

Rhondda Cynon Taf County Borough Council Pension Board

Minutes of the meeting of the Pension Board held on Wednesday 15th July 2015, at the Rhondda Heritage Park

Present

Hugh Coombs (Chair)	Employer Representative (University of South Wales)
Gwyn Williams	Employer Representative (South Wales Police)
Angela Pring	Member Representative (Actives / Deferred)
Rob Whiles	Member Representative (Pensioners)

Also in Attendance

Ian Traylor	RCTCBC Support
Stephanie Davies	RCTCBC Support
Hannah Williams	RCTCBC Board Admin Support

1. Introductions / Board Support & Resourcing Arrangements.

The Chairman took the opportunity to introduce himself and welcome the Pension Board members to the first meeting. Everyone had the opportunity to introduce themselves and confirm their respective roles. The Chair explained that whilst initial training had been provided, as the establishment of a Pension Board is a new requirement, certain aspects will inevitably develop over time.

Mr I. Traylor, Head of Service, Pensions, Payroll and Payments, Rhondda Cynon Taf CBC explained that Ms H. Williams would be contactable for any administration support for the Board, including processing papers and ensuring members receive them in advance of each meeting. It was explained that agendas and minutes would be published in accordance with the Regulator 'Code of Practice', and that a suitable budget code has been established to record Pension Board expense. Mr Traylor clarified that both himself and Mrs S. Davies, Head of Education and Financial Reporting, Rhondda Cynon Taf CBC as substantive members of the Investment and Administration Panel would be available to provide information and support to the Board, and facilitate any feedback to the Pension Panel as required by the Board.

2. Board Governance Policy / Terms.

The Chair declared the importance of the 'Terms of Reference', drawing particular emphasis to the word 'function', explaining that their key role is to assist the Council as Administration Authority. He advised the Board to remind themselves of the three key functions:-

- 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.

Mr G Williams requested clarity in relation to the Board's escalation of potential issues, in response Mr Traylor and Mrs Davies referred to the Fund's Governance hierarchy diagram. Members of the Board queried the term of office duration in respect of the Chair, questioning whether two years was long enough for the new role to be established. The Chairman confirmed he had the support of the University for 2 years as an employer representative. The Board were advised by Mr Traylor that this was the initial term determined by Council but could be extended at the end of the two year period. The Board concluded that the point should be revised to state the 'effectiveness' of the Chair and not the 'role'. The Chair drew attention to how essential the continuity of agenda and publication of minutes is for the relevant Directors to evaluate the effectiveness the Chair.

Action: To address minor change in wording in the Terms of Reference, to include clarity on reporting lines.

The Board queried the continuity issues of Officers' attending future meetings, suggesting that there be a standard attendance requirement. Mr Traylor confirmed that both he and Mrs Davies would be available for every meeting. Mrs Davies added that other specialist officers could be requested to attend depending on the Board's own workplan topics.

The Board resolved that the frequency of meetings should be increased to four per annum to coincide those of the Pension Panel.

The Chair outlined the Code of Conduct and Conflict of Interest policies, highlighting that they are representatives of all Scheme Members and Employers and not just individuals.

The Board, subject to minor amendments as above, agreed to formally adopt the Terms of Reference, Code of Conduct and Conflicts of Interest Policies.

3. Declaration of Interest / Conflicts.

The Chair called for any Declaration of Interests. Members had no interests to declare in matters pertaining to the agenda.

Action: Board Members to receive appointment letters, requiring the completion of 'Personal Interest Declaration forms'.

4. Annual Fund Investment Performance Update.

The Chair introduced the Board to Mr David Cullinan, WM Company. Aided by an information booklet, Mr Cullinan presented the Fund annual performance report where the Board were given the opportunity to ask questions and provide relevant feedback. There was extensive discussion and various questions concerning the portfolio including the developing situation with China and the performance on commercial property. The Chair highlighted the importance of Mr Cullinan's contribution to the meeting, and suggested that it may be appropriate for Mr Cullinan to help support the Boards training and awareness requirements in the future.

Mr Cullinan was thanked by the Chair and he left the meeting.

5. Investment & Administration Panel.

The Chair encouraged the Board to put forward any questions or feedback to the two Panel members in respect of their meeting of Monday 6th July 2015.

- **Item 12 (11.2) – Non Payment of Deficit Contributions by Admitted Body** - Members pointed out that this was a clear breach of their employer responsibility and questioned the action taken by the Panel. Mr Traylor explained the background he assured the Board that the employer had provided a commitment to resolving the issue. Mr Traylor explained that each situation is unique and due to action being taken, the situation will remain closely monitored by the Panel. The body in question was noted as being very small. The Board was satisfied with the action taken to date, however requested an update at the next meeting.
- **Item 12 (11.9) – Pensions Reform 'Pensions Flexibility'** - The Board challenged the risk areas of the scheme, particularly in respect of potential increases in transfer out requests. Mr Traylor explained that whilst they cannot prevent members transferring out their accrued benefit, the LGPS has set risk prevention criteria which must be satisfied before a transfer is agreed, for example, confirming that the member has sought suitable

Financial advice. Mr Traylor assured the Board that this criteria is being followed and is continually monitored. Whilst interest in transferring has increased, actual transfers concluded still remain low in number.

- **Item 5 – Global Bonds** – The Board enquired why there is no return for overseas bonds, Mrs Davies replied that she would clarify and come back to the Board.

Action: Mrs Davies to provide feedback to Board

- **Item 7 – Financial review of Fund Managers** – Mr Traylor explained that there are a number of attributable factors that determine Fund Manager fees, for example the period of time with the Fund Manager, the point at which the RCT Pension Fund bought into the managed fund. The Board enquired how long the Fund has been with its current Fund Managers.

Action: Mrs Davies to provide feedback to the Board

- **Item 9 – Skills and Knowledge Framework** – It was agreed that where training or awareness events are identified which are suitable to both Panel and Board Members that joint arrangements would be explored.
- **Item 10 – Pension Fund Risk Register** - The Board requested information regarding the risk monitoring process. It was explained that the risk register is monitored monthly by the Pension Fund Working Group and reported to Panel every quarter, any significant matters reported to the Council's Section 151 Officer immediately.
The Board suggested that reordering the register, starting with higher risk items may be of benefit to those responsible for reviewing and monitoring the risks.
The Board requested background on the Pensions Service business continuity plan and were satisfied that the arrangements in place would help mitigate service disruption.
- **Item 12 – Pension Regulator Code of Practice** - Mr Traylor explained that the Pension Fund Working Group had assessed the RCT Fund's compliance against the Pensions Regulator 'Code of Practice'.

Action: The Chair requested that detail of the analysis be provided for the next Board meeting.

6. Risk Monitoring.

It was established that Risk Monitoring was covered in the previous Item.

7. Board Communication.

The Board agreed to share contact details in order to discuss any potential agenda items or feedback in advance of the meetings. It was concluded that this would be time efficient as Board meetings are not frequent.

8. Fund Audit Reports.

The Board considered a March 2015 Internal Audit report regarding the establishment of a Pension Board, and also considered the ISA260 report of the External Auditor.

The Board sought clarification of the frequency of review, Mr Traylor explained that the Service was subject to annual reviews to support the Pension Fund accounts and are scrutinised by the Council's Audit Committee.

The Chair concluded that he was happy with the reports and procedures and referred to the next item.

9. Internal Dispute Resolution Procedure (IDRP) Cases.

The Board familiarised themselves with the number and type of appeals in progress and the procedure to deal with such cases. Mr Traylor assured the Board that the number of Fund appeals received is extremely low, there are no obvious patterns to the cases; however, appeals are inherent given the complexity of the scheme.

10. Knowledge and Understanding Framework.

The Board discussed the options available to ensure that this important requirement is maintained. It was agreed to review the LGA 'Board Member' training material and ascertain whether there are any gaps or further awareness sessions required on specific topics and to update this individual log as their training progressed.

Mr Traylor also mentioned the 'trustee toolkit' available on the Pension Regulator site as a useful resource. The Board agreed that this would be an extra way of demonstrating their growing understanding and it was resolved that they would each be sent the relevant links via email to complete in their own time.

The Board agreed the necessity to maintain a central record of training and awareness events received, similar to that of the Panel.

The Chair determined that this item must be a standard agenda item for the Board.

Action: Mr Traylor to send out the web link to the Pensions Regulator 'Trustee toolkit'.

11. Review of Future Panel Agendas.

It was reiterated by the Chair that there will be standard agenda items in the future; Knowledge and Understanding, Audit Reports and Risk Monitoring were determined as key.

The Board decided that any issues they may wish to discuss would be relayed to the support officers prior to the Board meeting, to ensure they are covered on the agenda.

It was confirmed that the Board will be invited to attend the Fund AGM and reference to their new role will also be included in the Fund Annual Report.

12. Future Meetings.

The Chair confirmed that the next meeting of the Pension Board would be held in October 2015 following the next Panel meeting. The Chair reiterated the need to show the Board's continuous active participation.

13. Any Other Business.

It was suggested that it may be beneficial for Board members to familiarise themselves with all policy documentation. It was resolved that these would either be presented to them between formal meetings of the Pension Board or circulated prior as an agenda item.

The Chair gave thanks to everyone for attending and the meeting closed at 4:30pm.

**HUGH COOMBS
CHAIR**