- Flintshire County Council
- Gwynedd Council
- Powys County Council
- Rhondda Cynon Taf County Borough Council
- Torfaen County Borough Council

The Constituent Authorities sit at the top of the WPP's governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving the WPP's Business Plan, which outlines the WPP's budget and workplan, as well as its Beliefs and Objectives.

The Joint Governance Committee (JGC) oversees and reports on the WPP and is comprised of one elected member from each of the eight Constituent Authorities.

The OWG provides support and advice to the Joint Governance Committee and is comprised of practitioners and Section 151 officers from all eight Constituent Authorities.

Carmarthenshire County Council is the Host Authority for the WPP and is responsible for providing administrative and secretarial support to the JGC and the OWG, and liaising day to day with the Operator on behalf of all of the Welsh LGPS funds.

Link Fund Solutions (Operator) carries out a broad range of services for the WPP, which includes facilitating investment vehicles & sub-funds, performance reporting, transition implementation and manager monitoring and fee negotiations. There is an Operator Agreement in place which sets out the contractual duties of the Operator and governs the relationship between the Operator and the WPP. The JGC and OWG, with the support of Hymans Robertson, oversee the work that Link Fund Solutions carries out on behalf of the WPP. Link engages with the Constituent Authorities by:

- Direct engagement – attendance at annual committee meetings
- Indirect engagement – with CAs collectively, through the JGC and OWG

In collaboration with Link Fund Solutions, Russell Investments provide investment management solution services to the WPP and they work in consultation with WPP's eight Constituent Authorities to establish investment vehicles.

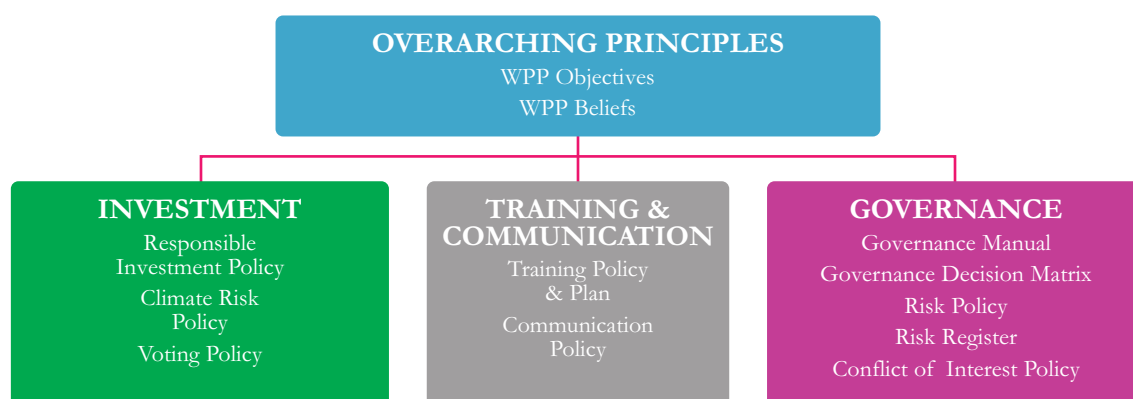
Northern Trust is the Depository for the WPP ACS vehicle and provides numerous services including securities lending, fund administration, compliance monitoring and reporting.

Hymans Robertson are WPP's Oversight Advisor and their role spans oversight and advice on governance arrangements, operator services, strategic investment aspects and project management support.

Burges Salmon are WPP's legal advisors and they provide legal advice in relation to FCA regulated funds, tax and governance arrangements, including assisting with complex procurement processes.

Robeco UK has been appointed as WPP's Voting and Engagement provider and are responsible for implementing the Voting Policy across WPP's portfolio and undertaking engagement activity on behalf of the WPP.

The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies. The WPP, in consultation with the Constituent Authorities, has developed a set of governing policies. In all instances the WPP's policies and procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities. The WPP's key policies, registers and plans are listed below and can be found on the WPP website.



Responsible Investment has been a key priority for the WPP since it was established in 2017. Various activities have been undertaken to work towards WPP's ambition of becoming a leader in Responsible Investment. Initially the focus was on formulating a Responsible Investment Policy and since then the WPP has formulated its own Climate Risk Policy and has worked with its Voting and Engagement Provider, Robeco, to agree a Voting Policy. A WPP RI Sub-Group has been established to take ownership of RI related workstreams and actions that are required to achieve the commitments made in the WPP's RI and Climate Risk Policies.

The WPP's Business Plan, Governance Manual and all other policies detailed in the chart above can be found on the WPP website: www.walespensionpartnership.org

Risk

Risk management is a critical element of WPP's commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy which seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP's Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders.

WPP maintains a Risk Register which is reviewed regularly by a dedicated Risk Sub-Group which reports back to the OWG and JGC on a quarterly basis.

Training

The WPP has its own training policy and develops an annual training plan which is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities.

Pooling progress to date

The WPP aims to deliver investment solutions that allow the Constituent Authorities to implement their own investment strategies with material cost savings while continuing to deliver investment performance to their stakeholders. The WPP have made significant progress towards delivering on this objective. The launching of the WPP's three active equity sub-funds in 2019/20, five fixed income sub-funds in 2020/21, alongside the Constituent Authorities existing passive investments, has meant that the WPP has now pooled 68% of assets.

As at 31st March 2021, WPP has total assets worth £21.6bn, £14.7bn of which sits within the pool, see breakdown below:

Asset Class	Managed by	Launch Date	31 st March 2021 £'000	%
Global Growth Equity Fund	Link Fund Solutions	February 2019	3,061,322	14.2
Global Opportunities Equity Fund	Russell Investments	February 2019	2,624,492	12.2
UK Opportunities Equity Fund	Russell Investments	September 2019	674,460	3.1
Global Credit Fund	Russell Investments	July 2020	791,481	3.7
Global Government Bond Fund	Russell Investments	July 2020	526,763	2.4
UK Credit Fund	Link Fund Solutions	July 2020	550,986	2.6
Multi-Asset Credit Fund	Russell Investments	July 2020	714,418	3.3
Absolute Return Bond Fund	Russell Investments	September 2020	456,255	2.1
Passive Investments	BlackRock	March 2016	5,232,789	24.2
Investments not yet pooled			6,938,068	32.2
Total Investments across all 8 Pension Funds			21,571,038	100

Investment assets split between Rhondda Cynon Taf Pension Fund and WPP.

	31 st March 2021 £'000	%
Global Equity Funds	1,867,855	41.5
UK Credit Fund	550,961	12.3
Passive Equities	200,880	4.6
Passive UK Gilts	372,929	8.3
Investments not yet pooled	1,485,131	33.0
Internal cash	15,651	0.3
Total Investment Assets	4,493,407	100

The above table summarises the Pension Fund's investment in the WPP, together with the assets that remain under the direct oversight of the Fund as at 31st March 2021. During the year, the combined fixed interest mandate of the Fund's assets transitioned to the WPP and passive portfolios.

Pooling costs

Carmarthenshire County Council, as the Host Authority for the Wales Pension Partnership is responsible for providing administrative and secretarial support and liaising day to day with the Operator on behalf of all of the LGPS funds in Wales. The WPP budget is included in the WPP Business Plan and approved annually by all eight Constituent Authorities.

The Host Authority, External Advisors costs and the running costs are funded equally (unless specific projects have been agreed for individual Funds) by all eight of the Constituent Authorities and recharged on an annual basis. Details of the costs incurred by RCT Pension Fund in respect of the WPP are detailed in 14.0 of the Statement of Accounts.

Investment Fee Savings from Pooling

Investments managed by the Wales Pension Partnership	Value as at 31 st March 2021 £'000	2020/21 Actual Fee Savings £'000	Cumulative Fee Saving £'000
Link Global Growth Equity Fund	1,501,146	306	322
Link Global Opportunities Equity Fund	366,709	414	762
Link UK Credit Fund	550,961	212	212
TOTAL		932	1,297

Assets were moved from the segregated global equity managers during January 2019 into the WPP Global Equity funds. The segregated bond manager was transitioned into the WPP Credit Fund and the passive UK gilt fund of BlackRock during July 2020. Therefore savings of bond investments is partly due to a strategy decision by the RCT Pension Fund.

Objectives 2021/22

Following the launch of a number of sub-funds to date, progress will continue to be made with significant rationalisation of the existing range of mandates. The operator will be developing and launching a further series of sub-funds which will collectively reflect the strategic asset allocation needs of the eight constituent funds and facilitate a significant move of the assets to be pooled.

In establishing the WPP pool, the focus has been on pooling the most liquid assets, namely equities and fixed income. The next step is to formulate an approach to pooling and managing illiquid assets such as Private Equity, Private Debt/Credit and Infrastructure. This will involve reviewing a variety of structures and platforms available and assessing these to identify the best fit to meet with the Fund's current and future requirements.

A high level transition timetable has been provided below:

Investment Portfolio	Timeline for Launch / Implementation
Tranche 4 – Emerging markets (Active)	Transition planned Q3 2021 (October 2021)
Tranche 5 – Private Market Alternatives	Transition planned 2022-2024
Subsequent Tranches	Asset Class and timing to be determined

In terms of other, non-investment objectives, the WPP intends to continue to establish its approach as a responsible investor during 2021/22 which will involve oversight and monitoring of its voting policy, the establishment of an engagement framework, Environmental, Social and Governance (ESG) metrics monitoring and reporting output in accordance with the requirements for signatory to the UK Stewardship Code and the Taskforce on Climate-Related Financial disclosure (TCFD).

There will also be a focus on the review and development of additional WPP policies, as well as the provision of timely and relevant training facilitated by the pool for the benefit of its wider stakeholder groups.

Securities Lending

Securities lending commenced in March 2020. Revenue is split on a 85:15 basis between WPP and Northern Trust with all costs for running the securities lending programme taken from Northern Trust's share of the fee split. A minimum of 5% of the nominal quantity of each individual equity holding is held back and a maximum of 25% of total AUM is on loan at any one time.

More detailed information can be found in WPP's Annual Return which is published on the WPP website:

www.walespensionpartnership.org



Investment Strategy Statement

1. Overall Responsibility

Rhondda Cynon Taf County Borough Council is the designated statutory body responsible for administering the Rhondda Cynon Taf Pension Fund on behalf of the constituent Scheduled and Admitted Bodies. The Council is responsible for setting investment policy, appointing suitable persons to implement that policy and carrying out regular reviews and monitoring of investments.

The Council has created a politically balanced Pension Fund Committee consisting of elected members to oversee the Council's responsibility with regard to the administration of the Pension Fund. This Committee is responsible for the strategic management of the Pension Fund.

The Council has appointed the Director of Finance and Digital Services as the officer with Section 151 responsibilities to exercise delegated powers to make decisions in respect of operational matters of the Pension Fund investments and administration. An Investment and Administration Advisory Panel has been formed to support him in this capacity. This is made up of:

- Service Director – Finance and Improvement Services
- Service Director – Pensions, Procurement and Transactional Services
- Head of Finance (Education and Financial Reporting)
- Principal Accountant, Treasury and Pension Fund Investments
- Senior Accountant, Treasury and Pension Fund Investments
- Independent Advisors

Both the Committee and the Panel meets quarterly. The Council is not strictly a trustee (technically, this is the Ministry for Housing, Communities and Local Government) but acts in a quasi - trustee role.

In accordance with the requirements of the Public Service Pensions Act 2013, a Pension Board has been established in order to assist Rhondda Cynon Taf County Borough Council, as “Scheme Manager” with achieving effective and efficient governance and administration of the Rhondda Cynon Taf Pension Fund.

The role of the Pension Board as defined by sections 5(1) and 5(2) of the Public Service Pensions Act 2013, is to assist Rhondda Cynon Taf County Borough Council Administering Authority as Scheme Manager to:

- Secure compliance with the Principal Regulations and any other legislation relating to the governance and administration of the LGPS;
- Secure compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and
- Ensure the effective and efficient governance and administration of the LGPS by the Scheme Manager.

The Pension Board will provide oversight of the above matters and accordingly it is not a decision making body in relation to the management of the Fund itself.

Full details of governance arrangements can be found on the following link:

www.rctpensions.org.uk/EN/RelatedDocuments/Governance-Documents/PensionFundGovernancePolicy.pdf

2. Primary Objective

The Fund's objective is to provide for members' pension and lump sum benefits on their retirement or for their dependants' benefits on death before or after retirement, on a defined basis in accordance with LGPS regulations.

3. Funding Objectives

Rhondda Cynon Taf County Borough Council should manage the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the actuarial value of the Fund's assets and that an appropriate level of contribution is agreed by the Authority to meet the cost of future benefits arising.

The Funding Strategy Statement and the Investment Strategy Statement are intrinsically linked and together aim to deliver stable contribution rates for employers.

The investment objective is to maximise returns subject to an acceptable level of risk whilst increasing certainty of cost for employers, minimising long term cost.

The Fund's objective is to achieve a return on Fund assets that is sufficient, over the long-term, to meet the funding objectives on an ongoing basis.

The Director of Finance and Digital Services supported by the Investment and Administration Advisory Panel will ensure that one or more Investment Managers are appointed who are authorised under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 to manage the assets of the Fund. Contracts / mandates are in place giving instructions to the Managers as to how the investment portfolio is to be managed.

The Pension Fund Committee having taken account of advice from the Director of Finance and Digital Services may give specific directions as to the strategic asset allocations and will ensure the suitability of assets in relation to the needs of the Fund. The Investment Managers (each of which will have a benchmark and target to reflect their mandate) will be given full discretion over the choice of individual stocks and will be expected to maintain a diversified portfolio within the restrictions specified in each mandate.

4. Diversification Policy:

Requirement to invest fund money in a wide variety of investments

The Fund invests in a range of asset classes to help reduce overall portfolio risk. This will ensure that if a single asset class is not performing well, this underperformance is balanced by other better performing assets at that time. The portfolio is also diversified to reduce volatility in performance.

The Fund is diversified into the following asset classes:

- Equities
- UK Gilts
- Corporate Bonds
- Property
- Cash

The Fund commissioned an Asset / Liability review in 2017, the fundamental aim of which was to position the Fund's investments in order to:-

- Reduce risk
- Maintain (as far possible) return expectations
- Minimise long term costs
- Increase diversification
- Optimise the transitioning of assets into the Pool
- Introduce Infrastructure (align to Pool aspiration) thus ensuring the Pension Fund is being invested in the most efficient way.

Aon Hewitt was appointed to give their view on the risk/return of the Pensions Fund's current investment strategy. Following on from this they were requested to comment and recommend alternatives that could deliver the Fund's long term objectives.

Using a computerised model approach, simulations were undertaken for different portfolio asset strategies. The model estimated the probability of achieving a variety of funding outcomes over different time periods given the current asset allocation strategy. The majority allocation to equities in the portfolio gave a potentially high return, but was also the most significant contributor to overall risk.

Alternative asset allocation strategies were reviewed as a potential means of increasing diversification and reducing risk. Options were reviewed by the Panel, Committee and Board. It was noted that the Rhondda Cynon Taf Pension Fund was not particularly high risk compared to other LGPS funds and that some of the potential alternatives resulted in entering into asset classes that were expensive and difficult markets to enter.

The Committee concluded that the Fund should move toward the following asset allocation strategy with steps set out to achieve the desired allocation.

		Proposed Step 1	Proposed Step 2	Proposed Step 3
Asset Class	Current Allocation	Current Benchmark	Strategy (1)	Strategy (2)
Total Equities	74.80%	63%	63%	58%
Total Alternatives	5.40%	10%	20%	25%
Absolute Return bonds			10%	10%
Infrastructure				5%
Property	5.40%	10%	10%	10%
Total Bond & Cash	19.80%	27%	17%	17%
Fixed Interest	8.50%	12.50%	7.50%	7.50%
UK Corporate Bonds	9.40%	12.50%	7.50%	7.50%
Cash	1.90%	2%	2%	2%

This strategy is subject to review following the results of the 2019 Fund Valuation.

Following the above, the target and maximum percentages of total value of all investments that we will invest in particular investments or asset classes was as follows:

Asset Class	Target % of Fund	Max. % of Fund
Equities	58%	75%
Fixed Interest (Bonds)	15%	35%
Absolute Return Bonds	10%	15%
Property	10%	15%
Infrastructure	5%	10%
Cash	2%	5%

The above target forms the basis of a customised benchmark which the Fund's performance is monitored against. The customised benchmark moves in line with market volatility. The asset allocation of the portfolio is not rebalanced on a routine basis but is reviewed annually to ensure the target return is not adversely impacted.

We may not permit more than 5% of the total value of all investments of fund money in entities that are connected with the Authority in line with Section 212 of the LG and Public Involvement in Health Act 2007.

In assessing the diversification policy, the Fund will consult with Independent Advisors.

5. Asset Allocation Policy:

Assessment of the suitability of particular investments and types of investments

Investments are selected with their suitability to meet the Fund's overall objective of meeting pension obligations as they fall due. The level of return required is informed by the triennial actuarial valuation.

In the long term, low volatility assets such as gilt-edged investments behave in a similar manner to pension liabilities and would therefore "match" the attributes of pension obligations. However the requirement to achieve a longer term higher rate of return is, on average, achieved by other classes of assets such as stocks or property.

The current portfolio has been constructed with actuarial and independent advisor advice to achieve a specified level of return within risk parameters.

A management agreement is in place for each Investment Manager which sets out the relevant benchmark, performance target, asset allocation ranges and any restrictions as determined by the Pension Fund Committee.

The following demonstrates the allocation of the Fund as at March 2020:

		% of Fund Invested
UK Equities		8%
Overseas Equities	US	7%
	Continental Europe	5%
	Other Int'l Equities	5%
Pooled Global Equities		38%
Total Bonds		27%
Property		9%
Cash & Deposits		1%

The Pension Fund Committee has agreed not to invest in private equity at the present time.

The Pension Fund Committee has agreed to stock lend in line with the following principles:

- Appropriate collateralisation and indemnification;
- A level of stock is held back to maintain ability to vote;
- The ability to call back stock to vote on specific issues.

The Asset Allocation Strategy is reviewed annually by the Investment and Administration Advisory Panel to ensure that returns, risk and volatility are managed and consistent with overall investment strategy.

6. Policy On Risk:

Approach to risk, including the ways in which risks are measured and managed

The Fund maintains a Risk Register that is agreed by the Investment and Administration Advisory Panel and reported to the Pension Board and Pension Committee on a quarterly basis. The risk register examines funding, investment, operational, governance and regulation issues, ranks risks in terms of likelihood and impact and details mitigation measures.

Investment Risk

This covers items such as the performance of financial markets and the Fund's Investment Managers, asset reallocation in volatile markets, leading to the risk of investments not performing (income) or increasing in value (growth) as forecast. Examples of specific risks would be:

- assets not delivering the required return (for whatever reason, including manager underperformance)
- systemic risk with the possibility of interlinked and simultaneous financial market volatility
- insufficient funds to meet liabilities as they fall due
- inadequate, inappropriate or incomplete investment and actuarial advice is taken and acted upon
- counterparty failure

The specific risks associated with assets and asset classes are:

- equities – industry, country, size and stock risks
- fixed income - yield curve, credit risks, duration risks and market risks
- alternative assets – liquidity risks, property risk, alpha risk
- money market – credit risk and liquidity risk
- currency risk
- macroeconomic risks

The adoption of an asset allocation benchmark and the monitoring of performance relative to a performance target constrains the investment managers from deviating significantly from the intended approach, while permitting flexibility to manage the Fund in such a way to enhance returns.

The overall investment objective is to maximise investment returns and to minimise employer contributions over the long term within agreed risk tolerances.

The requirement is to move towards 100% funding over a period of time. The funding level is calculated triennially, following an actuarial review.

The Fund's assets are managed on an active basis (except the Global Passive Equity mandate) and are expected to outperform their benchmarks over the long term. In this way the investment performance achieved by the Fund is expected to exceed the rate of return assumed by the Actuary within the valuation.

The Fund's Investment Managers have been given weighted average benchmarks and targets to reflect their mandates. Both asset allocation and stock selection is monitored. The current targets for each mandate are as follows:

Portfolio	Portfolio Benchmark Index	Portfolio Target
Traditional Equity Manager	UK - FTSE All Share US – FTSE All World Europe – FTSE All World Europe Far East – FTSE All World Developed Asia Other Intl – MSCI Emerging Index	Composite Index +1% pa over rolling 3 year period
Global Passive Equity Manager	FTSE A W All World	Index
Global High Alpha Managers	MSCI All Countries World Index	Index + 2% over rolling 3 year period
Fixed Interest Manager	UK Govn Bonds – FTS UK Govn All Stocks UK Corporate – IBoxx GBP Non Gilts	Composite Index +0.5% pa over rolling 3 year period
Property Manager	CPI	Index +4.5%

Review of the Investment Managers is ongoing based on the quarterly and annual performance data supplied to the Panel by external performance management agencies.

The appointment of more than one Investment Manager introduces diversification of manager risk as discussed above. Each Investment Manager is expected to maintain a diversified portfolio of investments and adhere to restrictions imposed within their agreement.

Investment Managers also have investment restrictions as follows:

	Total Gov. Bond Expos. Min 30% Max 70%	Non Gov Exp min 30% max 70%	Over-seas Exp 30% limit	Max. Hold'g of 15% on pooled vehicles	Max. 10% in any one single hold'g	Max. of 10% held in cash	Max. of 5% held in cash	No single overs's equity exceed 5% of total value of fund	Max. holding of 25% in trust scheme	Max 25% in Emerg Markets	Max. holding of 25% in OEIC scheme	Max. 10% in any overseas holding (added jan 16)
BMOGAM Bonds	●	●	●	●								
Baillie Gifford Traditional					●	●		●	●			
WPP Global Growth Fund					●	●			●			
WPP Global Opportunities Fund					●				●	●		
Blackrock Passive Eqs	NO LIMITS AS POOLED FUND											
CBRE Property					●		●					

The Committee has agreed that the Fund's Fixed Interest investments be transitioned into the WPP and will be managed on an active basis for UK Corporate Bonds and passively for UK Gilts, transitioning during the first half of 2020.

The performance of both markets and Investment Managers is reviewed regularly by the Investment and Administration Advisory Panel, which has the appropriate skills and training required to undertake this task. The Panel is also supported by Independent Advisors providing advice to enable the Panel to robustly fulfil its functions.

Environmental, Social and Governance risks

The Fund believes that environmental, social and governance (ESG) factors should be taken into account on an ongoing basis and are an integral part of the Fund's responsibilities as a long-term sustainable investor.

The Fund is committed to carbon transition and to the parallel process of reducing fossil fuel exposure.

Fund engagement with investee companies is crucial in relation to improving standards of corporate governance, which over the long term is expected to enhance investment returns.

7. Approach to pooling investment, including the use of collective investment vehicles and shared services.

The Wales Pension Partnership (WPP) has appointed Link Fund Solutions Ltd (Link) to establish and run a collective investment vehicle for the sole use of the LGPS funds in Wales. This will enable the pooling of assets across a range of asset classes.

Link have established and will run an Authorised Contractual Scheme (a tax efficient UK collective investment vehicle) on behalf of the WPP. The ACS will have sub-funds in a range of asset classes that will meet the needs of the LGPS funds in Wales, to allow them to execute their differing asset allocation strategies.

With the support of Russell Investments, and in consultation with the eight individual LGPS Funds, Link have begun the process of appointing a number of Investment Managers. Each LGPS Fund in the pool will retain full control over strategic asset allocation decisions. Northern Trust will have custodian duties.

By using fewer Investment Managers with larger mandates, it is expected that the WPP will deliver fee savings, one of the primary aims of Government policy. A summary of the pooling objectives of the WPP are:

- Generate consistent net of fee excess returns.
- Diversify manager risk.
- Reduce average manager fees.
- Achieve tax efficiency by reclaiming withholding tax on dividends (for non-UK equity sub-funds).
- Equitably share the costs of transitioning into sub-funds.

Progress continues to be made by the Wales Pension Partnership (WPP) in the establishment of appropriate sub funds to satisfy the investment objectives across the Welsh Funds. The first two sub funds for the collective investing of assets was launched during January 2019 and related to Global High Alpha Equities. The sub fund for UK and European Equities was launched during September 2019. The third phase relates to Fixed Interest with five sub funds being launched – Global gilts, global corporates, UK corporates, multi asset credit and absolute return bonds.

8. How social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments.

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.

Although the pursuit of a financial return is our predominant concern, where possible, the Fund is committed to include Responsible Investment factors (environmental, social and corporate governance factors) into the investment process. These non-financial factors are considered to the extent that they are not detrimental to the Fund's investment returns. The incorporation of these factors into Investment Managers' stock selection decisions should serve to enhance the process, rather than restrict choice in any way. The Fund does not negatively screen stocks from the investment universe available to Managers.

The Fund requires its Investment Managers to integrate all material financial and non-financial factors, into the decision-making process for all investments. Furthermore, it expects its managers to proactively engage, influence and promote good corporate governance in the companies and markets to which the Fund is exposed. The Fund's Investment Managers provide updates on their activities in this regard.

All of the Fund's Investment Managers are signed up to the United Nations Principles of Responsible Investment (UNPRI) which encourages asset owners and asset managers to incorporate environmental, social and governance (ESG) issues into investment analysis and decision making, be active owners, seek disclosure of ESG issues and promote the principles within the industry.

The six principles are:

- We will incorporate Environmental, Social and Governance issues into investment analysis and decision-making processes;
- We will be active owners and incorporate Environmental, Social and Governance issues into our ownership policies and practices;
- We will seek appropriate disclosures on Environmental, Social and Governance issues by the entities in which we invest;
- We will promote acceptance and implementation of the Principles within the investment industry;
- We will work together to enhance our effectiveness in implementing the Principles; and
- We will each report on our activities and progress towards implementing the Principles.

The Pension Fund is a member of the Local Authority Pension Fund Forum (LAPFF). LAPFF exists to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders while promoting corporate social responsibility and high standards of corporate governance among the companies in which they invest.

The Fund recognises the focus and financial risks associated with climate change, fossil fuels and carbon management. The Fund remains committed to an orderly carbon transition and has set out its approach in appendix 1 to this Investment Strategy Statement.

The Fund is also committed to adhering to the principles of the Stewardship Code.

9. Exercise of Voting Rights attached to investments.

Long term investment interests are enhanced by the highest standards of corporate governance and corporate responsibility. Poor governance can negatively impact shareholder value.

This Fund recognises the importance of stewardship and engagement via the equity fund managers is exercised to exert a positive influence on companies.

The Wales Pension Partnership has employed a voting and engagement provider to exercise its voting rights to promote good corporate governance and social and environment responsibility. A proportion of stock is held back from stock lending activities to facilitate this. The Provider supplies quarterly voting activity reports.

The Equity Fund Manager employed outside the WPP is expected to exercise their voting rights. The Fund has agreed a voting template which incorporates best practice governance guidelines. An independent voting agency is employed to monitor and compare the voting records of the manager against this template. The Manager provide quarterly voting activity reports.

10. Myners Principles of Good Investment Guidance.

The Fund assesses and reviews its own compliance with the Myners Principles annually. The Fund has assessed itself to be fully compliant with the principles below:

Principle 1: Effective Decision Making

Principle 2: Clear Objectives

Principle 3: Risk and liabilities

Principle 4: Performance assessment

Principle 5: Responsible ownership

Principle 6: Transparency and reporting

Appendix 1

Rhondda Cynon Taf Pension Fund – Responsible Investment and Carbon Investment Principles

The Rhondda Cynon Taf Pension Fund is an open, defined-benefit pension fund as part of the national Local Government Pension Scheme (LGPS).

The nature of the Fund and scheme design means that payment of pensions will extend over the very long term. In considering the Fund's investment strategy, the Fund seeks to operate

- a long term, sustainable strategy;
- one which does not rely upon the pursuit of short term returns;
- a well-structured asset and fund manager investment allocation which targets long term socially responsible, sustainable investment performance.

The Fund deploys a relatively uncomplicated investment structure which seeks to provide a return on investments which is above the level of pension liabilities and which seeks to achieve 100% funding over the long term.

As a long term investor, the Fund must be comprehensive in the consideration and mitigation of risks that the portfolio faces and investments are diversified across a number of asset types.

Rhondda Cynon Taf Pension Fund recognises the investment implications of climate change and carbon emissions.

The Fund is committed to an orderly carbon transition and believes active engagement with investee companies, rather than divestment, is the preferred option to bring about change whilst managing overall investment risk issues. In this regard, the Fund requires its Investment Managers to engage with investee companies and seek to ensure that their business objectives are aligned to reducing carbon exposure.

We do however also recognise that there may be instances where divestment is an appropriate course of action and have identified principles to guide us in this regard.

This document outlines out how the Fund will approach this divestment, how the risks and other considerations associated with such a commitment will be managed and how the divestment over time will be incorporated into the asset allocation strategy for the Fund.

The overall approach of the Fund to incorporating wider environmental social and governance issues (ESG) is set out in more detail within the Investment Strategy Statement.

PRINCIPLES

1. Responsible Investor

We are of a firm view that as responsible owners we have a voice and an ability to influence strategic change within investee companies and that this can be more powerful than disinvesting alone.

2. Asset allocation

We will incorporate all ESG factors into our asset allocation and investment strategy considerations.

3. Investment Managers

We will ensure that all our investment managers are signed up to the United Nations Principles of Responsible Investment (UNPRI), that they engage effectively and are transparent in telling us how they are making a difference. Where investee companies are not aligning themselves to reduce long-term carbon exposure then we will disinvest, in an orderly way.

The Fund demands that all its Investment Managers properly consider climate related and other environmental social and governance risks in decision making within their respective portfolios.

As and when investment managers and asset allocations require amending, the risk of fossil fuel exposure will be incorporated into any due diligence regarding risk and reward decision making.

4. Stakeholder engagement

The Fund's primary purpose is to be able to pay for pension liabilities over the long term. There are national arrangements in place to reduce pension benefits if the LGPS is unable to sustain itself through loss of value or growth in liabilities. We therefore have a duty to ensure that the future pension entitlements of members are not compromised.

However, we do hold the view of "a world worth living in" as one of our guiding principles.

5. Long Term and alignment to global goals

As an open fund, we are long term investors and must not be overly influenced by short term factors and influences.

6. Working Together

We will collaborate with other Welsh Funds through the Wales Pension Partnership and seek to align our long term goals with our partners. It is important that the Fund works with our partners to share knowledge and best practice as well as utilising collective assets to push for the most effective and efficient implementation of reduced fossil fuel strategies. We will also work with other funds nationally through our membership of the LAPFF to encourage companies to adopt the highest standards with regard to fossil fuel and energy efficiency.

7. Risk Mitigation

Investment Managers must consider ESG and Climate Change / Carbon Exposure in their investment decisions, specifically with regard to risk mitigation and be clear on any negative implications.

8. Transparency

We will understand the Fund's exposure to Carbon through a systemic approach, engaging with experts to thoroughly and robustly baseline our position and monitor going forward.

Myners Investment Principles - Compliance Statement

Principle 1. Effective Decision Making

Administering authorities should ensure that:

- Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and
- Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.

■ Full compliance

Principle 2. Clear Objectives

An overall investment objective(s) should be set out for the fund that takes account of the scheme's liabilities and the potential impact on local taxpayers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be clearly communicated to advisors and investment managers.

■ Full compliance

Principle 3. Risk and liabilities

In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities. These include the implications for local taxpayers, the strength of the covenant for participating employers, the risk of their default and longevity risk.

■ Full compliance

Principle 4. Performance assessment

Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisors. Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to scheme members.

■ Full compliance

Principle 5. Responsible ownership

Administering authorities should :

- Adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents
- Include a statement of their policy on responsible ownership in the statement of investment principles
- Report periodically to scheme members on the discharge of such responsibilities.

■ Full compliance

Principle 6. Transparency and reporting

Administering authorities should :

- Act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives.
- Provide regular communication to scheme members in the form they consider most appropriate.

■ Full compliance

■ Vanessa Thomas

Accountant, Treasury and Pension Fund



Accounts Report



Fund Account

2019/20 Reclassified		2020/21	
£'000		£'000	£'000
	Contributions		
(106,927)	Employer contributions	(97,624)	
(28,210)	Member contributions	(29,766)	
(135,137)			(127,390)
	Transfers in from other pension funds		
(4,243)	Group Transfers in from other schemes or funds	(3,643)	
(3,835)	Individual Transfers from other schemes or funds	(4,605)	
(8,078)			(8,248)
(4,135)	Other Income	(2,443)	
			(2,443)
	Benefits		
109,078	Pensions	110,855	
20,072	Commutation of pensions and lump sum retirement benefits	16,252	
2,431	Lump sum death benefits	3,875	
131,581			130,982
	Payments to and on account of leavers		
245	Refunds to members leaving scheme or fund	177	
4	Payments to members joining state scheme or fund	(2)	
11,804	Individual transfers to other schemes	4,702	
12,053			4,877
143,634			135,859
(3,716)	Net (Additions)/Withdrawals from Dealings with Members		(2,222)
13,121	Management expenses	13,084	
			13,084
9,405	Net (Additions)/Withdrawals including Fund Management Expenses		10,862
	Investment Income		
(16,063)	Dividends from equities	(14,278)	
(23,806)	Income from bonds	(15,785)	
0	Dividends from WPP Global Equities	(39,607)	
0	Income from WPP UK Credit Fund	(3,992)	
(11,733)	Income from Pooled Property	(7,018)	
(45)	Interest on cash deposits	1	
(51,647)			(80,679)
140,724	(Profits) and losses on disposal of investments and changes in value of investments	(1,068,829)	
			(1,068,829)
131	Taxes on income	87	
			87
89,208	Net returns on investments		(1,149,421)
98,613	Net (Increase)/decrease in net assets available for benefits during the year		(1,138,559)
(3,458,635)	Opening Net Assets		(3,360,022)
(3,360,022)	Closing Net Assets		(4,498,581)

The Fund Account has been reclassified for comparability in line with the latest CIPFA guidance. Similar reclassification has been made in notes 7, 11 and 14 of the Statement of Accounts.

Net Asset Statement

31/03/2020 Reclassified		31/03/2021	
£'000		£'000	£'000
	Investment Assets		
722,158	Equities	1,192,224	
896,429	Bonds	0	
	Pooled Funds		
1,270,900	WPP Global Equities	1,867,855	
0	WPP UK Credit Fund	550,961	
	Other Pooled Investments		
0	Passive UK Gilts	372,929	
144,462	Passive Equities	200,829	
287,697	Pooled Property	282,289	
3,321,646			4,467,087
25,885	Cash deposits		24,964
	Other investment balances		
7,392	Accrued interest	0	
5,357	Investment debtors	5,232	
2,018	Tax recoverable	1,147	
14,767			6,379
3,362,298			4,498,430
	Investment Liabilities		
(11,612)	Investment creditors		(5,023)
(462)	Derivative contracts		0
3,350,224	Net Investment Assets		4,493,407
	Current assets		
6,366	Contributions due from employers and employees	6,113	
6,808	Other current assets	1,314	
13,174			7,427
	Current Liabilities		
(3,376)	Current liabilities		(2,253)
3,360,022	Net assets of the scheme available to fund benefits at period end		4,498,581

Notes to the Pension Fund Accounts

Introduction

These accounts have been prepared in accordance with the requirements of the CIPFA Code of Practice on Local Authority Accounting 2020/21 which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector. A more detailed Pension Fund Annual Report is available on request from the Director of Finance and Digital Services.

Significant Accounting Policies

Accruals of Expenditure and Income

Where material, accruals are made for employee and employer contributions, investment income, benefits paid, administration costs, investment management fees and advisors fees. Transfer values are accounted for on a cash basis, with the exception of material group transfers, which are accounted for during the year of effective date of transfer or the year in which the actuary values the transfer, if later.

Investment Valuation of Financial Instruments

In terms of "Fair Value", all investments have quoted prices in active markets, with the exception of Pooled Investment Vehicles managed by the WPP and Pooled Property Funds.

Listed securities are valued in accordance with IAS 39 – Financial Instruments, using bid prices as at 31st March 2021 obtained from recognised Stock Exchanges.

Fixed interest securities are valued "clean", excluding accrued interest. Sterling valuations of securities denominated in foreign currencies are based on closing exchange rates as at 31st March 2021.

Pooled Investment Vehicles managed by the WPP are valued using net asset values provided by Link, the WPP operator. These are reported at the closing single price.

Pooled Property Funds are valued by Fund Managers using reliable valuation techniques to determine Fair Value. Property valuations are represented by unit prices, based on underlying independent professional valuations. No assets require significant judgements or assumptions to determine Fair Value.

Acquisition and Disposal Costs

Transaction costs incurred in acquiring or disposing of investments are included as part of the purchase cost or netted off against sales proceeds, as appropriate. Transaction costs include fees, commissions and duties. Transaction costs incurred during 2020/21 amounted to £1.48m (£1.90m in 2019/20).

In addition to the direct costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the scheme.

Taxation

As a registered public service scheme, the Pension Fund is exempt from UK income tax and capital gains tax. Overseas investment income incurs withholding tax in the country of origin unless exemption is granted.

Irrecoverable tax is accounted for as an expense in the Fund Account, with any recoverable tax shown as an asset in the Net Assets Statement.

There is a small liability to income tax on refunds of contributions and compounded pensions (small pensions converted into lump sums). These amounts are paid to HMRC on a quarterly basis.

VAT is recoverable on all activities, so the accounts are shown exclusive of VAT.

Statement of Responsibilities for the Pension Fund Accounts

Rhondda Cynon Taf County Borough Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of the Pension Fund's financial affairs and to ensure one of its Officers has the responsibility for the administration of those affairs. In the Council, that Officer is the Director of Finance and Digital Services.
- To manage the Pension Fund's affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Pension Fund Accounts.

I confirm that these accounts were approved by Council on:

Signature  Date: 24/11/21

Cllr. S. Powderhill

Presiding Officer, Rhondda Cynon Taf County Borough Council

The Director of Finance and Digital Services' Responsibilities

The Director is responsible for the preparation of the Pension Fund Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, is required to present a true and fair view of the financial position of the Pension Fund at the accounting date and its income and expenditure for the year.

In preparing the Pension Fund Accounts, the Director has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the code.

The Director has also throughout the financial year:

- Maintained proper accounting records that were kept up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Director of Finance and Digital Services on the Accounts of Rhondda Cynon Taf Pension Fund for 2020/21

I certify that the accounts present a true and fair view of the financial position of Rhondda Cynon Taf Pension Fund as at 31st March 2021 and its income and expenditure for the year.

Signature  Date: 24/11/21

Barrie Davies

Director of Finance and Digital Services



Contributions

Employers' Contributions

Employers' contribution rates are determined by the Fund's actuary so as to maintain the fund in a state of solvency, having regard to existing and prospective liabilities. Valuations of the Fund's assets and liabilities for this purpose are carried out every three years. The latest Valuation was carried out as at March 2019 and the results were implemented from 1st April 2020.

Employees' Contributions

Employee contributions are tiered, so that higher earners pay a greater percentage of their salary into the scheme. The bands for the year 2020/2021 were:

Full Time Equivalent Pay	Contribution Rate
Up to £14,600	5.5%
More than £14,601, up to £22,800	5.8%
More than £22,801, up to £37,100	6.5%
More than £37,101, up to £46,900	6.8%
More than £46,901, up to £65,600	8.5%
More than £65,601, up to £93,000	9.9%
More than £93,001, up to £109,500	10.5%
More than £109,501, up to £164,200	11.4%
More than £164,201	12.5%

From 1st April 2014 there is a 50/50 option which allows members to pay half the normal rate of contributions shown above, and build up pension at half the normal rate.



Contributions Receivable and Benefits Payable

Contributions received and benefits paid are shown in the table below:

Type of Body	Member Contributions		Employer Contributions		Pensions, Lump Sums and Death Benefits	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Administering	9,025	9,671	38,100	33,596	34,967	36,513
Admitted	3,620	3,778	17,109	16,852	16,255	16,501
Scheduled	15,565	16,317	51,718	47,176	80,359	77,968
Total	28,210	29,766	106,927	97,624	131,581	130,982

Included in employer contributions are £3,663k of deficit funding contributions (£11,428k in 2019/20). There are no augmented contributions.

Contributions Received From Employers

	Employers Contributions (£)	Employee Contributions (£)
Agored Cymru	23,158.70	5,041.67
Amgen Cymru (Cynon)	266,797.45	89,896.04
Awen Cultural Trust	207,411.44	95,322.36
Bedlinog Community Council	1,673.31	444.61
Brackla Community Council	8,654.00	3,016.57
Bridgend College	1,176,996.97	455,726.50
Bridgend County Borough Council	15,898,671.57	4,915,538.64
Capita Glamorgan Consultancy	0.00	27,843.29
Careers Wales	943,196.05	169,656.43
Careers Wales Association	1,046.72	4,859.65
Central South Consortium	191,233.43	260,119.32
Chief Constable South Wales	11,358,397.14	4,611,111.29
Coity Higher Community	4,159.66	1,127.04
Coleg Y Cymoedd	1,634,897.70	552,630.17
Compass Contract Services (Cymoedd) Ltd.	29,506.67	4,363.97
Coychurch Crematorium	42,131.05	16,131.91
DBW FM Limited	732,637.27	194,177.54
Development Bank of Wales Plc	222,996.87	45,618.34
Drive Ltd	21,132.59	10,209.54
Garw Valley Community Council	6,274.25	1,809.94
Gelligaer Community Council	1,903.56	1,162.17
Halo Leisure Services Ltd	0.00	46,001.64
Hirwaun & Penderyn Community Council	9,023.86	2,728.19
Laleston Community Council	7,409.52	2082.7
Llanharan Community Council	8,836.75	2,398.16
Llantrisant Community Council	14,618.67	4,837.76
Llantwit Fadre Community Council	18,801.53	6,931.81
Llwydcoed Crematorium	5,575.09	2,413.14
Local Government Data Unit	61,628.92	64,326.23
Maesteg Town Council	3,141.82	1,399.15
Merthyr Tydfil College	353,102.43	137,852.61
Merthyr Tydfil County Borough Council	8,917,776.87	2,195,914.88
Merthyr Tydfil Institute for the Blind	29,064.63	5,962.39
Merthyr Tydfil Leisure Trust	241,799.10	91,923.79
Merthyr Valley Homes	642,967.23	393,285.44
Police & Crime Commissioner	190,191.52	88,032.96
Pontyclun Community Council	13,938.71	4,581.24
Pontypridd Town Council	53,013.41	17,776.30
Rhondda Cynon Taf County Borough Council	33,596,257.30	9,670,899.56
RWCMD	457,952.43	197,012.65
Social Care Wales	1,381,415.56	299,020.31
South Wales Fire Authority	1,362,244.12	589,697.92
South Wales Valuation Tribunal	18,590.19	8,521.48
St Brides Minor Community Council	1,971.42	504.29
Tonyrefail Community Council	20,144.84	7,729.58
Trivallis	2,062,663.14	804,314.97
University of South Wales	5,147,724.86	2,143,390.17
Valleys to Coast Housing	408,895.72	94,444.16
Welsh Government	6,010,083.50	666,551.77
WJEC	3,808,367.53	748,598.04
Ynysawdre Community Council	3,760.08	944.28
TOTAL	97,623,837.15	29,765,884.56

Over 98.57% of contributions, in monetary terms, were received on time. Contributions were received late on 11 occasions. Contributions received are monitored on a monthly basis and employers contacted if statutory deadlines are missed.

Management Expenses

The management expenses borne by the Fund in 2020/21 are set out below:

	2019/20 £'000	2020/21 £'000
Administrative Costs	1,845	1,870
Investment Management Expenses	11,001	10,836
Oversight and Governance Costs	275	378
TOTAL	13,121	13,084

Investment management expenses represent 0.24% (0.33% in 2019/20) of the value of the Pension Fund as at 31st March 2021.

2020/21 Audit Fees of £39k are included in Oversight and Governance Costs (£39k in 2019/20).

The investment management expenses borne by the Fund in 2020/21 are set out below:

	Total £'000	Management Fees £'000	Transaction Costs £'000
Bonds	433	433	0
Equities	2,889	2,183	706
Pooled Funds			
WPP Global Equities	6,011	4,729	1,282
WPP UK Credit Fund	291	291	0
Other Pooled Investments			
UK Gilts	13	13	0
Passive Equities	11	11	0
Pooled Property	455	441	14
TOTAL	10,103	8,101	2,002
Custody Fees	733		
TOTAL PLUS CUSTODY FEES	10,836		

Comparative note for 2019/20:

Reclassified	Total £'000	Management Fees £'000	Transaction Costs £'000
Bonds	1,271	1,271	0
Equities	2,872	2,039	833
Pooled Funds			
WPP Global Equities	5,858	4,761	1,097
WPP UK Credit Fund	0	0	0
Other Pooled Investments			
UK Gilts	0	0	0
Passive Equities	19	19	0
Pooled Property	508	500	8
TOTAL	10,528	8,590	1,938
Custody Fees	473		
TOTAL PLUS CUSTODY FEES	11,001		

The Fund incurs no performance related fees.

During 2019/20, assets were moved from the segregated bond manager, into the WPP. Transaction costs amounted to £214k, which are reflected in the NAV.

Included in the management expenses, is the cost of the Fund's involvement in the WPP collective investment pooling arrangement, as set out below:

	Total £'000	Management Fees £'000
WPP Oversight and Governance Costs		
Running Costs	58	99
WPP Investment Management Expenses		
Fund Managers Fees	4,317	5,520
Transaction Costs	1,538	763
Custody Fees	215	578
TOTAL	6,128	6,960

The oversight and governance costs are the annual running costs of the Pool, which includes the Host Authority costs and other external advisor costs. These costs are funded equally by all eight of the Local Authority Pension Funds in Wales. The investment management expenses are fees payable to Link Fund Solutions (the WPP operator) and include fund manager fees, transaction costs (which also includes the operator fee) and custody fees. These costs are based on each Fund's percentage share of the WPP pooled assets and are deducted from the Net Asset Value (NAV).

Transactions with Related Parties

In the course of fulfilling its role as Administering Authority to the Fund, Rhondda Cynon Taf CBC provided services to the Fund for which it charged £1.4m (£1.5m in 2019/20). These costs are mainly in respect of those staff employed in ensuring that the pension service is delivered.

At the year-end, contributions outstanding from the Employing Bodies in the Fund amounted to £6.1m (£6.4m in 2019/20), of which £4.6m related to employer contributions and £1.5m to employee contributions.

There are members of the Pension Fund Investment and Administration Advisory Panel, the Pensions Board and the Pension Fund Committee who are also members of the Rhondda Cynon Taf Pension Fund.

The administration of the Rhondda Cynon Taf Pension Fund is a function of full Council, with responsibility for day to day decisions being delegated to the Director of Finance and Digital Services. As such, the post holders are required to declare any interests with related parties. The disclosure can be found in the Statement of Accounts of Rhondda Cynon Taf County Borough Council.

The Committee Members and Senior Officers that advise the Committee are required to declare their interest at each meeting.

Officer remuneration and Members allowances can be found in the Statement of Accounts of Rhondda Cynon Taf County Borough Council.

Contingent Liabilities

There is a contingent liability of £987k (£968k in 2019/20) in respect of refundable contributions for leavers who have not yet claimed refunds.

Audit Opinion

The independent auditor's statement of the Auditor General for Wales to the members of Rhondda Cynon Taf Pension Fund on the Annual Report

I have examined the pension fund accounts and related notes contained in the 2020/21 Annual Report of Rhondda Cynon Taf Pension Fund to establish whether they are consistent, in all material respects, with the pension fund accounts and related notes included in the Statement of Accounts produced by Rhondda Cynon Taf Pension Fund for the year ended 31st March 2021 which were authorised for issue on 24th November 2021. The pension fund accounts comprise the Fund Account and the Net Assets Statement.

Opinion

In my opinion the pension fund accounts and related notes included in the Annual Report of Rhondda Cynon Taf Pension Fund are consistent, in all material respects, with the pension fund accounts and related notes included in the Statement of Accounts produced by Rhondda Cynon Taf Pension Fund for the year ended 31st March 2021 which were authorised for issue on 24th November 2021 on which I issued an unqualified opinion.

I have not considered the effects of any events between the date on which I issued my opinion on the pension fund accounts included in the pension fund's Statement of Accounts, 29th November 2021 and the date of this statement.

Respective responsibilities of the Administering Authority and the Auditor General for Wales

The Administering Authority, Rhondda Cynon Taf, is responsible for preparing the Annual Report. My responsibility is to report my opinion on whether the pension fund accounts and related notes contained in the Annual Report are consistent, in all material respects, with the pension fund accounts and related notes included in the Statement of Accounts of the Pension Fund. I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any misstatements or material inconsistencies with the pension fund accounts. This other information comprises Chairman's Foreword, Introduction, Summary, Administration Report, Investment Report, Actuary's Report, Communication Report and Pension Fund Governance.



Adrian Crompton

For and on behalf of the
Auditor General for Wales

29th November 2021

24 Cathedral Road
Cardiff
CF11 9LJ

Disclaimer

The maintenance and integrity of Rhondda Cynon Taf's website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

■ By Aon Hewitt Limited

Actuary's Report



Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Rhondda Cynon Taf Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31st March 2019 by Aon, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

Actuarial Position

1. The valuation as at 31st March 2019 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31st March 2019 (of £3,458.6M) covering 98.4% of the liabilities allowing, in the case of pre-1st April 2014 membership for current contributors to the Fund, for future increases in pensionable pay.
2. The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1st April 2020 was:
 - 19.6% p.a. of pensionable pay. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date (the primary rate),

Plus

 - an allowance of 0.9% p.a. of pensionable pay for McCloud and Cost Management – see paragraph 9 below,

Plus

 - Monetary amounts to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 19 years from 1st April 2020, equivalent to 0.5% p.a. of pensionable pay (or approximately £2.2M in 2020/21, and increasing by 3.35% p.a. thereafter), which together with the allowance above comprises the secondary rate.
3. In practice, each individual employer's or group of employers' position is assessed separately (see also paragraph 4 below) and contributions are set out in Aon's report dated 31st March 2020 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities such as arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31st March 2023 are estimated to be:

Year from 1 st April	% of pensionable pay	Plus total contribution amount (£M)
2020	20.2%	3.6
2021	20.2%	3.8
2022	20.2%	4.2

4. The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate, stepping of contribution increases and individual employers' recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.
5. The valuation was carried out using the projected unit actuarial method for most employers and the main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in Service	
Scheduled body employers *	4.25% p.a.
Intermediate funding target	3.85% p.a.
Ongoing Orphan employers	3.85% p.a.

Discount rate for periods after leaving service	
Scheduled body employers *	4.25% p.a.
Intermediate funding target	3.75% p.a.
Ongoing Orphan employers	1.60% p.a.
Rate of pay increases	3.35% p.a.
Rate of increase to pension accounts	2.10% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.10% p.a.

*The scheduled body discount rate was also used for employers whose liabilities will be subsumed after exit by a scheduled body.

In addition, the discount rate for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities and employer has exited the Fund) was 1.3% p.a.

The assets were valued at market value.

Further details of the assumptions adopted for the valuation, including the demographic assumptions, are set out in the actuarial valuation report.

6. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2N Heavy mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for improvements based on the 2018 Continuous Mortality Investigation (CMI) Core Projections Model (CMI2018), with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	21.7	23.9
Current active members aged 45 at the valuation date	22.5	25.4

7. The valuation results summarised in paragraphs 1 and 2 above are based on the financial position and market levels at the valuation date, 31st March 2019. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Administering Authority, monitors the funding position on a regular basis.
8. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1st April 2020 to 31st March 2023 were signed on 31st March 2020. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31st March 2022 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
9. There are a number of uncertainties regarding the Scheme benefits and hence liabilities:

- **Increases to Guaranteed Minimum Pensions (GMPs):**

The 2019 valuation allows for the extension of the 'interim solution' for public service schemes to pay full inflationary increases on GMPs for those reaching State Pension Age (SPA) between 6th April 2016 and 5th April 2021. On 23rd March 2021, the Government published a response to its consultation on the longer term solution to achieve equalisation for GMPs as required by the High Court judgement in the Lloyds Bank case. The response set out its proposed longer term solution, which is to extend the interim solution further to those reaching SPA after 5th April 2021.

The results of the 2019 valuation do not allow for the impact of this proposed longer term solution. Based on approximate calculations, at a whole of fund level, the impact of providing full pension increases on GMPs for those members reaching State Pension Age after 5th April 2021 is an increase in past service liabilities of between 0.1% to 0.2% across the Fund as a whole.

- **Cost Management Process and McCloud judgement:**

Initial results from the Scheme Advisory Board 2016 cost management process indicated that benefit improvements / member contribution reductions equivalent to 0.9% of pay would be required. However, the cost management process was paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) constituted illegal age discrimination. Government confirmed that the judgement would be treated as applying to all public service schemes including the LGPS (where the transitional arrangements were in the form of a final salary underpin) and a consultation on changes to the LGPS was issued in July 2020.

The employer contributions certified from 1st April 2020 as part of the 2019 valuation include an allowance of 0.9% of pay in relation to the potential additional costs following the McCloud judgement / cost management process. This was a simplified approach which didn't take account of different employer membership profiles or funding targets and may be more or less than the assessed cost once the details of the LGPS changes arising from the McCloud judgement and (if applicable) arising from the 2016 cost management process have been agreed.

Work on the 2020 cost management process has now been started, and it is possible that further changes to benefits and/or contributions may ultimately be required under that process, although the outcome is not expected to be known for some time.

- **Goodwin**

An Employment Tribunal ruling relating to the Teachers' Pension Scheme concluded that provisions for survivor's benefits of a female member in an opposite sex marriage are far less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a written ministerial statement on 20th July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements, although these changes are yet to be reflected in LGPS regulations. We expect the average additional liability to be less than 0.1%, however the impact will vary by employer depending on their membership profile.

10. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of the actuarial valuation which was carried out as at 31st March 2019. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

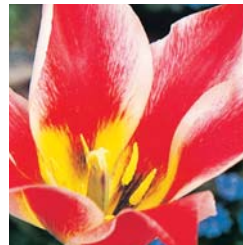
Aon does not accept any responsibility or liability to any party other than our client, Rhondda Cynon Taf County Borough Council, the Administering Authority of the Fund, in respect of this Statement.

11. The report on the actuarial valuation as at 31st March 2019 is available on the Fund's website at the following address:

www.rctpensions.org.uk/EN/GovernanceAndInvestment/AnnualReports.aspx

Aon Solutions UK Limited

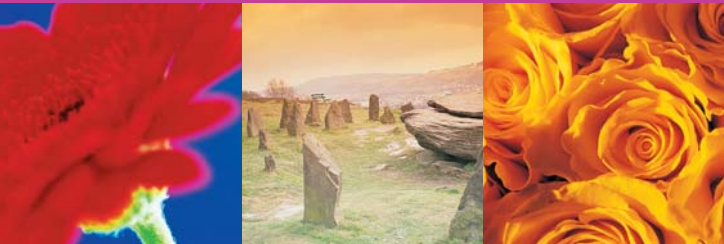
April 2021



■ Catherine Black
Senior Team Manager



Communication Report



Annual Meetings

The 2020 Annual General Meeting was held in November with representatives from our major fund employers attending. Presentations included a update on Pension Fund Performance and an Actuarial update.

Helpdesk

Our Helpdesk continues to assist with pension queries and calls can be made between the hours of 9am to 5pm Monday to Friday.

You can contact the Helpdesk on
01443 680 611

Website

The Pension Fund website is a useful tool in our communication strategy and allows us to provide information about the Fund and the LGPS to our members and prospective members. It contains information for existing and previous members as well as pensioners. All Wales Factsheets, LGA Factsheets, commonly used forms and our governance documents are all up-loaded to the site, as well as minutes of meetings of the Local Pension Board meetings.

A dedicated General Data Protection Regulation page has been added to the website which contains the Fund's Privacy Statement and Memorandum of Understanding.

The website is reviewed and updated when changes to legislation are implemented.

The Helpdesk regularly refers members to the web-site to download forms or to get information.

Our Fund Employers have a specific section of the RCT website with relevant staff having their own unique log-in details. This section of the website includes all the necessary forms and documents required for the administration of members benefits e.g. new starter forms, termination forms etc

The website can be viewed at
www.rctpensions.org.uk

Pensions Made Simple member videos are now available to view on both the desktop and mobile versions of **www.lgpsmember.org** and on the RCT Pension Fund Website. There are eight videos in total with English and Welsh versions available.

Presentations

The Communications Team is happy to provide presentations as required, either to provide members with information regarding the scheme and their pension benefits or to educate employers on the administration requirements of the scheme.

Annual Benefit Statements

In line with regulations the Fund issues Annual Benefit Statements to all active and deferred members. The statements for the 2020/2021 scheme year were issued within the deadline required by the scheme regulations and complied with Scheme Advisory Board Guidance.

Home Visits

In cases of Serious Ill Health, a representative of the Pension Section will attend a home visit in conjunction with Human Resource representatives if appropriate.

Electronic Communications

Member Self Service (My Pension On-line) is available to all the Fund's active, deferred and pensioner members. The facility allows members to be able to view and change some of their personal details and deferred and active members can run estimates of future pension benefits.

We continue to encourage communication to and from the Pensions section electronically and continually work to ensure that data being sent or received from our Fund employers is secure.

The Fund has also introduced an electronic data transfer system with some employers this year which allows member data and pay information to be uploaded directly into our Pension software. Going forward we will be rolling this facility out to all employers.

LGPS 2014

The Local Government Pension Scheme Regulations 2013 were laid before Parliament on 19th September 2013 which outlined the structure of the LGPS from 1st April 2014.

- Benefits are based on Career Average Re-valued Earnings (CARE)
- Accrual rate of 1/49th
- Definition of pensionable pay to include non-contractual overtime
- Introduction of a new 50/50 option where members can pay less for short periods of time and build up pension at half the rate they would normally
- Increased contribution rates for higher earners
- Normal Pension Age linked to State Pension Age

Benefits from membership in the scheme prior to April 2014 will maintain a final salary link with a members final salary (based on the pensionable pay definition in force before April 2014) being determined when they leave the scheme.

The RCT Pension Fund website includes a link to www.lgpsmember.org which has been set up and maintained by the Local Government Association as a central source of information and includes various calculators which members can use.

The Communication and Administration Teams continually review our processes and correspondence to ensure that the Fund is compliant with the regulations, that the details we receive from employers when members join or leave the fund include the information required and that our members fully understand how their benefits are calculated. We have maintained our communications with our contributing employers so that they are kept up to date with changes to the LGPS and any other relevant technical changes.

Cost of Living Increases

Pensions payable to members who retire on health grounds and to members' spouses and children are increased annually in line with the Consumer Price Index (CPI), as at 30th September from the preceding year. The LGPS Pension Increase is formally confirmed by HM Treasury in January and paid from the first Monday of each new tax year.

Pensions payable to other members who have reached the age of 55 also benefit from annual inflation proofing.

The end of contracting out has led to changes in who has the responsibility for increasing any pension which includes an entitlement to a Guaranteed Minimum Pension (GMP) (relating to membership up to 5th April 1997). Prior to 2016 some or all of the statutory inflation proofing was provided by the Department of Work and Pensions. Since April 2016 the Fund will now be responsible for the full pension increases on any GMP benefits.

The 2020/21 increase was 0.5%

Pension Fund Governance

Administering authorities must ensure that existing governance arrangements are maintained and developed to help support the decision making process.

The Governance arrangements for the Rhondda Cynon Taf Pension Fund are summarised and clarified in a number of key documents that relate to the effective stewardship of the Fund.

- An overarching Governance Statement of Compliance that indicates the Fund's position against the Government's best practice standards
- A Governance Policy Statement which provides an overview of the management structure, decision making and employer engagements within the scheme
- We are committed to providing a comprehensive communication and information service to participating employers and members of the pension scheme and services we provide can be found in our Communications Policy Statement.

- A Pension Administration Strategy which seeks to improve efficiency in the delivery of agreed standards of quality and to ensure compliance with statutory requirements
- The Investment Strategy Statement which shows, in detail how we manage the Fund's investments.
- The Funding Strategy which provides a summary of how we will fund our pension liabilities and includes an overview of how any risks to the fund are identified, managed and reviewed.

These documents are reviewed annually, apart from the Funding Strategy Statement which is reviewed every three years, and the latest versions can be found under the Governance & Investment section of our pension website, or alternatively, please contact our Pension Helpdesk for a copy.

The 2019 Valuation Report which explains the assumptions data and the results of the latest valuation exercise is available in the Employers Section of the website.

Local Pension Board

In accordance with the Public Services Pensions Act 2013 the Pension Fund was required to appoint, by 1st April 2015, a Local Pension Board to assist Rhondda Cynon Taf County Borough Council Administering Authority as 'Scheme Manager' in -

- Securing compliance with the Principal Regulations and any other legislation relating to the governance and administration of the LGPS;
- Securing compliance with the requirements imposed, in relation to the LGPS, by the Pensions Regulator; and
- Ensuring the effective and efficient governance and administration of the LGPS by the Scheme Manager

Membership of the Pension Board

The Pension Board consists of 4 members and is constituted as two employer representatives and two member representatives:

Employer Representatives:

Responsible for representing all the Fund Employers (Scheduled, Designated, and Admitted Bodies)

- **Professor Hugh Coombs (Chair)**, University of South Wales
- **Mr David Francis**, Coleg Y Cymoedd

Member Representatives:

Responsible for representing all Scheme Members (Active, Deferred, and Pensioner Members)

- **Mr Rob Whiles**, Pensioner
- **Mrs Angela Pring**, Active Member and Trade Union (Unison) representative

Role of the Pension Board

The first core function of the Board is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme. Within this extent, the Board will consider areas including, but not restricted to:

- Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.
- Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Pension Regulators Code of Practice.

The second core function of the Board is to ensure the effective and efficient governance and administration of the Scheme. Within this extent, the Board will consider areas including but not restricted to:

- Assist with the development of improved customer services.
- Monitor performance of administration, governance and investments against key performance targets and indicators.
- Monitor internal and external audit reports.
- Review the outcome of actuarial reporting and valuations.

Chairman's Update

This statement represents a review of the activities of the Pension Board and covers the period of this Annual Report.

In accordance with the Public Service Pensions Act 2013 the Pension Board's role is to assist the Administering Authority in:

- Securing compliance with the Principal Regulations and any other legislation relating to the governance and administration of the LGPS;
- Securing compliance with the requirements imposed in relation to the LGPS by the Pension Regulator; and,
- Ensuring the effective and efficient governance and administration of the LGPS by the scheme manager.

The Pension Board has no decision making powers.

The Board continued to meet over the financial year 2020/21 although these meetings took place using relevant technology rather than through traditional face to face meetings given the pandemic. A number of members of the Board also attended the Annual General Meeting again via video links.

As in previous financial years all Pension Board meetings were quorate and, indeed, continued the practice from previous years in 2020/21 with 100% attendance from all members at its meetings. After the cancellation in 2019/20 of the planned joint meeting between the Pension Board and the Pension Committee due to imposition of lockdown as the Covid pandemic broke out I am pleased to say that this year's joint meeting took place. At this meeting, amongst other things, the Board is able to contribute directly to the review of various important strategy documents.

There remains a positive relationship between the Pension Board and Pension Committee for which the Board is grateful.

In undertaking its remit the Pension Board reviews a wide range of the Pension Fund's activities with regular areas of discussion including such items as supporting risk monitoring arrangements, fund investment performance, fees and charges, compliance with statutory legislation, the Pension

Regulator's 'Code of Practice' requirements and monitoring administrative performance. The Board pays particular attention to monitoring the achievement of relevant deadlines for specific activities (e.g. issuing the Annual Benefit Statements by the required due date).

Here the Board would like to pay tribute to the way in which the administration of the Fund continued despite the challenges posed by the pandemic.

In the interests of the Board's activities being transparent the agendas and minutes for the Pension Board's meetings are available on the Pension Fund's website.

This year's agenda continued the practice of previous years of monitoring the progress of the all Wales Pension Pool. This activity, in addition to monitoring the progress of the Pool against defined objectives and deadlines, continued to cover such important items as reviewing the development of the Pool's governance arrangements. The governance arrangements for the Pool are continuing to evolve and a number of positive developments took place over the last financial year in these respects. These arrangements will inevitably continue to develop and, for example, in 2020/21 have included the development of scheduled meetings between officers of the Pool and Chairs of the various Welsh Pension Boards which are planned to take place every six months. This helps give an all Wales perspective in terms of Pool governance. Outcomes of these meetings are fed back to the Board.

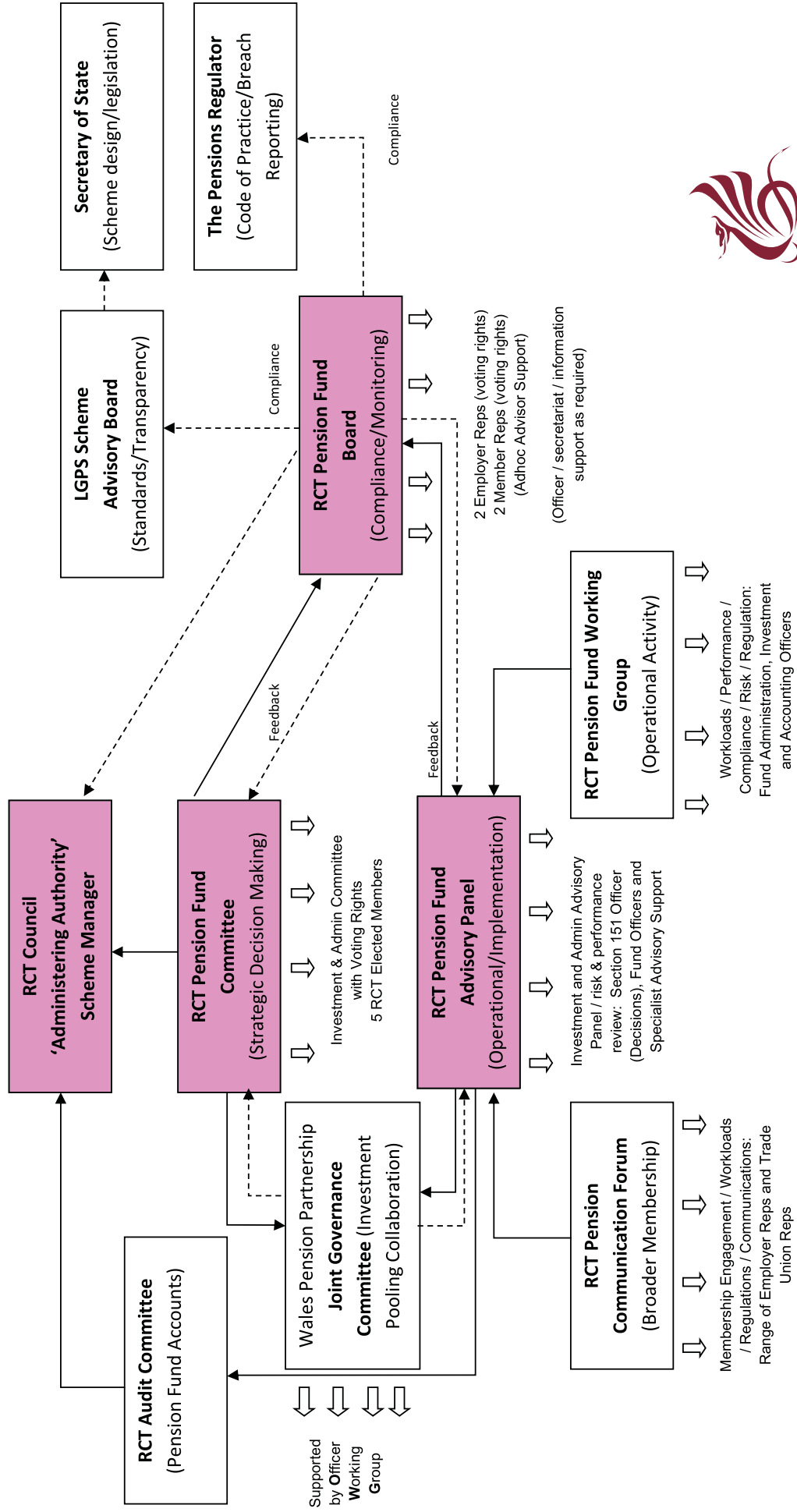
As with previous years, the Pension Board is being requested to respond to numerous surveys from various bodies on the activities of the Fund, the development of the governance of their respective pension funds and, the understanding of the Pension Board members of such activities. It is anticipated that requirements from the regulators will continue to develop as time passes.

Finally, members of the Pension Board attended regular training to ensure they are kept up to date with developments in what is becoming an increasingly complex and demanding field. A record of all such training is kept for each member. In addition, in relation to such training, processes are in place to disseminate the outcomes of any such individual training to all Board members and, as appropriate, within the Administering Authority.

I am grateful to fellow Board members, the officers and the staff supporting the Board for their work and continued support.

Professor Hugh Coombs
Chairman, RCT Pension Board

Rhondda Cynon Taf Pension Fund Governance Structure 2020



Pension Governance Attendance 2020/2021

This table shows the attendance at meetings during the year

	Investment and Administration Panel Total meetings held = 4	Pension Fund Working Group Total meetings held = 4	Pension Fund Communications Forum Total meetings held = 3	Pension Fund Discretion Panel Total meetings held = 0
Barrie Davies	4	4	2	-
Paul Griffiths	4	4	-	-
Ian Traylor	4	4	3	0
Stephanie Davies	4	3	-	0
Yvonne Keitch	4	4	2	-
Vanessa Thomas	4	4	-	-
Denise Stone	-	3	-	-
Catherine Black	-	3	3	-



Knowledge and Skills

To identify the skills required by decision makers for the Local Government Pension Scheme CIPFA have developed a knowledge and skills framework which the Fund have adopted to ensure all panel and working group members have the required level of knowledge. The core requirements 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
- Actuarial methods, standards and practices

Members of panels and working groups for the Rhondda Cynon Taf Fund regularly attend training sessions to ensure a full understanding of the Local Government Pension Scheme, including legislation, scheme benefits, investment strategy, actuarial methods and pensions accounting.

The table below outlines the training received during the year

Audience	Area of Framework	Delivered by	Date
Pensions Service Manager and Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	Pensions Officer Group	16 th April 2020
Principal Accountant, Treasury Management & Pension Fund	Pensions accounting and auditing standards	Wales Pension Partnership	5 th May 2020
Service Director, Pension, Procurement and Transactional Services	Pensions Legislative and Governance Context	SAB	6 th May 2020
Pensions Service Manager and Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	Iconnect User Group	13 th May 2020
Pensions Service Manager and Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	LGA Employer Coronavirus Webinar	15 th May 2020
Pensions Service Manager and Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	Pensions Officer Group	18 th May 2020
Councillor Norris	Financial Markets and Products Knowledge	PLSA Webinar	18 th May 2020
Councillor Norris	Actuarial Methods, Standards and Practices	PLSA Webinar	19 th May 2020
Pensions Service Manager	Pensions Legislative and Governance Context	PLSA Webinar	20 th May 2020
Councillor Norris	Pensions Legislative and Governance Context – Socially Responsible Investments	PLSA Webinar	20 th May 2020
Councillor Norris	Pensions Legislative and Governance Context	PLSA Webinar	22 nd May 2020
Service Director, Pension, Procurement and Transactional Services	Pensions Legislative and Governance Context	SAB and DG Publishing	1 st June 2020
Councillor Norris	Financial Markets and Products Knowledge	LGC	3 rd June 2020
Councillor Norris	Investment Performance and Risk Management	LGC	3 rd June 2020
Service Director, Pension, Procurement and Transactional Services	Pensions Legislative and Governance Context	SAB	3 rd June 2020
Councillor Norris, Director of Finance and Digital Services and Principal Accountant Treasury & Pension Fund	Pensions Legislative and Governance Context	Wales Pension Partnership	18 th June 2020
Councillor Norris, Director of Finance and Digital Services and Principal Accountant Treasury & Pension Fund	Financial Markets and Products Knowledge	Wales Pension Partnership	18 th June 2020
Members of Pension Fund Investment & Administration Advisory Panel	Pensions Legislative and Governance Context	Fund managers	22 nd June 2020
Members of Pension Fund Investment & Administration Advisory Panel	Financial Markets and Products Knowledge	Fund managers	22 nd June 2020
Service Director, Pension, Procurement and Transactional Services, Pensions Service Manager and Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	Aon Hewitt	23 rd June 2020
Councillor Norris	Pensions Legislative and Governance Context – Socially Responsible Investments	LAPFF	23 rd June 2020
Principal Accountant Treasury & Pension Fund	Pensions Legislative and Governance Context	Aon	24 th June 2020
Pensions Service Manager and Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	Pensions Officer Group	26 th June 2020

Audience	Area of Framework	Delivered by	Date
Councillor Norris	Pensions Legislative and Governance Context – Socially Responsible Investments	Financial Times	30 th June 2020
Councillor Norris	Pensions Legislative and Governance Context – Socially Responsible Investments	LGA	1 st July 2020
Service Director, Pension, Procurement and Transactional Services	Pensions Legislative and Governance Context	SAB	1 st July 2020
Principal Accountant Treasury & Pension Fund	Financial Markets and Products Knowledge	Hymans	1 st July 2020
Councillor Norris	Financial Markets and Products Knowledge	LGT Capital partners	7 th July 2020
Councillor Norris	Pensions Legislative and Governance Context – Socially Responsible Investments	LAPFF	13 th July 2020
Councillor Norris	Pensions Legislative and Governance Context – Socially Responsible Investments	LAPFF	15 th July 2020
Councillor Norris	Financial Markets and Products Knowledge	Room 151	22 nd July 2020
Councillor Norris	Pensions Legislative and Governance Context – Socially Responsible Investments	Wells Fargo	22 nd July 2020
Councillor Norris	Investment Performance and Risk Management	PLSA	23 rd July 2020
Principal Accountant Treasury & Pension Fund	Financial Markets and Products Knowledge	Arlingclose	29 th July 2020
Service Director, Pension, Procurement and Transactional Services	Pensions Legislative and Governance Context	SAB and DG Publishing	1 st August 2020
Service Director, Pension, Procurement and Transactional Services	Pensions Legislative and Governance Context	SAB	5 th August 2020
Principal Accountant Treasury & Pension Fund	Financial Markets and Products Knowledge	Arlingclose	27 th August 2020
Principal Accountant Treasury & Pension Fund	Investment Performance and Risk Management	Fidelity	1 st September 2020
Service Director, Pension, Procurement and Transactional Services	Pensions Legislative and Governance Context	SAB	2 nd September 2020
Councillor Norris, Director of Finance & Digital Services, Service Director, Finance & Improvement Services	Investment Performance and Risk Management	Link and the fund managers of the Global Growth Sub Fund	11 th September 2020
Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	PLSA	15 th September 2020
Principal Accountant Treasury & Pension Fund	Investment Performance and Risk Management	SAB and DG Publishing	20 th September 2020
Principal Accountant Treasury & Pension Fund	Pensions Legislative and Governance Context	SAB and DG Publishing	20 th September 2020
Various Pension Committee Members and Officers of the Investment and Administration Panel	Pensions Legislative and Governance Context – Socially Responsible Investments	Robeco, WPP Voting and Engagement Provider	22 nd September 2020
Principal Accountant Treasury & Pension Fund	Financial Markets and Products Knowledge	Hymans	23 rd September 2020
Members of Pension Fund Investment & Administration Advisory Panel	Pensions Legislative and Governance Context	Fund managers	28 th September 2020

Audience	Area of Framework	Delivered by	Date
Members of Pension Fund Investment & Administration Advisory Panel	Financial Markets and Products Knowledge	Fund managers	28 th September 2020
Pensions Service Manager, Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	Heywoods	29 th September 2020
Pensions Service Manager, Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	Pensions Officer Group	2 nd October 2020
Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	LGA	4 th , 5 th & 6 th October 2020
Councillor Norris and Principal Accountant Treasury & Pension Fund	Pensions Legislative and Governance Context – Socially Responsible Investments	LAPFF	7 th October 2020
Director of Finance & Digital Services and Service Director, Pension, Procurement and Transactional Services	Pensions Legislative and Governance Context	SAB	7 th October 2020
Principal Accountant Treasury & Pension Fund	Investment Performance and Risk Management	Russell Investments	8 th October 2020
Pension Fund Committee	Financial Markets and Products Knowledge	Baillie Gifford	13 th October 2020
Pension Fund Committee	Pensions Legislative and Governance Context – Socially Responsible Investments	Baillie Gifford	13 th October 2020
Pensions Service Manager, Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	All Wales Communications Group	14 th October 2020
Councillor Norris, Director of Finance & Digital Services, Service Director, Finance & Improvement Services	Investment Performance and Risk Management	Link and various underlying fund managers of the Global Opportunities Sub Fund	16 th October 2020
Principal Accountant Treasury & Pension Fund	Pensions Legislative and Governance Context – Socially Responsible Investments	RI Cross Pool	19 th October 2020
Various Pension Committee Members and Officers of the Investment and Administration Panel	Investment Performance and Risk Management	Link, WPP operator	23 rd October 2020
Various Pension Committee Members and Officers of the Investment and Administration Panel	Financial Markets and Products Knowledge	Link, WPP operator	23 rd October 2020
Pensions Service Manager, Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	Heywoods	27 th October 2020
Principal Accountant Treasury & Pension Fund	Financial Markets and Products Knowledge	Henley Investments	30 th October 2020
Principal Accountant Treasury & Pension Fund	Pensions Legislative and Governance Context	Robeco	5 th November 2020
Principal Accountant Treasury & Pension Fund	Financial Markets and Products Knowledge	SAB	5 th November 2020
Councillor Norris	Pensions Legislative and Governance	PLSA	11 th & 12 th November 2020
Councillor Norris	Financial Markets and Products Knowledge	PLSA	11 th & 12 th November 2020
Principal Accountant Treasury & Pension Fund	Pensions Legislative and Governance Context	Robeco	12 th November 2020

Audience	Area of Framework	Delivered by	Date
Councillors of Pensions Committee, Members of Pension Fund Investment & Administration Advisory Panel, Pensions Service Manager, Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	Annual General Meeting	16 th November 2020
Councillors of Pensions Committee, Members of Pension Fund Investment & Administration Advisory Panel, Pensions Service Manager, Senior Team Manager (Pensions)	Investment Performance and Risk Management	Annual General Meeting	16 th November 2020
Pensions Service Manager, Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	Pensions Manager Conference	17 th & 18 th November 2020
Councillor Norris	Financial Markets and Products Knowledge	DG Publishing	18 th & 19 th November 2020
Councillor Norris	Financial Markets and Products Knowledge	Pensions Management Institute	19 th November 2020
Members of Pension Fund Investment & Administration Advisory Panel	Pensions Legislative and Governance	Fund managers	24 th November 2020
Members of Pension Fund Investment & Administration Advisory Panel	Financial Markets and Products Knowledge	Fund managers	24 th November 2020
Various Pension Committee Members and Officers of the Investment and Administration Panel	Pensions Legislative and Governance Context	Link, WPP operator	24 th November 2020
Various Pension Committee Members and Officers of the Investment and Administration Panel	Pensions Legislative and Governance Context	Hymans, WPP Oversight Advisor	10 th December 2020
Principal Accountant Treasury & Pension Fund	Pensions Legislative and Governance Context	UK RI Roundtable	15 th December 2020
Pensions Service Manager, Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	LG Pensions Manager	17 th December 2020
Principal Accountant Treasury & Pension Fund	Pensions Legislative and Governance Context – Socially Responsible Investments	WPP RI Group	13 th January 2021
Principal Accountant Treasury & Pension Fund	Pensions Legislative and Governance Context – Socially Responsible Investments	Cross Pool RI Group	26 th January 2021
Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	All Wales Communication Forum	27 th January 2021
Pensions Service Manager, Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	Hymans	2 nd February 2021
Service Director, Pension, Procurement and Transactional Services, Principal Accountant Treasury & Pension Fund	Pensions Legislative and Governance Context	DG Publishing	3 rd February 2021
Service Director, Pension, Procurement and Transactional Services, Principal Accountant Treasury & Pension Fund	Financial Markets and Products Knowledge	DG Publishing	3 rd February 2021
Principal Accountant Treasury & Pension Fund, Senior Accountant, Pension Fund & Charities / Trust Funds	Pensions Accounting and Auditing Standards	CIPFA	15 th February 2021
Various Pension Committee Members and Officers of the Investment and Administration Panel	Financial Markets and Products Knowledge	Partners Group	24 th February 2021
Members of Pension Fund Investment & Administration Advisory Panel	Pensions Legislative and Governance	Fund managers	1 st March 2021

Audience	Area of Framework	Delivered by	Date
Members of Pension Fund Investment & Administration Advisory Panel	Financial Markets and Products Knowledge	Fund managers	1 st March 2021
Principal Accountant Treasury & Pension Fund	Pensions Legislative and Governance Context	UK RI Roundtable	9 th March 2021
Pensions Service Manager, Senior Team Manager (Pensions)	Pensions Legislative and Governance Context	Pensions Officer Group	12 th March 2021
Various Pension Committee Members and Officers of the Investment and Administration Panel	Pensions Legislative and Governance	Hymans, WPP Oversight Advisor	24 th March 2021

Risk

The primary objective of the Fund is to ensure that there are sufficient assets to match pension scheme liabilities, accrued in accordance with past and present LGPS scheme design. In evaluating the risks associated with this objective, the Fund through its governance arrangements and discussion with the appointed Actuary, produce a Investment Strategy Statement, a Funding Strategy Statement and agree prudent valuation assumptions on a triennial basis. Whilst recognising that scheme contributions, investment and liability discharge are by nature, long term, the 'Funding' position is nevertheless reviewed and progress monitored throughout each valuation cycle.

A robust approach to 'Risk Management' is a fundamental principle within the Fund's governance framework. To help discharge this responsibility, risks are identified, monitored and control measures implemented to help mitigate the likelihood or impact of such risks materialising. The Fund's Risk Register captures all risks, under the following categories; Funding, Investment, Governance, Operational and Regulatory. A copy of the RCT Fund's Risk Register can be obtained from the Fund website.

The Fund operations are subject to annual audit by both external and internal audit parties, where the robustness of our control mechanisms, procedures and accounting are independently scrutinised and reported to audit committee.

The Fund also participates in the National Fraud Initiative (NFI), where substantial data matching exercises are conducted across government data sources, identifying items requiring further investigation.

Partners

Scheme Actuary - Aon Hewitt Limited

The primary role of the actuary is to provide the fund with information about the fund's liabilities and the best way of meeting these liabilities. A valuation of the fund takes place every three years that enables the actuary to calculate liabilities versus the fund's assets. The actuary will then recommend appropriate contribution rates for employers to help prevent any future shortfalls.

Hewitt were appointed as the scheme's actuary in October 2003.



Fund Managers

The investment of the Pension Fund's assets is the responsibility of external Fund Managers appointed by the Fund. These Fund Managers are given specific mandates and performance targets, which are monitored by the Rhondda Cynon Taf Investments Panel at quarterly meetings.

Baillie Gifford Asset Management

Baillie Gifford is an Edinburgh based investment management partnership founded in 1908. They were appointed by the fund to manage global equities in 2005, and now have two separate equity mandates.



BlackRock Investment Management

BlackRock is one of the largest asset management firms in the world, across a broad range of investment assets. They were appointed to a UK equity mandate by the fund in 2010.



BMO Global Asset Management (Formerly F & C Management)

BMO Global Asset Management is a major asset management company and a leading authority on responsible investments. Their relationship with the fund originally dates from 1994, and they currently manage a global bond mandate.



CBRE

CBRE is the world's leading commercial real estate advisor. They have managed a property portfolio for the fund since they acquired the previous manager ING in October 2011.



State Street

State Street is a leading U.S. based provider of financial services to institutional investors. State Street provides a custody and performance measurement service for the RCT Pension Fund



Audit Wales

Audit Wales is independent of government and is responsible for the annual audit of some £20 billion of annual public expenditure. Its mission is to promote improvement, so that people in Wales benefit from accountable, well-managed public services that offer the best possible value for money.



AVC Provider - Prudential

Prudential were appointed as the fund's Additional Voluntary Contributions (AVC) provider in 2002, and as a leading Local Government AVC provider, they work closely with our Pensions Section in ensuring members are aware of their options in topping up their existing pension provision.

Fund Legal Advisors - Eversheds



Bankers to the Fund - Barclays



Link Fund Solutions Ltd

The FCA authorised operator of the Wales Pension Partnership appointed January 2018



Further information

More information about the Scheme can be found in the Members Guide available at www.rctpensions.org.uk

Contributors' Contact Information

For information about the Local Government Pension Scheme and pension matters in general please contact:

The Pensions Helpdesk	<p>☎ 01443 680611 ✉ pensions@rctcbc.gov.uk</p> <p>or write to: Director of Finance and Digital Services Pension Section, Rhondda Cynon Taf County Borough Council, Bronwydd, Porth CF39 9DL</p>
Pensions Administration Policy	<p>Mr Ian Traylor Service Director Pensions, Procurement & Transactional Services</p> <p>☎ 01443 680611 ✉ ian.d.traylor@rctcbc.gov.uk</p>
Fund Investments	<p>Miss Yvonne Keitch Principal Accountant, Treasury and Pension Fund Investments</p> <p>☎ 01443 680611 ✉ yvonne.keitch@rctcbc.gov.uk</p>
Pension Fund Accounts	<p>Mrs Vanessa Thomas Accountant, Treasury and Pension Fund</p> <p>☎ 01443 680611 ✉ vanessa.g.thoma@rctcbc.gov.uk</p>
Pensions Presentations or Training Sessions	<p>Mrs Catherine Black Senior Team Manager</p> <p>☎ 01443 680611 ✉ catherine.black@rctcbc.gov.uk</p>