

RHONDDA CYNON TAF COUNCIL RCT PENSION BOARD

Minutes of virtual the meeting of the RCT Pension Board held on Monday, 26 April 2021 at 10.00 am.

RCT Pension Board Members in attendance:-

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

Angela Pring – Member Representative (Actives/Deferred)

Rob Whiles – Member Representative (Actives/Deferred)

David Francis – Pension Board Employer Representative (Coleg y Cymoedd)

Officers in attendance:-

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

Ms Y Keitch, Senior Accountant Pensions And Treasury Management

Mrs S Handy – Members' Researcher & Scrutiny Officer

County Borough Councillors in attendance:-

93 DECLARATION OF INTEREST / CONFLICTS / CONFIDENTIALITY

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

94 MINUTES OF THE PENSION BOARD AND MINUTES OF PENSION FUND COMMITTEE

The minutes of the RCT Pension Board meeting on the 20th January 2021 were **APPROVED** as an accurate reflection of the meeting.

95 MATTERS ARISING

The Service Director – Pensions, Procurement & Transactional Services provided Board Members with the following updates resulting from the 20 January 2021 minutes:

- Page 4; The Service Director – Pensions, Procurement & Transactional Services confirmed that the GAD valuation had been completed and that the response was positive;
- The Service Director – Pensions, Procurement & Transactional Services confirmed that discussions in respect of the increased state pension age were still ongoing;
- Page 5; It was confirmed that the Welsh Pension Board chairs engagement day would be held this coming Thursday;
- The Senior Accountant Pensions & Treasury Management officer confirmed that the WPP Joint Committee report will be going to full Council in June;
- Page 7; The Senior Accountant Pensions & Treasury Management officer confirmed that the WPP prospectus does not need to be re submitted;
- Page 9; The Aon IT survey was referenced and it was confirmed that the Service Director – Pensions, Procurement & Transactional Services

would chase an update on this and report back to the Board.

Action points from the 20th January 2021:

Minute 84; It was confirmed that the Funding as at 31st March 2019 was **98%**; Funding at 30th June 2020 **106%**; Funding at 30th Sept **105%**; Funding at 31st Dec **111%**; 31st March 2020 **88%**.

Minute 92: Nothing received. The Service Director – Pensions, Procurement & Transactional Services will raise with Actuary at next update meeting. It was also confirmed that the draft calendar of meetings dates to be presented to Members is still ongoing.

96 INVESTMENT & ADMINISTRATION ADVISORY PANEL

The Board was provided with an update in respect of the minutes of the Rhondda Cynon Taf Pension Fund Investment & Advisory Panel held on the 1st March 2021.

The Senior Accountant Pensions & Treasury Management reported that the overall value of the Fund increased from £4,040 million (30th September 2020) to £4,417 million (31st December 2020). The overall return of the Pension Fund for the quarter ending 31st December 2020 was 3.0% ahead of a scheme benchmark of 6.5%.

Board members were referred to the three year performance figures of active Managers. The Board noted Baillie Gifford's outstanding Performance. The Fund's performance in total over the medium term has financially benefitted employers. The Senior Accountant Pensions & Treasury Management also referred to the presentation of Baillie Gifford and CBRE.

It was noted that over 65% of the Fund assets are now invested with the Wales Pension Partnership.

In respect of skills and knowledge, the Service Director, Procurement & Transactional Services informed the Board there had been a lot of on-line training undertaken in the last quarter. An email had been circulated to the Panel with training and workshops available through the PLSA.

Board noted that there were no Breaches to report to the Pensions Regulator during the reporting period.

Discussions ensued and **the** Service Director, Procurement & Transactional Services updated the Board in terms of governance arrangements. It was noted that Chair of Pension Board had supported the Internal Audit compliance review against the Regulator's 'Governance and administration risks in public service pension schemes: an engagement report' on behalf of the Pension Board. The fieldwork scope had been expanded to also provide reassurance on key processes during 'lockdown' arrangements. The report was concluded during March 2021.

Board were informed that the 'Year End' processes had commenced, it was noted that Terms of reference for the 2021 Year End Accounting had been circulated to relevant Employers.

In respect of Communications, the Service Director advised the Board that the

Employer Communication forum held on 22nd February 2021.

Board Members were informed that whilst guidance was issued to Employers previously around Exit Cap applications, those relevant Employers will now be required to revert back to previous templates and estimates recalculated where necessary.

The Board also noted and discussed progress made around the I-connect implementation.

Board Members were then referred to the performance against the Fund's key service standards and discussed progress against key tasks

The Senior Accountant, Pensions & Treasury Management updated the Board on the Wales Pensions Partnership progress report. Board Members were informed that the prospectus of the WPP has been re-submitted to the FCA for the emerging markets (tranche 4) investment, the Responsible Investment overlay of the Global Opportunities Fund, and the UK Credit sub fund's alignment to its IMA. The transition date for the launch of the emerging markets tranche is now estimated as September 2021.

Following discussion, Board members **AGREED** to acknowledge the updated information.

97 **RISK MONITORING**

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

Board were informed that the risk register has also been amended to reflect;

- The risk category of 'operational' will be expanded to reflect ongoing changes/controls in place in terms of McCloud;
- Amended to reflect the progress of the valuation review
- 'adjust as necessary' added as per the suggestion of the Pension Board Chair
- Amended to reflect Pension Board Engagement days
- Amended to reflect the approval of the WPP voting policy at the December 2020 JGC and the impact of Brexit and voting rights.
- Amended to reflect the passive equity low carbon product investment.
- The wording 'and tested' added as per the suggestion of the Pension Board Chair
- Amended to reflect 'exit' regulations being revoked

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

98 **ALL WALES 'POOLING'**

The Senior Accountant Pensions & Treasury Management provided the Board with an update on the progress of the Wales Pensions Partnership. A discussion followed regarding an update on outstanding issues. An issue regarding the alignment of a prospectus was discussed and while the Board was given various assurances it was concerned over the time taken to deal with the matter.

Board members were informed that the prospectus that was re-submitted to the FCA for the emerging market tranche, responsible investment overlay and the UK credit sub fund alignment had been approved on the 25th March

Robecco, the WPP voting and engagement provider is now actively voting WPP shares using its standard voting template. The WPP currently in the **process** of developing their own bespoke policy. The Senior Accountant Pensions & Treasury Management officer agreed to share this bespoke policy with Board members in due course. It was also confirmed that further discussions regarding the policy will take place on the WPP engagement days.

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

99 **KNOWLEDGE AND UNDERSTANDING FRAMEWORK**

The Service Director, Pensions, Procurement & Transactional Services referred Board Members to the training undertaken to date by the Board.

The Board agreed to send the Service Director, Pensions, Procurement & Transactional Services a list of any training requirements to add to the list on an ongoing basis.

Members also agreed to note that the National Annual Chairs event would be taking place on the 21st June.

It was agreed that a list of future dates would be circulated to Board members accordingly.

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

100 **COVID GOVERNANCE UPDATE**

Members were provide **with** verbal reassurance to the Board around Governance arrangements and any lessons learned as a result of the Covid circumstances.

Board members were informed that officers are still working remotely and that this is still the medium-term plan. Board members were reassured that this has been an effective model so far. It was however noted that officers are allowed into the office for certain activities. It was also noted that there are certain restrictions when it comes to training new staff, however, Board members were reassured that other forms of engagement have successfully been put in place.

Following discussion, Members **RESOLVED** to note the update.

101 **LEGISLATIVE AND ADMINISATRATIVE ISSUES**

- *Pension Regulator 'Single Code'*
The Service Director of Pensions, Procurement & Transactional Services advised the Board that the department is currently considering any implications of the new 'single code' and that events with the Pensions

Regulator representative had been attended.

- *Pension Regulator Survey (circulate submission)*
The Service Director of Pensions, Procurement & Transactional Services advised the Board that the survey has been completed jointly with the Chair of Board prior to the Fund's submission.
- *SAB 'Good Governance'*
The Service Director of Pensions, Procurement & Transactional Services provided an update and agreed to share the link to the SAB Website with Board members.
- *Employer Flexibility on 'Exit Payments'*
The Service Director of Pensions, Procurement & Transactional Services confirmed that this has been discussed throughout the meeting.
- *Internal Audit Report*
The Service Director of Pensions, Procurement & Transactional Services informed members that the review feedback was positive and provides the Fund with appropriate reassurances. There were minor recommendations in respect of the need to seek members of the fund views of the service being received and that this will be something to consider in future practice.

Following discussion, Board Members **RESOLVED** to note the legislative update.

102 **CASHFLOW PROJECTION**

Board members received an update on the Fund's 'cashflow' review. The Service Director – Pensions, Procurement & Transactional Services advised Board members that given the maturity of the Fund, the department will monitor and manage its cashflow over the medium-term in accordance with the projections provided.

Board members were referred to page 77 in the report and discussions ensued in respect of open and closed schemes and the estimated future cash flows of the fund.

Following discussion, Members **RESOLVED** to note the cashflow projection.

103 **ENVIROMENTAL, SOCIAL & CORPORATE GOVERNANCE**

The Senior Accountant Pensions & Treasury Management provide Board members with a verbal update in respect of ESG matters.

It was noted that the ESG **would** be taken into account on an ongoing basis.

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

The Board was informed that the Fund is committed to a carbon transition and to the parallel process of reducing fossil fuel exposure.

Board members were reassured that ESG is something that will be continually

monitored and welcomed the proactive engagement with 'Friends of the Earth'.

Following discussion, Board members **RESOLVED** to note the update on environmental, social and corporate governance.

104 ANY OTHER BUSINESS

Board members were informed that diary markers will be sent out noting the meetings ahead during the 2021-22 Municipal Year.

This meeting closed at 12:50pm

**MR H. COOMBS
CHAIR.**