

RHONDDA CYNON TAF PENSION BOARD

Minutes of the meeting of Rhondda Cynon Taf Pension Board held at The Pavilions, Clydach Vale on Thursday, 20th October 2016 at 9.30 a.m.

In Attendance:

Professor Hugh Coombs	Employer Representative (University of South Wales) and Chairman of the RCT Pension Board
Gwyn Williams	Employer Representative (South Wales Police)
Angela Pring	Member Representative (Actives/Deferred)
Rob Whiles	Member Representative (Pensioners)

Officers:

Ian Traylor	RCTCBC Support
Stephanie Davies	RCTCBC Support
David Cullinan	Advisor
Julia Nicholls	RCTCBC Admin Support

46 DECLARATION OF INTEREST/CONFLICTS/CONFIDENTIALITY

There were no declarations of personal interests/conflicts in matters pertaining to the agenda and the confidential nature of proceedings was noted

47 MINUTES

AGREED to approve as an accurate record, the minutes of the meeting of the RCT Pension Board held on 22nd April 2016.

Matters Arising – Minute 42 – That the Board receives further updates in respect of “My Pension Online”

48 SUMMARY OF ACTION POINTS RESULTING FROM THE MEETING OF THE PENSION BOARD ON 22ND APRIL 2016

The Board Members considered the summary of action points to have arisen from the minutes of the previous meeting held on the 22nd April 2016 and the status updates were noted.

49 ANNUAL FUND PERFORMANCE REPORT

Mr David Cullinan, Advisor, presented his comprehensive report in respect of the Performance Review to the end of March 2016 for Rhondda Cynon Taf under the following headings:-

- 2015/16 LGPS Returns
- Long Term Returns
-Equities

- Bonds
- Alternatives
- Property
- All assets
- Long Term Asset Allocation
- Fund Structure
- Performance Overview
- Performance Overview – Long Term
- Latest Year
- Latest year – Manager Performance
- Longer Term
- Key facts
- Relative Performance
- Latest Year
- Risk & Return – Absolute
- Risk & Return –Benchmark Relative

In conclusion Mr Cullinan summarised the RCT Pension Fund's performance review to the end of March 2016 which had been a positive performance demonstrating good returns for the fund, particularly over the medium term which are firmly ahead of benchmark.

Following discussion around the cashflow position of the fund and the impact of the 'Employer' terminations, it was confirmed that this is being considered alongside the Valuation exercise and would be discussed further at the next meeting of the Pension Board.

The Chair thanked Mr David Cullinan for attending the Pension Board and it was **AGREED** to:-

- 1) Note the current position in respect of the Annual Fund Performance Report.
- 2) Consider the cashflow position of the fund and the impact of the 'Employer' terminations at the next meeting of the Pension Board

50. **INVESTMENT AND ADMINISTRATION PANEL**

The Board Members received the minutes of the meeting of the RCT Pension Fund Investment and Administration Panels held on 20th June and 30th September 2016 and following consideration thereof, it was **AGREED** –

- (1) To note the minutes of the last two meetings of the Investment & Administration Advisory Panel;
- (2) To include an additional column on the table within the investment report of the Group Director, Corporate & Frontline Services to highlight the percentage of the fund managed;
- (3) To receive further information on the mandates for individual holding limits of the investment managers
- (4) To receive the information previously circulated in respect of Exit Payment Recovery and Exit Payment Caps;

- (5) To note the amendment on Page 15 of the Minutes of the meeting held on the 30th September 2016 which should read 31st March 2016 (not 31st December 2016 as set out in the Minutes);
- (6) To receive confirmation regarding the 5% limit on holding cash (CBRE currently holding cash on account);
- (7) To receive the link to the external auditor report on the Statement of Accounts.

51. ALL WALES 'INVESTMENT POOLING'

(With the agreement of the Chair it was agreed to consider the agenda item in respect of the All Wales 'Investment Pooling' at this stage).

The Director of Financial Services provided the Pension Board with a verbal update on progress being made towards the LGPS investment pooling arrangements on an all Wales basis. The update also included information on the Welsh Pool Governance arrangements.

It was reported that in recent years the opportunities for achieving efficiencies have been explored within the areas of funding and investment culminating in a report entitled 'Welsh Local Government Pension Funds; Working Together' being published. There followed a more detailed business case for the establishment of a common investment fund. In response to DCLG requirements for Investment Pooling across the national Local Government Pension Scheme, the Welsh funds proceeded to submit a Wales Pool proposal.

The Board was informed that the detailed response to DCLG in respect of an LGPS All Wales Investment Pool was formally submitted by the required date of 15th July 2016. It was explained that, to date no formal feedback has been received in response to the Wales Outline Proposal (it was confirmed that at this stage none of the LGPS pools has received formal feedback).

The Director of Financial Services outlined some of the characteristics of the pooling proposals, such as individual funds retaining control over setting their own investment strategies and robust governance arrangements which will oversee the Pool's activities and ensure accountability. The Board was informed that the Wales Pool proposes the establishment of Joint Governance Committee alongside a legally binding Inter Authority Agreement as well as the appointment of a Financial Conduct Authority (FCA) regulated operator to oversee the Pool via an appropriate pooling vehicle (such as an ACS – Authorised Contractual Scheme).

In respect of the Wales Pool governance arrangements a flow chart was circulated which demonstrated the proposals, to include the Pool Joint Governance Committee (comprising of Elected Members) supported by an Officer Working Group and an appointed third party operator.

Following the verbal update Pension Board members asked a number of questions in respect of the Wales Pool and in conclusion the Director of

Financial Services confirmed that work would continue to progress the establishment of the Pool and Joint Committee, the latter to be in place by around March 2017. He added that a Memorandum of Understanding would be presented to the Pension Fund Committee next week to allow for the creation of a Joint Chairs Group, effectively the Joint Governance Committee in shadow form and in an advisory role (i.e. no decision making powers).

Following discussions the Board **AGREED** to note the update in respect of the All Wales 'Investment Pooling' and associated governance arrangements.

52 RISK MONITORING

The Board was presented with an assessment of the risks associated with the RCT Pension Fund and the control measures in place.

Following consideration of the document presented, the Board **AGREED** to note the information

53 KNOWLEDGE AND SKILLS FRAMEWORK

Mr R. Whiles and Mr G. Williams informed the Board that they had completed the Pension Regulator's 'Trustees Toolkit'.

A discussion ensued regarding the merits of forthcoming workshops/seminars and the Board Members were advised to contact the Officers regarding any future training opportunities. It was **AGREED** to add to the list of 'Training Undertaken' the Annual Fund Performance Report by David Cullinan and the All Wales 'Investment Pooling' update by the Director of Financial Services, RCT, both of which had been received at today's meeting.

It was confirmed that the Chair had attended a CIPFA & Barnett event in June 2016 and that Board Member A. Pring had attended a Section 13 Workshop in September 2016 for the records to be updated accordingly.

54 GOVERNANCE

RCT Pension Fund Committee – The Head of Pensions, Payroll & Payments outlined the role of the Pension Fund Committee for the benefit of the Board. He explained that the Pension Fund Committee sits above the RCT Pension Fund Advisory Panel and is responsible for the strategic management of the RCT Pension Fund in accordance with its terms of reference, with all operational matters delegated to the Group Director Corporate & Frontline Services. The Committee comprises of 5 Elected Members with County Borough Councillor Mark Norris in the Chair. The Head of Pensions, Payroll & Payments advised that the Board Terms of Reference has been changed to reflect the new arrangements.

Reporting Mechanism – The Head of Pensions, Payroll & Payments advised that the Pension Fund Committee would receive regular feedback/updates from the Pension Board. He added that the Pension Fund Committee Minutes

are uploaded onto the Council website. It was confirmed that the forthcoming AGM would provide a networking opportunity for the Members of both the Pension Board and Fund Committee.

Investment Strategy – It was noted that there is a new regulatory requirement to formulate an ‘Investment Strategy Statement’ to replace the Fund’s existing ‘Statement of Investment Principles’ by the deadline of the 1st April 2017.

Funding Strategy Statement – It was reported that this is reviewed alongside the Valuation exercise, and will be circulated to Employers/Board for consultation prior to implementation on 01st April 2017.

Valuation – It was confirmed that the Valuation process is underway and will be finalised by the deadline of the 31st March 2017. The Actuary will provide an update at the Fund’s AGM in November.

55. MEMBER COMMUNICATIONS

- 1) Annual Benefit statement issued by statutory deadline** - Board Members were informed that the Annual Benefit Statements which have been issued by the statutory deadline, have raised few enquiries to date from employees via the Pension helpline. It was confirmed that information regarding the State Pension is no longer included on the Annual Benefit Statement.
- 2) Guaranteed Minimum Pension (GMP)** – An update was provided in respect of the small number of submissions received and it was **AGREED** that further information would be provided at the next meeting of the Pension Board.
- 3) Annual Allowance/Lifetime Allowance Letters** – It was confirmed that this has been completed and annual allowance letters have been issued to a number of scheme members. Board Members were informed that the lifetime allowance has reduced this year and details as to how it is calculated were shared. In an effort to ensure that everyone has been updated and informed of the annual lifetime allowance and the opportunity to apply for protection, a number of letters are being prepared for issue.
- 4) Auto Enrolment** – The Head of Pensions, Payroll & Payments informed the Board members that employees who previously opted out, are not remaining in the scheme following auto re-enrolment, although the experience of the largest Employer within the Fund would suggest a high level of participation already exists. There are also very few transfers out as a result of the new ‘Freedom of Choice’ options. It was emphasised that it was important to ensure that those who opt out / transfer out have sought the relevant and appropriate financial advice.

56. OTHER BUSINESS

The Chair reported that he had been contacted by letter by the Pension Regulator and he sought clarification from the Head of Pensions, Payroll & Payments as to the implications of the letter.

It was explained that the scheme manager must publish the relevant information such as the Terms of Reference, roles and responsibilities and tenure of the membership of the Board (two years with a possible extension) which has done so to the Pension website. It was clarified that the Pension Fund Committee information is published on the RCT Council website.

1) It was **AGREED** that the next Board meeting would take place in February 2017 and Board members informed accordingly.

**PROFESSOR H. COOMBS
CHAIRMAN**

The meeting closed at 1.30 p.m.

**SUMMARY OF ACTION POINTS ARISING FROM THE MEETING OF THE RCT
PENSION BOARD HELD ON 20 OCTOBER 2016**

MINUTE	ACTION	RESPONSIBLE MEMBER/OFFICER	STATUS
47	That the Board receives further updates in respect of "My Pension Online"	IT	
49 (2)	Consider the cashflow position of the fund and the impact of the Local Authority terminations at the next meeting of the Pension Board	IT	
50 (2)	To include an additional column on the table within the investment report of the Group Director, Corporate & Frontline Services to highlight the percentage of the fund managed	IT?	
50 (3)	To receive further information on the mandates for individual holding limits of the investment managers;	SD	
50 (4)	To receive the information previously circulated in respect of Exit Payment Recovery and Exit Payment Caps;	IT	Completed
50 (6)	To receive confirmation regarding the 5% limit on holding cash (CBRE currently holding cash on account);	SD	

50 (7)	To receive the link to the external auditor report on the Statement of Accounts.	SD	Completed
53	To add to the list of 'Training Undertaken' the Annual Fund Performance Report by David Cullinan and the All Wales 'Investment Pooling' update by the Director of Financial Services, RCT	IT	
55 (2)	Guaranteed Minimum Pension (GMP) –It was AGREED that further information would be provided at the next meeting of the Pension Board.		
56(1)	Arrangements to be made for next meeting to take place in February 2017	IT JN	