



## RHONDDA CYNON TAF

### RHONDDA CYNON TAF COUNCIL RCT PENSION BOARD

Minutes of the meeting of the RCT Pension Board meeting held on Monday, 22 April 2024 at 10.00 am at Oldway House

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

Professor Hugh Coombs – Employer Representative (University of South Wales) and Chair of the RCT Pension Board.

Rob Whiles – Member Representative (Pensioners)

David Francis – Pension Board Employer Representative (Coleg y Cymoedd)

#### Officers in attendance

Mr I Traylor, Service Director – Pensions, Procurement & Transactional Services

Ms Y Keitch, Senior Accountant Pensions & Treasury Management

Ms C Black, Pensions Services Manager

#### 96 Welcome

The Chair welcomed Members and Officers to the meeting. An apology of absence was received from Mr D Griffiths.

#### 97 DECLARATION OF INTEREST / CONFLICTS / CONFIDENTIALITY

In accordance with the Council's Code of Conduct, there were no declarations of interest pertaining to the agenda. Confidentiality of the proceedings was noted.

#### 98 MINUTES OF THE RCT PENSION BOARD

The minutes of the RCT Pension Board meeting on the 16<sup>th</sup> January 2024 were **APPROVED** as an accurate reflection of the meeting.

#### 99 Matters Arising

The Service Director – Pensions, Procurement & Transactional Services provided Board Members with the following updates resulting from the minutes of the meeting held on the 16<sup>th</sup> January 2024:

##### **Page 3 Minute No.87 – New Member (Page 3)**

It was confirmed that Mr Darren Griffiths, MTCBC Trade Union Representative and the new RCT Pension Board member to replace Sindy Absolom, had attended his first meeting, the Joint Pension Committee / Pension Board meeting in March.

The Chair confirmed he had sent an email to welcome Mr Griffiths as a new board member

#### **Page 4-Minute No.88**

It was confirmed that the cashflow modelling exercise would feature on the next agenda

#### **Page 6-Minute No.95**

SAB had sought legal opinion on the potential impact Sharia law may have on LGPS Membership and found that there are no implications should a member challenge under the LGPS which is compliant.

The SAB (Compliance and Reporting Committee) new annual report guidance and relevant factsheet were available but with a caveat that in terms of implementing the guidance cost implications and the amount of work involved should be considered.

### **100 INVESTMENT & ADMINISTRATION ADVISORY PANEL**

The Board was provided with an update in respect of the minutes of the Rhondda Cynon Taf Pension Fund Investment & Advisory Panel held on the 12<sup>th</sup> March 2024 where two presentations had been received from CBRE and Baillie Gifford.

The Principal Accountant Pensions & Treasury Management reported that the overall value of the Fund increased from £4,235 million (30th September 2023) to £4,491 million (31st December 2023). The overall return of the Pension Fund for the year ending 31st December 2023 was 10.0% against a benchmark of 11.7%.

The Principal Accountant Pensions & Treasury Management provided an overview of the CBRE presentation and added that their performance had been impacted by the significant repricing seen in the UK. She added that the portfolio was overweight in industrials as CBRE felt that was the best performing sector.

Following a query, the Principal Accountant & Treasury Management advised that the CBRE mandate was UK only and added that she would circulate the Internal Rate of Return (IRR). Following a query regarding whether student accommodation impacts on investments, it was confirmed that a factsheet on student accommodation was available to circulate. The Principal Accountant & Treasury Management commented the illiquid nature of property had impacted on performance.

The presentation from Baillie Gifford was noted and a discussion ensued regarding the potential opportunities /threats in the Chinese market.

The Board noted the overdue payments from the Community Councils as immaterial late payments and welcomed the monthly monitoring arrangements and support offered to the community councils.

The Board received an update on the Pensions Regulator new 'General Code of Practice' which would form part of the agenda going forward to enable the Board to support the Fund's compliance. Due to the scale of the required 'gap analysis'

exercise, discussion ensued on how this could be best achieved to allow Board to monitor progress and any subsequent actions required.

The Board agreed that the annual life certification exercise for overseas pensioners had resulted in a more secure 'proof of life' and had provided improved control.

Board noted the number of Pension awareness events led by the Pensions Service Manager supporting corporate inductions and Manager briefing events and it was agreed that the training material from these events would be shared with the Board.

Further to the update regarding the membership of the Member Self-Serve (MSS), the RCT Pension Board noted that the direction of travel is positive and also the intention to push for more membership. The Board conveyed its concern with the delay in the employer transfer listed and further added that the liability is outstanding and needs to be addressed as soon as possible. However, it also noted that no member has suffered due to the situation and actuarial negotiations are ongoing to settle this issue.

The Service Director provided an update relating to point (ii) of the Key Service Standards which should read 'set CIPFA standards across LGPS funds. Report on it to be included in the next annual report 2024/2025'. It was agreed that a broader set of KPI's will be used and this will be reflected in future reports.

There followed an update on the Asset Liability Review following which, Board members **AGREED** to acknowledge the updated information.

## 101 RISK MONITORING

Board Members were provided with an assessment of the risks associated with the RCT Pension Fund and an outline the control measures in place.

The Board **RESOLVED** to note the current risks associated with the RCT Pension Fund and the control measures in place subject to the additions in bold to the relevant section as follows:

*"Failure to comply with LGPS Governance Regulation /Pension Regulator Code of Practice - Gap analysis being undertaken following receipt of The Pensions Regulator General Code-**Board to support our compliance***

*"Comments on changes in risk rating March 2024 qtr - The Pensions Regulator General Code laid in Parliament 10<sup>th</sup> January 2024 and "**came into force on the 27<sup>th</sup> March 2024**"*

## 102 'ALL WALES 'POOLING'

The Senior Accountant Pensions & Treasury Management provided the Board with an update on the progress of the Wales Pension Partnership.

The Board were informed that the sustainable equity fund was launched in June 2023. An overview of the conclusion of the procurement process was also

provided.

The Board was advised that the recommended operator appointment would need to be approved by each individual Fund's Pension Committee late March / April 2024. The Senior Accountant Pensions & Treasury Management advised that the WPP Cyber Security training timetable has been set up for June.

The Chair confirmed that at the Pension Board Chair's meeting in Cardiff, the new contract was discussed as an item on the agenda, to which everyone agreed. The Chair provided an update on the new contract which would see more defined roles developed with enhanced KPI's.

The Chair advised that a standardised set of Board minutes (to exclude any confidential matters but to include any corrections) would be circulated in due course.

The Chair provided information on those matters discussed at the Chair's meeting:

- Business Plan – A standard plan;
- The Budget (on target);
- A report was received from the Member representative on the WPP Committee (a non-voting role) regarding a follow up on ESG issues;
- Training;
- Report from Waystone – Investments across the categories

The Chair confirmed that he would circulate the CEO response to the enquiry into market evaluations by SCA. He also commented that TPR has published a report on Inclusion, Diversity & Equality which will feature on a future agenda item for the RCT Pension Board.

Following a query, the Senior Accountant Pensions & Treasury Management confirmed that Thames Water is not included in the Fund's list of companies.

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

## **103 KNOWLEDGE AND UNDERSTANDING FRAMEWORK**

The Service Director, Pensions, Procurement & Transactional Services referred Board Members to the training undertaken to date by the Board.

The Service Director advised that updates would be made in respect of the training undertaken by the new member and in respect of WPP training. The Board agreed to send the Service Director, a list of any training requirements to add to the list on an ongoing basis.

In conclusion, the Service Director proposed that the dates for the RCT Pension Board meetings for the new Municipal Year 2024/2025 would be circulated.

## **104 KEY PROJECTS UPDATE**

Updates were provided to the Board in respect of the following:

- McCloud (update from the Pensions Service Manager);
- The Pensions Regulator 'General Code' (compliance progress update);
- Pension Dashboards Programme (guidance released on the staged timetable);
- Cyber risk assurance.

Members of the Board received an update from the Pensions Service Manager in respect of McCloud through a Power Point presentation under the following headings:

- McCloud – What is it?
- McCloud Remedy
- Project Plan
- Work to date-Phase 1
- Data checked to date
- Data outstanding
- Work to date – Phase 2
- What next...

In respect of the two items listed for update, the Pensions Regulator 'General Code' (compliance progress update) and the Pension Dashboards Programme (guidance released on the staged timetable), the Chair advised that these had been provided earlier in the meeting.

The Service Director - Pensions Procurement & Transactional Services proposed that the Council's Head of ICT would attend a future Board meeting to provide an update on the Scheme Manager/Administering Body's 'cyber' risk assurance, which the Pension Fund relies upon.

## **105 LEGISLATIVE AND ADMINISTRATIVE ISSUES**

The Service Director Pensions, Procurement & Transactional Services provided an update on the following issues:

SAB – Annual Report Guidance –Guidance has been issued meaning that administrative and Investment requirements are required which will include the new service standards.

SAB - Gender Pension Gap work programme update -The Scheme Advisory Board have been considering this matter and as part of its ongoing work programme on the Gender Pensions Gap, the LGA are hosting a virtual event aimed at HR/Senior Managers at Councils and LGPS Administrators on 9<sup>th</sup> May 2024.

SAB – Local Audit Developments – The aims include signposting, visual maps, model questionnaire and information about who to contact, where to find information, understand what is required between the Actuaries and the Auditors.

'Spring Budget' 2024 LGPS related items- the abolishment of the lifetime allowance

## **106 ANY OTHER BUSINESS**

The Chair shared an update on other matters arising from the recent LGPS bulletins (246-249), which include:

- New guidance in the form of an annual report for 2023/24 to endeavour to comply but be proportionate to efforts/cost involved (SAB/CIPFA/DLUHC) (see earlier in the Minutes).
- Economic Activity of Public Bodies (Overseas Matters) Bill – This is in Committee stage and seeks to ban influential decision on the basis of disapproval of foreign state conduct (with exception).
- An update on Sharia Law versus LGPS – Legal advice for racial discrimination or breach of public sector equality duty is extremely low that a case could be brought (see earlier in the Minutes).
- A blog on the gender pay gap in pensions paid by LGPS – Event in May as part of the work programme (see earlier in the Minutes).
- Audit delays -SAB view is that there should be a separate audit opinion fund to the general LA audit.
- Annual update -publication update (No. 245) -Includes issues such as employer calculation rates, annual allowance limits, and National Insurance thresholds and providing background issues to the Pension Board operation (see earlier in the Minutes).
- Review to the Funding Strategy Statement, last updated in 2016, is being undertaken
- SAB together with Institute of Chartered Accountants is providing an information note regarding technical valuation and IAS 19 (Accounting for contribution based premiums in employee benefits) is ongoing but may create problems in next audit round (Meeting in April to agree communication).
- TPR General Code – Identified work going on to map a way forward. Noted overlap with Good Governance recommendation. SAB felt that clarification is needed on which parts of the code applied to LGPS, what they mean for LGPS and how to apply in practice. Noted TPRJ research shows LGPS has high standards of governance in place.
- Member portal survey – SAB plan to update about member portals and survey launched and completed by 10<sup>th</sup> March 2024.

**This meeting closed at 1.05 pm**

**Professor Hugh Coombs  
Chair.**