

Mae'r cofnodion hyn yn amodol ar gymeradwyaeth yng nghyfarfod priodol nesaf y Pwyllgor.
These Minutes are subject to approval at the next appropriate meeting of the Committee.

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL
PENSION FUND COMMITTEE

Minutes of the meeting of the Pension Fund Committee held at The Pavilions,
Clydach Vale on Thursday, 24th July 2018 at 2 p.m.

PRESENT

County Borough Councillor M. A. Norris – in the Chair

County Borough Councillors

G. Caple, R.W. Smith, L. Hooper, E. Webster

Officers in Attendance

Mr. C. Lee – Group Director, Corporate & Frontline Services

Mr B. Davies – Director, Financial Services

Mr. I. Traylor – Head of Pensions, Payroll & Payments

Mr T. Jenkins – Pensions Systems Administrator

1. DECLARATION OF INTERESTS

Members had no declarations of personal interests to declare in matters pertaining to the agenda (other than as members of the LGPS which was noted as being not a conflict insofar as the role of the Committee was concerned).

2. MINUTES

RESLOVED – To approve as an accurate record the minutes of the meeting of the Pension Fund Committee held on the 26^h March 2018.

3. TERMS OF REFERENCE AND GOVERNANCE STRUCTURE

The Director of Financial Services presented his report which set out the Terms of Reference for the Committee as set out at Appendix 1, the delegated functions to the Group Director, Corporate Services as set out at Appendix 2 of the report and the Fund Governance structure at Appendix 3 which included amendments to the former structure specifically to reference the Wales Pension Partnership Joint Governance Committee..

It was **RESOLVED** to note the Terms of Reference as set out in paragraph 3 of the report.

4. LEARNING AND DEVELOPMENT

The Head of Pensions, Payroll and Payments introduced Mr Tim Jenkins who was present to provide a demonstration of the Members Self Service system.

Additional information was circulated at the meeting which included a list of competencies to be reviewed by Committee as considered appropriate. The Head of Pensions, Payroll and Payments suggested some topics for consideration during the 2018/19 municipal year such as:-

- Investments – the new asset allocation strategy - Absolute Return Bonds;
- Triennial Valuation Process (in advance of the 2019 valuation)

It was agreed that the above items should be included on the agenda for forthcoming meetings of the Pension Fund Committee.

The Pensions Systems Administrator provided Members with a presentation in respect of 'Rhondda Cynon Taf – My Pension Online' which outlined the benefits of the system for the Fund and its Members, explained how the system has been implemented and provided details of the current take up. Following the presentation Committee received a demonstration of 'My Online Pension' from the perspective of an active scheme member.

It was agreed that an all Wales comparison would be helpful to consider other Local Authority Pension schemes and it was confirmed that the information, if available, would be brought back to a future meeting of the Pension Fund Committee.

RESOLVED to:-

1. Note the content of the presentation in respect of 'Rhondda Cynon Taf – My Pension Online';
2. Acknowledge the demonstration of 'My Online Pension'; and
3. Receive comparative data on an all Wales basis relating to self service take up at a future meeting of the Pension Fund Committee.

5. ANNUAL FUND PERFORMANCE

The Head of Pensions, Payroll and Payments provided a verbal update in respect of the Rhondda Cynon Taf Pension Fund Performance Review for 2017/18 with the aid of additional handouts which were circulated at the meeting.

Members were informed of the Fund Manager performance by means of table which summarised the overall fund values for the year. It was reported that the RCT Fund performance is above average and is outperforming the benchmark which is attributable to the effects of stock selection and asset allocation. In conclusion, the RCT Fund return was set out in comparison to the local authority average which demonstrated a top quartile performance due to the fund being structured overweight equity as compared to the average.

RESOLVED to note the Rhondda Cynon Taf Pension Fund Annual Performance Review 2017/2018.

6. DELEGATED FUNCTIONS REPORT

The Director of Financial Services presented an update report in respect of Delegated Functions as specified in the Pension Fund Governance Policy Statement, by the Group Director, Corporate and Frontline Services and outlined the responsibilities tasked to the Group Director, Corporate and Frontline Services in his role as S151 officer.

Members received an update in respect of the performance relative to the Fund which demonstrated that the rolling 3 year performance is 1.8% positive as compared to benchmark. The Director advised that outperformance came from Baillie Gifford (both mandates), Blackrock and CBRE whilst Newton and Invesco both underperformed. BMOGam met their benchmark.

It was reported that steps are underway to implement the revised asset allocation strategy following Committee's agreement in March 2018. The proposed steps were set out in a table and in line with the proposals it was confirmed that following discussions with CBRE and BMOGAM the initial phase of Step 1 has been completed.

It was noted that the national fund performance table presented in the report was as at the draft results stage, the final results being :

	1 year	3 year	5 year
Fund return (%)	6.5	9.6	10.2
Local authority universe average (%)	4.5	8.3	8.8
Local authority universe median (%)	4.0	7.7	8.5
Ranking	5	10	5

The Head of Pensions, Payroll and Payments reported on Administration issues and confirmed that AON have been reappointed as the Fund's actuary and Heywoods as software supplier, following the completion of the procurement processes. Committee was given an update on the year end exercise which is progressing well to meet the statutory deadline.

With reference to the latest Member Self Service (MSS) registrations, Committee was asked to consider the updated figures as shown within the earlier presentation delivered by the Pensions Systems Administrator and not within the table as set out at 5.6 of the report.

An update was provided in respect of the actions that have been implemented to comply with the General Data Protection Regulations (GDPR) such as the

development of a full 'Privacy Statement' which has been published to the Council and Pension Fund websites.

In conclusion, the Head of Pensions, Payroll and Payments explained that the Pension Regulator requires Scheme Managers to report on data quality within their Annual Scheme Return from this financial year. It was reported that the Pension Regulator is attending a number of meetings and forums and would be invited to the Pension Fund AGM in November 2018. It was suggested that details of the data quality could be brought to the next Committee.

In conclusion, Committee **RESOLVED-**

1. To note the issues addressed within the report (to include the updated figures in relation to the Member Self Service (MSS)); and
2. That Committee receives details of data quality which is to be included within the Annual Scheme Return.

7. PENSION FUND RISK REGISTER

The Director of Financial Services presented the arrangements in place for the management of risk by the Pension Fund. He drew Members' attention to the one high risk item, namely the 'Introduction of new pooling arrangements by central government'.

In response to a query, the Director explained that a number of processes are in place to mitigate the risk although the very nature of the pooling arrangements i.e. the transfer of a significant value of fund assets means that it will always remain high risk. The Group Director assured Committee that the Local Authority will continue to have overall responsibility and control of the RCT Pension Fund despite the transfer of funds into the new collective investment vehicle.

Members of the Committee reviewed the Risk Register and following discussion it was **RESOLVED** to note the arrangements in place for the management of risk.

8. DRAFT FINANCIAL STATEMENTS

The Director of Financial Services presented his report in respect of the Pension Fund draft Financial Statements for 2017/2018 which set out the role of the Committee with regard to the approval process for the Pension Fund Accounts and provided members with the opportunity to discharge their responsibilities in this regard.

Following consideration of the report it was **RESOLVED** that the Committee note the certified draft financial statements of the Pension Fund for the financial year 2017/18.

9. WALES PENSION PARTNERSHIP – PROGRESS UPDATE

The Group Director, Corporate & Frontline Services provided a verbal update to Committee in respect of progress being made towards developing LGPS investment pooling arrangements on an all Wales basis.

The Group Director announced that good progress has been made since he last reported to Committee in March 2018. He announced that the Chair of the Pension Fund Committee had been appointed as Chair of the Joint Governance Committee at its meeting held on the 11th June 2018 with the Vice Chair position being allocated to Powys County Council (and will operate on a rotational basis).

At the Joint Governance Committee, it was determined that the two global high alpha equity sub funds be submitted to the FCA for approval. Link Asset Services is the FCA authorised Operator to establish and run the all Wales Pooling in Wales (Global opportunities Fund), with Russell Investments undertaking the investment management for the Global Opportunities Fund.

The Group Director outlined the proposals for tranche 2 and 3 of the process, the former having been discussed with UK Equity Fund in scope with Cardiff City Council and Torfaen Council. With regard to tranche 3 it was reported that a number of de-risking options are being considered and the proposals will be ready by the end of this calendar year. It was also confirmed that a Transitional Manger would be appointed to manage the transition process.

The Group Director explained that the whilst the current performance of the Fund is excellent with notable outperformance from Baillie Gifford the All Wales Pool does provide a means of diversification across managers.

It was **RESOLVED** to note the update of the all Wales Pooling arrangements.

10. PENSION FUND COMMITTEE WORK PROGRAMME

The Director of Financial Services presented details of the proposed work programme for the Pension Fund Committee for the 2018/19 Municipal Year.

He asked Committee to consider and agree the forward work programme which was set out over four meetings and contained specific topics for consideration. Members were mindful that the work programme had some flexibility built into it to be able to receive additional, adhoc items throughout the year. He confirmed that 'Learning and Development' would be a standing item on every agenda.

Following consideration of the report it was **RESOLVED** to agree the forward work programme for the 2018/19 municipal year.

**M.A.NORRIS
CHAIRMAN**

The meeting terminated at 3.20pm