



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 Panel

RHONDDA CYNON TAF COUNCIL PENSION FUND COMMITTEE

Minutes of the meeting of the Pension Fund Committee held on Tuesday, 22 October 2019 at 2.00 pm at the Committee Room 1, 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 M Griffiths

Officers in attendance:-

Mr B Davies, Director of Finance & Digital Services
Mr I Traylor, Service Director – Pensions, Procurement & Transactional Services
Mr P Griffiths, Service Director – Finance & Improvement Services
Ms Y Keitch, Senior Accountant Pensions And Treasury Management

County Borough Councillors in attendance:-

47 APOLOGIES

Apologies for absence were received from County Borough Councillors L. Hooper and E. Webster.

48 DECLARATION OF INTEREST

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

49 MINUTES

It was **RESOLVED** to approve the minutes of the 22nd July 2019 as an accurate reflection of the meeting.

50 LEARNING AND DEVELOPMENT

Members received a presentation from Alec Barkett and Norbert Van Veldhuizen of BlackRock in respect of ESG investment opportunities.

Members were provided with the valuation statement of the Fund's current passive global equity investment with BlackRock and its performance returns to 30th September 2019.

Members were informed of BlackRock's ACS World Low Carbon Equity Tracker Fund and the MSCI World Low Carbon Target Index used by the Investment Manager in investing this product. It is designed to reduce exposure to carbon emitting companies and maintain global equity exposure.

Members were provided with the key ESG characteristics aligned to the MSCI World index and MSCI World Low Carbon Target Index, by Country and Sector Allocation.

The Chair thanked the Officers from BlackRock for providing the Committee with such a detailed presentation.

Officers from Blackrock left the meeting.

The Director of Finance and Digital Services advised the Committee that discussion had taken place at the Fund Investment and Advisory Panel, with the Fund's independent advisors on the offering from Blackrock and advised members that from an investment standpoint, there is nothing to prevent the Committee from making a decision to transition into the World Low Carbon Equity Tracker Fund if they were minded to do so. The Director also advised the Committee that appropriate due diligence would be required.

Following discussions, Members **RESOLVED** to move the investments of the current mandate with BlackRock to the ACS World Low Carbon Equity Tracker Fund subject to due diligence.

51 BENCHMARKING REPORT - INVESTMENT COST EFFECTIVENESS ANALYSIS

Investment Cost Effectiveness Analysis – To receive a presentation from CEM benchmarking.

Members received a presentation from John Simmons (JS) of CEM Benchmarking in respect of Rhondda Cynon Taf Pension Fund Investment Benchmarking Results for the 5-year period ending 31st March 2019.

Members were advised that the CEM Benchmarking report provides an independent means to validate the Fund's strategy and can help make better decisions, support arguments for change and help in the negotiation of fees with external parties.

Members were informed that the Fund's 5-year net total return of 10.4%

was above the LGPS median of 8.6% and the Global median of 6.7%.

Within the presentation, Members were provided with detail in relation to:

- Comparisons on investment performance, highlighting returns that come from:
 - The local Pension Fund Committee's strategic asset allocation decisions, and
 - The implementation of the Committee's strategy (increasingly the responsibility of the pool).
- Comparisons on the level of risk inherent in the Authority's portfolio and relative to our liabilities and funding position.
- Comparing the Authority's investment costs and explaining why costs compare as they do.
- Information on how and why costs have changed over time.
- Value-for-money-analysis-'did paying more get you more'?
- Detailed data to support decision-making.

JS stressed that the over-riding message from the report is one of overwhelming positivity in terms of the Fund's performance and value for money. Members thanked CEM Benchmarking for providing the Committee with such a detailed presentation.

The Chair thanked Officers for their hard work and commitment, it is very much appreciated.

52 DELEGATED FUNCTIONS REPORT

The Director of Finance and Digital Services presented an update report in respect of Delegated Functions as specified in the Pension Fund Governance Policy Statement.

Members received an update in respect of the performance of the Fund, which demonstrated that during the quarter ended 30th June 2019, the overall value of the Fund increased from £3,457 million to £3,617 million. The rolling 3-year performance of the fund is 2.1% positive as compared to benchmark.

A summary of progress was provided in respect of the revised asset allocation, as agreed by Committee in March 2018.

The Service Director Pensions, Procurement and Transactional Services reported on Administration issues and highlighted the key Data Quality activity undertaken in accordance with the Data Improvement Plan, which has led to improvements in the Fund's annual 'data quality' score, as provided to the Pensions Regulator.

Members were advised that the Annual General Meeting is scheduled for 25th November 2019, with opportunity following the meeting for Fund Employers to engage directly with the Fund Actuary and Officers.

Feedback from the Pension Board was provided which included their support of the WPP Responsible Investment Policy and comments on the respective responsibilities of WPP and individual funds. Also, it was noted that the Chairperson's sponsoring Employer is supportive of an extension of the Chairman's term.

In conclusion, Committee **RESOLVED** to note the issues addressed within the report.

53 RISK REGISTER OVERVIEW

The Service Director - Finance & Improvement Services presented the arrangements in place for the management of risk by the Pension Fund.

Following review of the Risk Register, it was **RESOLVED**:-

1. To note the arrangements in place for the management of risk; and
2. That information is provided in relation to Low Carbon in the next update of the register.

54 2018/19 PENSION FUND STATEMENT OF ACCOUNTS AND AUDIT OPINION

The Director of Finance and Digital Services presented the Pension Fund Audited Financial Statements for 2018/2019.

Following consideration of the report it was **RESOLVED** that the Committee note the audited financial statements of the Pension Fund for the financial year 2018/19.

55 WALES PENSIONS PARTNERSHIP

The Senior Accountant Pensions and Treasury Management provided the Committee with an update on the work and progress with regard to the Wales Pension Partnership and Joint Governance Committee.

Members were informed that the last meeting of the Joint Governance Committee (JGC) was held in September 2019 and that the audited annual return and audit report were presented to the Joint Committee.

Members were informed that the Investment Policy, as reported to the last meeting of this Committee, was approved by the JGC.

Members were advised that the host authority together with a selection of Section 151 officers now meets with constituent Pension Fund Board Chairs on a six monthly basis

It was **RESOLVED** to note the update.

This meeting closed at 3.57 pm

**CLLR M. NORRIS
CHAIR.**