



## **RHONDDA CYNON TAF COUNCIL RCT PENSION BOARD**

Minutes of the meeting of the RCT Pension Board meeting held on Tuesday, 16 January 2024 at 10.00 am at the Oldway House.

### **RCT Pension Board Members in attendance:-**

Professor Hugh Coombs – Employer Representative (University of South Wales) and Chairman 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, Principal Accountant Pensions & Treasury Management

Mrs S Handy – Members Researcher & Scrutiny Officer

#### **84 Welcome**

The Chair welcomed Members and Officers to the meeting.

#### **85 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.

#### **86 MINUTES OF THE PENSION BOARD AND MINUTES OF PENSION FUND COMMITTEE**

The minutes of the RCT Pension Board meeting on the 26<sup>th</sup> October 2023 were **APPROVED** as an accurate reflection of the meeting.

#### **87 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 26<sup>th</sup> October 2023:

In respect of an additional Board Member, the Service Director advised that they have received a nomination from a MTCBC Trade Union Representative. The Service Director advised that the application deadline has been extended and that the new Board Member will be in place for the Joint Pension Committee / Pension Board meeting in March.

In respect of the AGM, it was confirmed that this was not held as a hybrid meeting and was held virtually.

Point 76 – Benchmark of 5% relates to inflation.

In respect of the Administrative Section and The Pensions Regulator (TPR), the chair confirmed a response to the questionnaire had been submitted, a report had been prepared by TPR and would be discussed later in the meeting.

In respect of the Action Points and point 75 it was confirmed that YK will need to re circulate the item. YK also sent the breaches document to Members during the meeting.

Members also noted the latest WPP Joint Committee agenda and minutes 20<sup>th</sup> September 2023.

## **88 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 27<sup>th</sup> November 2023.

The Principal Accountant Pensions & Treasury Management reported that the overall value of the Fund decreased from £4,263 (30<sup>th</sup> June 2023) to £4,235 million (30<sup>th</sup> September 2023). The overall return of the Pension Fund for the year ending 30<sup>th</sup> September 2023 was 6.1% against a benchmark of 8.9%.

In respect of Baillie Gifford, it was reported that they continued to underperform and continued to be a cause of concern. Members requested that a copy of the monthly tracking report be sent out to all Board Members.

The presentations from Fidelity and Russell were noted. Board Members also noted that the AGM was very positive and was held virtually. It was noted that the RCT Council Chambers has now moved to Llys Cadwyn and there is potential for the next AGM to be held in Llys Cadwyn Pontypridd on a Hybrid basis.

It was noted that The Pensions Regulator was due to publish the new General Code of Practice by year end. Officers confirmed that a gap analysis will be carried out. Board Members requested that an update is brought to a future Board meeting.

The Service Director confirmed that the Fund's Annual Report was completed and published by the statutory deadline, with a copy also provided to the Scheme Advisory Board.

Further to the conclusion of the Valuation exercise, it was noted that the cash flow modelling exercise has been finalised and that the results will be shared with Board Members and discussed at an appropriate board meeting.

There were no further updates to report on the Fund's preparatory and planning arrangements for the national dashboard programme.

Board Members noted the Pension strain factors associated with early retirement as a result of redundancy / business efficiency are being reviewed by the Actuary.

In respect of an 'exit credit' procedure the Board noted that an exit procedure has been drafted to set out the Fund's process to deal with any potential surplus that may arise in respect of an 'exiting' Employer. The Board endorsed the exit procedure and noted the legal advice.

In respect of McCloud, the Service Director noted that the Service is continuing to work through the membership data. Board Members requested a further update at its May meeting.

The Service Director advised that an update of the Fund's 'data quality scores' will be provided at the Joint Committee Meeting in March.

Following discussion, Board members **AGREED** to acknowledge the updated information.

## **89 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.

## **90 ALL WALES 'POOLING'**

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

The sub fund for private debt was launched April 2023. Russel Investment has been appointed to develop the WPP pooled private debt investment programme. The infrastructure sub funds were launched on 30<sup>th</sup> May 2023.

GCM Grosvenor has been appointed to implement closed ended infrastructure investments. Open ended infrastructure will be invested through CBRE Global Infrastructure, IFM Global Infrastructure and Octopus Renewables Infrastructure Scope. Both infrastructure sub funds are using GCM's platform (AIFM). The WPP appointed Schroder Capital to develop the WPP pooled private equity fund. This appointment took place December 2022, this has still to be launched.

Item 120 in the Panel minutes was referenced.

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

## **91 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 the new Member is to receive all necessary training and support.

The Board agreed to send the Service Director, a list of any training requirements to add to the list on an ongoing basis.

## 92 KEY PROJECTS UPDATE

The Chair advised that updates on McCloud and the Pensions Dashboard had been provided earlier in the meeting.

## 93 LEGISLATIVE AND ADMINISTRATIVE ISSUES

- TPR Public Service Pension Schemes Governance and Administration Survey Results

The Service Director provided an updated on some key findings:

1. **Scheme Governance:** The report examines various aspects of scheme governance, including key processes, risk management, and addressing governance issues.
2. **Administration and Record-Keeping:** It examines the efficiency and accuracy of administration processes, emphasizing annual benefit statements and reporting breaches.
3. **TPR Codes and Guidance:** The report discusses the relevance of TPR codes and guidance in ensuring effective governance and administration.
4. **Climate Change:** It touches upon climate change considerations within pension schemes.
5. **Pensions Dashboards:** The report explores the role of pensions dashboards.
6. **Equality, Diversity, and Inclusion:** It highlights the importance of promoting equality, diversity, and inclusion in pension governance.

- Employer 'Exit Credit' Discretion Procedure

It was noted that this had been covered in detail earlier on in the agenda.

## 94 ENVIRONMENTAL, SOCIAL & CORPORATE GOVERNANCE

It was reported that the WPP has a responsible investment for all its sub funds. The WPP are also members of the BlackRock funds.

Board Members **AGREED** to note the update.

## 95 ANY OTHER BUSINESS

The Chair shared an update on other matters arising from the recent LGPS bulletins, which include:

SAB has sought legal opinion on the potential impact Sharia law religious belief may have on LGPS Membership. The review commenced in 2022 and is ongoing following a commissioned report from an Islamic finance expert.

The SAB (Compliance and Reporting Committee) will issue new annual report guidance and factsheet in early 2024. The Committee will next work with DLUHC to implement the 'good governance' recommendations.

The Finance Bill 2023/24 published on the 29<sup>th</sup> November 2023, makes provision to remove the Lifetime Allowance (LTA) from the 6<sup>th</sup> April 2024.

HM Revenues & Customs have requested schemes to remind members who have exceeded the annual allowance for tax year 2022/23 to declare and submit this on their self-assessment tax return by 31<sup>st</sup> January 2024. The Service Director confirmed that this work was well underway, with scheme pays arrangements being requested where appropriate.

UK Pension Dashboard Programme guidance has published a 'call to action' which lists the top five actions that schemes need to take now to prepare for dashboards. There are 5 key pillars to achieve connection readiness (governance, matching, pensions values, technology and administration) planning.

The Pensions Regulator (TPR) has revised its cyber security guidance. The guidance asks pension schemes to report any significant cyber-related incidents to TPR on a voluntary basis as soon as is reasonably practicable. This will help TPR build a better picture of the cyber risk facing the industry and its members.

On 22<sup>nd</sup> November 2023 the Department for Levelling Up, Housing and Communities (DLUHC) published its response on investment reform proposals, which largely adopts the measures originally consulted on. The proposals seek to accelerate and expand pooling and increase investment in levelling up and private equity. This includes setting out in a revised investment strategy statement (ISS) guidance that funds should transfer all assets to their pool by 31<sup>st</sup> March 2025.

On 15<sup>th</sup> November 2023, SAB published the first instalment of our McCloud technical guide for administrators. The guidance provided an update on communication requirements which identified the changes made to the LGPS regulations for McCloud constitute a material change to the Scheme's rules. This means you will need to communicate the change to all members who may be affected by 31<sup>st</sup> December 2023. The Service Director confirmed that the Fund had communicated to all scheme members accordingly.

**This meeting closed at 1.29 pm**

**Professor Hugh Coombs  
Chairman.**