



RHONDDA CYNON TAF COUNCIL PENSION FUND COMMITTEE

Minutes of the meeting of the Pension Fund Committee meeting held on Monday, 25 March 2019 at 2.00 pm in the Council Chamber, The Pavilions, Cambrian Park. Clydach Vale, Tonypany, CF40 2XX.

County Borough Councillors - Pension Fund Committee Members in attendance:-

Councillor M Norris (Chair)

Councillor G Caple Councillor E Webster
Councillor L Hooper

RCT Pension Board Members in attendance:-

H Coombs (Chair)
A Pring, Member Representative (Actives/Deferred)
R Whiles, Member Representative (Pensioners)
D Francis, Employer Representative (Coleg Y Cymoedd)

Officers in attendance

B Davies, Director of Finance & Digital Services
Paul Griffiths, Service Director Finance and Improvement
I Traylor, Head of Pensions, Payroll and Payments
S Davies, Head of Finance, Education & Financial Reporting
Y Keitch, Principal Accountant, Treasury Management & Pension Fund

28 Apologies

An apology of absence was received from County Borough Councillor R. Smith.

29 Declaration of Interest

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

30 Minutes

It was **RESOLVED** to approve the minutes of the 17th December 2018 as an accurate reflection of the meeting.

31 Learning & Development

The Chair welcomed members of the RCT Pension Board to the meeting of the Pension Fund Committee in advance of extending a welcome to the representatives from the Fund's actuary, AON who were present to deliver a Power Point presentation in respect of the triennial valuation process under the following headings:-

- Valuation process
- Funding Strategy
- Valuation Hot topics

Following the presentation which provided a clear explanation of the funding strategy and the clear steer from CIPFA in respect of taking a longer term view of the funding strategy, Committee and Board members were provided with an outlook for the 2019 valuation.

Following the presentation, AON reported that going forward the data for RCT is positive with returns received in good time. The representatives responded to a number of queries from Members such as whether there is guidance from the Government's Actuary in respect of improving the scheme's viability. In response it was advised that there are Professional Standards that need to be adhered to in terms of compliance, consistency, solvency and long term cost efficiency although there was no reason for the individual investment and funding strategies to be identical.

The Chair thanked the representatives from AON for delivering their presentation and it was agreed that a copy of the slides would be circulated following the meeting.

32 Annual Review of Fund Governance and Strategy Documents

The Director of Finance and Digital Services presented his report in respect of the Fund Governance and Strategy documents which fall within the remit of the Committee as detailed in the terms of reference. The Director referred to a number of Governance and Strategy documents appended to the report which, in line with regulatory requirements, have to be maintained and reviewed by the Fund on an annual basis.

Within the Pension Fund Governance Policy Statement, the Director referred Members to the Rhondda Cynon Taf Pension Fund governance structure which highlights the number of stakeholders involved in the Fund. Clarification was sought in respect of the meaning of 'trustee training' and it was explained that it refers in the main to training delivered by the Local Government Association (LGA).

The Director pointed out that section 7 within the Investment Strategy Statement presents an up-to-date position on the Wales Pension Partnership (WPP) and section 8, an area which has previously been reviewed by Committee, now includes reference to the Fund's commitment to an orderly carbon transition, the Fund's membership to the Local Authority Pension Fund Forum (LAPFF) and the Fund's adherence to the principles of the Stewardship Code.

An explanation was provided in respect of the term 'entities' within the report *'that are connected with the Authority in line with Section 212 of the LG and Public Involvement in Health Act 2007'*.

The Director confirmed that there has been no change to the Council's Pension Fund Administration Strategy.

Following consideration of the Fund Governance and Strategy documents it was **RESOLVED** to approve them as appropriate.

33 Delegated Functions Report

The Director of Finance and Digital Services presented his report in respect of the key issues being addressed as delegated functions and as specified in the Pension Fund Governance Policy Statement.

The Director reminded Committee and Board Members that the investment performance is considered on a quarterly basis and the most recent as at 31st December 2018. During this quarter, the Fund reduced to £3,212 million (with an update from the Director at the meeting that the Fund has since increased to £3,313 million). Members were reminded that the Advisory Panel meets with Fund Managers and this quarter met with Baillie Gifford to discuss both mandates. He directed Members to the overall fund asset allocation on page 98 of the report which demonstrated an increasing exposure to property with measures in place to increase the Fund's current allocation to 10%.

In conclusion, the Director referred to the progress update relating to the Wales Pension Partnership (WPP) which confirmed that the first tranche of the WPP has been completed and the approach for the transition process for tranche 2 would shortly be agreed by the WPP. Members were informed that the Fund's fixed interest position is being reviewed to ensure the sub funds for fixed interest investments are suitable and in line with the Pension Fund's asset liability review with particular regard to UK exposure.

The Head of Pensions, Payroll and Payments provided an overview on administration issues such as reporting on the revision of the Funding Strategy Statement which is underway with the Actuary and would be reported in due course to the Pension Fund Committee. An update was provided in relation to the continued focus on Data Quality which had been highlighted at the AGM by the Regulator. It was reported that the Actuary has been approached to direct the local authority to those areas where data could be improved.

The numbers for Member Self-Serve (MSS) have increased slightly and further discussions around where improvements can be made to encourage take up such as a targeted campaign, are ongoing.

An update was provided in respect of the RCT Pension Board which last met on the 11th January 2019. It was reported that since the last meeting the Chairs of the RCT Pension Board and Pension Fund Committee have met and it has been agreed that both Committee and Board will have sight of the JGC papers once they are published and in advance of JGC meetings.

The Committee discussed employer engagement (which it was indicated has already been referenced at both the RCT Pension Board and at the Communications Forum) to consider ways of improving networking opportunities after the AGM and get the best out of the day's proceedings for all attendees.

In conclusion, the Director referred Members to a copy of the Local Authority Pension Fund Forum (LAPFF) quarterly engagement report which was appended to the report and specifically to the list of engagement topics. The Chair of the Pension Fund Committee advised that as he regularly attends the LAPFF meetings he would happily take forward any issues raised by members of the RCT Pension Board and the Pension Fund Committee.

It was **RESOLVED** to acknowledge and note the issues being addressed in the Delegated Functions report.

34 Risk Register Review

The Director of Financial and Digital Services presented his report in respect of the arrangements in place to manage risk within the Pension Fund.

Members were asked to note the updated risk register which reflects that the first tranche of assets (Global High Alpha Equities) transferring to the WPP has been completed, that a risk in relation to 'failure to complete GMP Reconciliation by December 2018' has been removed and that an additional risk has been added which reflects the 'Delivery of the Triennial Valuation'.

Following consideration of the updated Pension Fund Risk Register, it was **RESOLVED** to note the arrangements in place for the management of risk within the fund.

35 All Wales Pooling - Progress Update

The Director of Finance and Digital Services provided a verbal update at the meeting in respect of progress being made towards developing LGPS investment pooling arrangements on an all Wales basis.

He referenced items that would form part of the agenda for the Wales Pension Partnership Joint Governance Committee to be held in March 2019 such as the Wales Pension Partnership Work plan 2019/20 which will assist the WPP achieve its overall objectives and goals for the year and the development of a Responsible Investment Policy that will include the principles that will be incorporated into the policy for the WPP. The Director reported that these governance documents would provide focus and reassurance to the Committee and Board members going forward.

The Chair of the RCT Pension Board confirmed that his counterparts were drafting a response to the MHCLG consultation and in particular the role of pension boards as part of Pooling arrangements. The Chair of the Pension Fund Committee assured all members of the Board/Committee that key governance issues will continue to be discussed at the Joint Governance Committee and the Pension Fund Committee will be kept updated with progress in these areas.

RESOLVED to acknowledge the verbal update of the all Wales Pooling arrangements.

This meeting closed at 3.35 pm

**Cllr M Norris
Chairman.**