

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**PENSION BOARD**

Minutes of the RCTCBC Pension Board held on Thursday 5th November, 2015, at Llantrisant Leisure Centre.

Board Members In attendance:-

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)

Officers In attendance:-

Ian Traylor	RCTCBC Support
Stephanie Davies	RCTCBC Support
Catherine Black	RCTCBC Support
Emma Wilkins	RCTCBC Admin Support.

14 WELCOME

The Chairman welcomed everyone to the meeting and for the benefit of new attendees, introductions were made.

15 DECLARATION OF INTEREST.

There were no declarations of personal interest made in matters pertaining to the agenda.

The Chairman queried whether all Members had received their appointment letters with the necessary 'Personal Interest Declaration Form' and if all members had returned the required paperwork.

It was **AGREED:-**

- a) That Members would check whether they had returned the Personal Interest Declaration Form.
- b) Officers to check whether returns have been received by HR.

16 MINUTES

AGREED to approve as an accurate record the minutes of the meeting of the RCTCBC Pension Board held on the 15th July, 2015 subject to the following amendments:-

- Hugh Coombs (Chair) - Employer Representative (University of South Wales).

Following discussions on the format of the Minutes, it was **AGREED:-**

- a) That an action point summary be provided at the end of the minutes.

17 MATTERS ARISING

- Minute 2 – It was confirmed that the Terms of Reference for the Board had been amended following the discussions on the 15th July, and had been circulated for information. The Chairman reminded Members that the Board would now meet on a quarterly basis.
- Minute 5 (item 12.(11.2)) – In respect of an update on non payment of Deficit Contributions by admitted body, officers confirmed that this would be covered under the day's agenda.
- Item 5 – Global Bonds – officers advised that there had been an error in the table which had now been addressed.
- Item 7 – Financial Review of Fund Managers – Members were provided with feedback in respect of Fund Managers and advised that information on this issue would also cover part of the next agenda item. Officers were asked what process and actions were taken by the Panel during periods of underperformance, with specific reference to the recent turnaround of underperformance by a Fund Manager .

It was **AGREED**:

- a) That further details on the timescales and action in relation to the Fund Manager to achieve the required level of performance to be provided back at the next meeting, including the provision of graphs illustrating benchmarking against performance.
- Item 12 - Pension regulator Code of Practice - officers confirmed that this would be covered under the day's agenda
 - Minute 10 – It was confirmed that the Regulator 'trustees toolkit' website address had been circulated and Members commented upon the website and the training models available, which would assist Members in their role.

18 INVESTMENT & ADMINISTRATION PANEL

The Board considered the Investment and Administration Panel meetings of the 25th September, 2015 and made the following observations.

- 3.1 – Members queried the reason for the decrease in the overall value of the fund and suggested that further narrative on the reasons contained within the panel minutes would have assisted Members. Officers advised that the decrease was in relation to the timing of the large transfer out of the Pension Fund to the Greater Manchester Pension Fund in respect of the National Probation Service. Following Discussions it was **AGREED**:
 - a. That Brief explanations to be provided at each Board explaining key reasons for movements in valuation of Fund.
- 3.2 – Clarification was sought on the minus 3.2% and Officers confirmed that this was a comparative figure for this period. Officers explained that global austerity actions can impact on market confidence and result in a negative benchmark. During this particular reference period equity indices came under particular pressure

as the Greece debt crisis reemerged and reference was also made to issues with the Chinese economic performance which were arising.

- 3.3 – Following a query on the time period, officers explained the reason for the 3 year monitoring period, advising that although the panel monitored on a quarterly basis to capture the fluctuations, the Panel's focus was on the longer term performance.
- 4.3 – Members of the Board queried the fall in forecasted return during 2016 – 2018 and it was advised that the figure of 17.8% in 2014 was a lot higher than originally forecasted. It was added that the rate of return was reducing but this was still positive performance.
- 5 – Members discussed the investment report of a Fund Manager and discussed passive investment and officers **AGREED**
 - a) To confirm the return for the fund after the Fund Manager fees.
- 7.3 – Members commented on the self assessment tool and it was **AGREED:-**
 - a) That once the self assessment toolkit was developed for the Investment and Administration Panel, it should be brought to a future meeting of the Board.
- 8.2 – Following a query, officers confirmed that the issue relating to an Admitted Body had been resolved; however a further query was raised regarding another Admitted Body late payment. Members were advised that although the Admitted Body were paying annually, although in future they would move to monthly payments. Officers added that KPMG were advising the Employer of their pension liability. It was **AGREED:**
 - a) That Members would be kept updated of the position in respect of the Admitted Body in question.
- 9.7 -Officers confirmed that the fund had dispatched the Annual Benefits Statements for its members by the required statutory timescales, and it was added that only 7 Pension funds out of 73 had achieved this timescale. It was **AGREED-**
 - a) That the Boards thanks be passed to all of the team involved for their efforts in this area.
- 9.8 – Members commented on the issue of 30,000 queries for the GMP reconciliation and officers advised that this would be picked up further in the agenda.
- 9.9 – Members noted the date of the Annual Pension Fund AGM and it was **AGREED:-**
 - a) That official invites to the AGM be circulated to Board Members.
- 10 – Members of the board discussed the announcement by the Chancellor at the Conservative Conference in October on the Wealth funds and pooling arrangements for the Local Government Schemes. Officers commented on the Welsh Treasurers Response to the DCLG and the preference for a Welsh common investment vehicle.

19 EXTERNAL AUDIT REPORT & STATEMENT OF ACCOUNTS 2014/15

The Chairman clarified the Boards role in respect of the reporting of the Statement of Accounts, acknowledging that they were reported as a position statement to the Board. Members commented on aspects of the statement, questioning whether progress was being made towards stability of the fund in respect of liabilities, and also commented on the significant change made with employment contributions.

Members discussed the Contributions Receivable and Benefits Payable within the statement of accounts and discussed the Voluntary Early Retirement and Voluntary Retirement schemes and their effects on the Liability of the fund.

Members concluded their discussions by commenting on what was seen as a positive audit report and that these comments by the Wales Audit Office highlighted that there were no significant issues arising from the audit undertaken.

Members **AGREED:**

- a) To note the contents of the report.

20 PROPOSED WORK PROGRAMME REPORT.

The Chairman referred Members to the proposed work programme for the Board and provided some context in respect of the items suggested for consideration, adding that it had been drafted to be both realistic and achievable with relevant action and deliverables, in accordance with the Boards statutory requirements. The Chairman added that possible training needs associated with the work of the Board had also been included. The Chairman emphasised that the work of the Board was to compliment the work already being undertaken by officers and not to increase officer workloads.

Mr I Traylor commented that the Plan looked to reflect the Pension Panel work (and dates) and would aim to provide reassurance and awareness to stakeholders.

Members commented positively on the Plan and spoke of a few areas with particular focus on Communication, Additional Voluntary Contributions and training needs including discretionary policies.

Members **AGREED:-**

- a) To utilise the Draft as the Work Plan for the Board.
- b) That the Pension Fund Newsletter be brought before the Board at its next meeting for comment before publication
- c) That member information in respect of AVC's be reviewed and outcomes of the review be provided to the Board for feedback
- d) Training needs of the Board to be discussed by the Chairman and Mr I Traylor with a further update to be provided at a future meeting.
- e) Briefing to be provided to the Board on discretionary policies
- f) Members training and briefings to be captured on the Action Plan.

21 RISK MONITORING – SUMMARY OF PENSION FUND RISKS.

Members of the Board discussed the Risk Register before them and were advised that the same report was also reported to the Pension Panel. Members commented on the two changes as highlighted within the report, and also commented on the need for the register to reflect the conflicts of interest for both the Panel and the Board. Members discussed the

testing of the control measures and spoke of the assurances needed that the control mechanisms were in place. One Member also commented upon the 30,000 initial queries identified through the GMP reconciliation exercise and it was queried whether this was a risk and whether it should be included on the register. Officers agreed that this should be added to the register, due to the liability on the fund if the reconciliation was not undertaken. Officers also advised that the risk associated with resource implications were also raised at the Panel meeting.

Following discussions it was **AGREED**:-

- a) Governance - The conflicts of Interest of both the Panel and the Board to be added to the Risk Register
- b) Internal Audit of Control Measures to be taken forward
- c) GMP Reconciliation and resource implications to be added to the Register.

22 PENSIONS REGULATOR 'CODE OF PRACTICE'.

Offices advised Members of the arrangements in place in respect of governance and administration of the public service pension scheme and the new Regulator 'Code of Practice' which was reviewed by the Fund's working group in February 2015, to ensure compliance and identify areas for improvement. Members considered the report and commented on its benefits in assisting with populating the Boards Work Plan. Following discussions it was **AGREED**:-

- a) That the Draft 'Reporting Breaches Policy' be circulated to all Board Members for comment
- b) That the chairman co-ordinates Members comments on the draft policy and provide feedback to officers
- c) An update on the Ombudsman cases be provided at the next meeting

23 REGULATORY / CONSULTATION UPDATE

Through the aid of a PowerPoint presentation, Members were provided with an update on current legislative changes and consultations from the RCT Pension Communications Manager. Members were advised of legislative changes in respect of Annual Allowance, Lifetime Allowance, Employer Cost cap, Freedom & Choice, Changes to State Pension, Consultation on Pension Tax Changes and CPI.

Members questioned how the Pension Fund were communicating the changes to the Annual Allowance and Life Time Allowance to its members and it was advised that the Prudential had seminars on this topic previously and arrangements were being discussed to coordinate similar sessions in the New Year. It was reiterated that the end of contracting out and consequent 'NI increases' would be communicated to individuals by the Fund Employers and not through the Fund. In respect of the proposed Employer Exit Cost Cap, Members queried the timescales involved and Officers advised that given the required legislative changes indications had been given to suggest a potential delay until October 2016. Members continued to discuss the pension early access costs within the proposed employer exist cost cap.

In respect of highly publicised Freedom and Choice the RCT Pension Communications Manager advised that whilst this did not directly affect the LGPS, additional vigilance is required on Fund transfers. The details within the presentation and the additional handout,

entitled 'Freedom & Choice – Transfers from the LGPS to Defined Contribution Schemes' were for information purposes only. The officer discussed the role of the All Wales Group, which was utilised to share concerns and best practice and Members commented that this was a positive sign of good governance arrangements, having an All Wales group in place. The Officer continued to advise Members of the CPI reference period resulting in a minus 0.1% figure and Members were reassured that the software providers had confirmed that the system could function with a minus figure and that the Heywood software provider had been procured.

In respect of Consultations, officers referenced the current consultation being undertaken by the Treasury and it was **AGREED**

- a) That the links to this consultation be circulated to the Board, for members to determine whether the Board needed to respond, via the Director of Legal Services.
- b) The Board also to have access to future consultations.

24 KNOWLEDGE AND UNDERSTANDING

Members discussed the development record available and one Member commented on her experience of using the trustee toolkit. Following discussions it was **AGREED**:-

- a) That Members keep their summary of training and to log the training with officers
- b) That David Cullinan's presentation, the LGA training and today's PowerPoint presentation 'Legislative Changes' be added to the framework.

25 DATE OF NEXT MEETING.

Before closing the meeting the Chairman thanked both Members and Officers for attending and it was **AGREED** that:-

- a) A Meeting of the Board be convened for mid January
- b) An email suggesting potential dates be circulated to Members

PROFESSOR H.COOMBS

CHAIRMAN

This meeting closed at 1.30pm

**SUMMARY OF ACTION POINTS RESULTING FROM THE MEETING OF THE PENSION BOARD ON THE
5TH NOVEMBER, 2015.**

MINUTE	ACTION	RESPONSIBLE MEMBER / OFFICER	STATUS
15	Members check whether returned the Personal Interest Declaration Form and officers to check with HR	All Board Members / SD	Reminder issued to one Board Member
16	Amendment of the minutes 15.07.15 and publication on the Fund website	E W (minutes) IT (Publication)	Complete
16	Action Point summary be provided at the end of the Minutes	EW	Complete
17	Further details on the timescales taken for a Fund Manager to achieve the required benchmark to be provided back at the next meeting, including the provision of graphs illustrating benchmarking against performance.	IT SD	Complete
17(a)	To provide brief explanation of key reasons for movements in the fund value at each meeting	SD	Complete
18 (5a)	To confirm the return to the fund after the Fund Manager fees.	IT SD	Complete
18 (7.3a)	Once the self assessment toolkit was complete it should be brought to a future meeting of the Board.	IT SD	On-going
18 (8.2a)	Members be kept updated of the position in respect of late contribution payments.	IT SD	On-going
18 (9.7 a)	The Boards thanks be passed to all of the team involved for their efforts in this area. (ABS distribution)	IT SD	Complete
18(9.9a)	Official invites to the AGM be circulated to Board Members.	IT SD	Complete and all members attended
20a	Utilise the Draft as the Work Plan for the Board.	Members	On-going
20b	The Pension Fund Newsletter be brought before the Board at its next meeting for comment before publication	IT SD	Complete
20c	Member information in respect of ABS, AVCs be reviewed and outcomes of the review be provided to the Board for feedback	IT SD	Complete
20d	Training needs of the Board to be discussed by the Chairman and Mr I Traylor with a further update to be	HC IT	On-going

	provided at a future meeting.		
20e	Briefing to be provided to the Board on discretionary policies	IT SD	April'16 Board
20f	Members training and briefings to be captured on Action Plan	HC IT	Complete
21a	The conflicts of Interest of both the Panel and the Board to be added to the Risk Register	IT SD	Complete
21b	Audit of Risk Register Control Measures to be taken forward	IT SD	April'16 Board
21c	GMP Reconciliation and resource implications to be added to the Register	IT SD	Complete
22a	Draft 'Reporting Breaches Policy' be circulated to all Board Members for comment	IT SD	Complete
22b	Co-ordination of Members comments on the draft policy to be feedback to officers	HC	Complete
22c	Update on the Ombudsman cases be provided at the next meeting	IT SD	Complete
23a	Links to the Consultation be circulated to the Board, for members to determine whether the Board needed to respond.	IT SD	Complete
24a	Members keep their summary of training and to log the training with officers	Board Members	On-going
24b	David Cullinan's presentation, the LGA training and today's PowerPoint presentation 'Legislative Changes' be added to the training log.	IT SD	Complete
25a	A Meeting of the Board be convened for mid January	HC IT	Complete
25b	An email suggesting potential dates be circulated to Members	EW	Complete