



RHONDDA CYNON TAF COUNCIL RCT PENSION BOARD

Minutes of the meeting of the RCT Pension Board held on Friday, 16 August 2019 at 9.30 am at the Block F, The Pavilions, Clydach Vale.

County Borough Councillors - RCT Pension Board Members in attendance:-

Professor Hugh Coombs	Employer Representative (University of South Wales) and Chairman of the RCT Pension Board
Angela Pring	Member Representative (Actives/Deferred)
Rob Whiles	Member Representative (Pensioners)
David Francis Cymoedd)	Pension Board Employer Representative (Coleg y

Officers in attendance:-

Ian Traylor	RCTCBC Support
Stephanie Davies	RCTCBC Support
Yvonne Ketch	RCTCBC Support
Sarah Handy	RCTCBC Admin Support

1 DECLARATION OF INTEREST / CONFLICTS / CONFIDENTIALITY

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

2 MINUTES OF THE PENSION BOARD OF THE 11TH OF JANUARY and MINUTES OF JOINT RCT PENSION COMMITTEE and RCT PENSION BOARD 25TH March 2019

AGREED to approve as an accurate record the minutes of the RCT Pension Board held on the 11th January 2019, minutes of the Joint RCT Pension Committee and RCT Pension Board held on the 25th March 2019 subject to the following amendment:-

11th January 2019 minutes:-

- It was noted that page 3 of the minutes, which refers to pre-retirement events, should be amended in respect of the wording “need to be a considered” to “need to be considered”;
- It was noted that minute number 29, on page 7 of the minutes, should include the words “any Cyber security breach”; and,
- It was noted that minute number 30, on page 7 of the minutes, should be changed to “dating back as far as 30 years” instead of “three years”.

3 MATTERS ARISING

Minute 25

The Service Director, Pensions, Procurement & Transactional Services confirmed that the Fund is still waiting on guidance in respect of the McCloud judgement.

Minute 27

The Chair advised that a meeting had taken place with the Service Director, Pensions, Procurement & Transactional Services and with Councillor Norris to discuss the issues surrounding the WPP revised Business Plan, Policies, around infrastructure, KPI's and Scheme representation.

Minute 31

Members were informed that the investment strategy was subsequently discussed at the joint meeting of the Pension Committee and Pension Board.

4 **SUMMARY OF ACTION POINTS ARISING FROM THE MEETING OF THE RCT PENSION BOARD HELD ON 11TH JANUARY 2019**

The Board Members considered the summary of action points to have arisen from the minutes of the previous meeting held on the 11th January 2019 as follows:-

Minute 26- It was confirmed that the WG had been invited to the Communications Forum and that the slides from the RCT Pension Board AGM had been circulated accordingly.

Minute 27 - It was confirmed that links to the minutes of the JGC are included in agendas of the RCT Pension Board & Pension Fund Committee. It was emphasised that this was important to enhance transparency and engagement. It was also confirmed that the Chair of the RCT Pension Board had met with the Chair of the JGC in advance of its meeting in January to discuss WPP Governance. In respect of Valuation data, the Service Director, Pensions, Procurement & Transactional Services advised the Board that a summary of the data has not yet been received and that the actuary have received an uploaded file containing all of the required information. A further update was provided to the Board in respect of the Communications Panel and the Service Director, Pensions, Procurement & Transactional Services advised Board Members that the Communications Forum had considered a means of potential informal engagement at the Pension Fund's next AGM at its meeting in April.

Minute 29- It was confirmed that an update in respect of Cyber Security would be provided during the meeting on the 16th August.

Minute 33- It was confirmed that stock lending information would be provided at the end of the 16th August meeting.

Minute 34- The Panel discussed succession dates in respect of Board Members. The Service Director, Pensions, Procurement & Transactional Services confirmed that discussions had taken place with the University and that they have extended their support in terms of the Chair's role on the Board. The Panel were informed that both the Director of Legal and Director of HR have also confirmed that they are happy to support this

continuation. The Service Director Pensions, Procurement & Transactional Services advised the Panel that he would also speak to HR in respect of AP and her continuation as a Panel Member. The Service Director Pensions, Procurement & Transactional Services emphasised that the Council welcomes the continuity of its Membership.

The Service Director Pensions, Procurement & Transactional Services advised Board that Councillor Smith had sadly passed away and that Councillor M. Griffiths has been appointed as a new Member on the Pension Fund Committee. The Board wished to place on record its sincerest condolences and deepest sympathy for Councillor Smith's family and friends.

5 INVESTMENT & ADMINISTRATION ADVISORY PANEL

The Board was provided with an update in respect of the minutes of the Rhondda Cynon Taf Pension Fund Investment & Administration Advisory Panel held on the 25th June 2019.

The Head of Finance, Education & Financial Reporting reported that the overall value of the Fund increased from £3,212 million (31st December 2018) to £3,457 million (31st March 2019). The overall return of the Pension Fund for the quarter ending 31st March 2019 was 7.9% ahead of the schemes specific benchmark of 7.0%.

The Head of Finance, Education & Financial Reporting referred Members to the presentation of GLIL, a Fund Manager operating an infrastructure fund for LGPS. The purpose of the presentation was to enhance understanding of Infrastructure as an asset class. The Service Director, Pensions, Procurement & Transactional Services confirmed that GLIL is an infrastructure fund run by four LGPS funds.

The Chair advised the Board he had received email correspondence from various environmental pressure groups in respect of ESG investments and that he had responded stating that investment decisions were not part of the Pension Board's remit. This correspondence had also been forwarded to the Service Director Pensions Procurement and Transaction Services.

The Service Director, Procurement & Transactional Services continued to provide an update to the Board in respect of the key administration issues facing the Fund. The Board received confirmation that IT/BD/Chair of Committee and Chair of the Board individually completed a good governance survey facilitated by Hymans on behalf of the Scheme Advisory Board. Board members were advised that when the report is published it would be circulated accordingly.

The Board received confirmation that the work on the Employer and cash flow information is progressing for the 2019 valuation and that a data submission date of 31st July 2019 agreed with the Actuary, had been met. The Service Director, Pensions, Procurement & Transactional Services confirmed that the Annual Benefit Statements have been published prior to the statutory deadline of 31st August. . The Pension Fund was represented at the RCT Corporate Induction, promoting the benefits of the scheme and signing up new Employees directly to Member Self Serve (MSS). The Service Director, Pensions, Procurement & Transactional Services confirmed that the Fund's Communications Forum has been rescheduled for September due and further discussions around promoting MSS will take place.

In respect of data quality, the Service Director, Pensions, Procurement & Transactional Services confirmed that progress is being made with regard to the rollout of 'I-connect'.

Board Members were referred to the performance against the Fund's key service standards. Board members also received confirmation that the Fund's core Pension system was successfully migrated to a secure, hosted environment on the 18th March 2019.

In respect of the Wales Pension Partnership Progress Report, Board members were advised that the Global Growth Fund and the Global Opportunity Fund, was launched on the 14th January 2019. The Global Opportunity Fund is operationally managed on more of a non- consultative basis , with Russell Investment facilitating the role of Fund Manager. The Global Growth Fund is operated by Link and consists of three Fund managers. The Board was informed that progress is taking place regarding the Fixed Income allocation going into tranche 3 of the WPP.

Board members acknowledged that Pension Committee and Pension Board having a joint meeting during March, helps to maintain a good relationship and engagement between the prime governance groups of the Fund.

Following discussion, the Board **RESOLVED**:-

1. To note the latest Panel meeting work (25th June 2019) and Pensions Committee (22nd July 2019); and,
2. To note the latest WPP Joint Committee activity on the 28th June 2019.

6 RISK MONITORING

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

A Board member queried whether the date was correct in respect of the Investment Strategy Statement in accordance with DCLG guidance by 1st April 2017. It was confirmed to the Board that the guidance was effective from the 1st April 2017 and that, to date, the guidance has not been updated but reference to the date will be removed in future versions of the risk register.

It was agreed to amend the mitigation on the risk relating to "Conflicts of Interest" by adding in the word "Pension" prior to "Board" and "Committee".

The Board was referred to the Draft Employer Results, which are scheduled to be issued by December 2019.

The Chair asked when Internal Audit will review the Pensions Service and which areas will be covered. The Service Director agreed to provide an updated response.

The Board **RESOLVED** to note the current risks associated with the RCT Pension Fund and the control measures in place.

'Cyber Risk' mitigation:-

The Service Director, ICT & Digital Services provided the Board with an overview in respect of cyber security.

Members were referred to the document 'Cyber Security Principles for Pensions Schemes' that was published in April 2018 and were advised that this can be adopted to provide assurance to the Board that suitable cyber security arrangements are in place within the Council.

Members were referred to the key principles in respect of security for pension schemes, which include ensuring cyber risks are appropriately managed, by ensuring an appropriate control environment is maintained and incident response protocol in place. Board discussed a number of scenarios and were reassured of the control arrangements in place.

7 PENSION FUND INVESTMENT PERFORMANCE

The Board was provided with information in respect of the Pension Fund's Investment performance.

Members were informed that RCT are ranked higher than all other Welsh Pension Funds. Board members noted this.

The Chair noted that the Pension Fund Investment performance is subject to independent analysis, which therefore strengthens the validity of the results.

The Board **RESOLVED** to note the results of the Local Authority Pension Performance analysis.

8 PENSION FUND STATEMENT OF ACCOUNTS

The Head of Finance, Education and Financial Reporting presented the Board with the Pension Fund Statement of Accounts stating that they were approved by full Council on 31st July and Wales Audit Office provided an unqualified audit opinion meaning that the accounts show a "true and fair" view of performance and financial position.

Discussions ensued regarding the McCloud case and a possible provision in respect of the impact it has had on scheme liabilities and public sector accounting. It appeared there were various views on this issue depending on the opinion of the external auditors.

Following discussion, the Board **RESOLVED** to note the RCT Pension Fund Statement of Accounts.

9 ALL WALES 'POOLING'

The Board received an update from the Service Director, Pensions, Procurement & Transactional Services in respect of the Wales Pensions Partnership earlier in

the agenda.

The Service Director, Pensions, Procurement & Transactional Services, confirmed that the next meeting of the WPP would seek to agree the Draft 'Responsible Investment' Policy, and would circulate the draft policy to Board Members for their comments.

Following discussion, it was **RESOLVED** to note the current updates in respect of the Wales Pensions Partnership.

10 KNOWLEDGE AND UNDERSTANDING FRAMEWORK

The Senior Accountant Pensions and Treasury Management presented the Board with information in respect of the process of 'Security/Stock Lending'.

Following discussion, the Board **RESOLVED** to note the information in respect of stock lending.

11 ANY OTHER BUSINESS

Discussions ensued in respect of the Good Governance Survey, publication of the Annual Benefit Statements and the McCloud judgement.

The Service Director Pensions, Procurement & Transactional Services confirmed that the funding level has improved. Board Members were advised that the McCloud judgement would have a negative impact in respect of Fund liabilities. The Chair commented that it is desirable to be fully funded; however, he agreed that it is not always possible.

The Board was informed that another two apprentices are starting in the Pensions department this September and that the Council's apprenticeship scheme in respect of pension administration positions has been successful. This was welcomed by the Board.

The Chair referenced, that he had submitted the response to MHCLG 'Draft Statutory Guidance on Asset Pooling in the LGPS' on behalf of the RCT Pension Board, as discussed and agreed.

It was noted that the date of the next meeting was the 15th of November.

This meeting closed at 1.52 pm

**Professor H. COOMBS
CHAIR.**