



RHONDDA CYNON TAF COUNCIL RCT PENSION BOARD

Minutes of the hybrid meeting of the RCT Pension Board meeting held on Tuesday, 1 August 2023 at 10.00 am.

RCT Pension Board Members in attendance at Oldway House, Porth :-

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

Rob Whiles – Member Representative (Actives/Deferred)

RCT Pension Board Member in attendance virtually:

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 and Treasury Management

60 Welcome

The Chair welcomed everyone to the meeting and advised that an apology of absence had been received from Ms Sindy Absalom – Member Representative (Actives/Deferred).

61 DECLARATION OF INTEREST / CONFLICTS / CONFIDENTIALITY

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

62 MINUTES OF THE PENSION BOARD

The minutes of the RCT Pension Board meeting on the 25th May 2023 were **APPROVED** as an accurate reflection of the meeting.

63 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 25th May 2023:

Matters arising –

Page 4

- 10% Pension Increase applied - IT confirmed that there was no update regarding the results of the cashflow analysis/projections being undertaken by the Actuary as yet, although there were no immediate

concerns following an internal cashflow exercise.

Page 5

- IT confirmed that the Deputy Chief Executive/Group Director – Finance, Digital and Frontline Services had recently circulated information regarding the Disruptor part of the Baillie Gifford portfolio.
- Confirmation that the Pension Regulator 'Governance and Administration Survey' has been circulated (another due in October)

Page 7

- The Chair confirmed that the draft minutes from the Pension Board Chairs meeting would be available ahead of the next Board meeting in October.

Page 8

- LGPS Scheme Advisory Board (SAB) training day in Cardiff on the 26 September 2023 with a session on the 'New Code of Transparency' held between 12-3pm- YK to circulate a joining link to all members of the Board.

Page 9

- Gender pensions pay gap – Final salary schemes -A 'disparity' in the final salary scheme not a pay gap. The Chair drew Board Members' attention to a working group established to look at the causes of disparity e.g., part time working/caring responsibilities

64 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 29th June 2023 where three presentations had been received from the fund Managers in attendance, Mercer, CBRE and Pzena.

The Board discussed the impact of the overlay conducted by Russell which the Senior Accountant Pensions & Treasury Management confirmed had no detrimental impact to the Fund.

Following a discussion around the 3-year performance figures of active managers held outside WPP, specifically the underperformance of the CBRE (Property), the Senior Accountant Pensions & Treasury Management confirmed that a breakdown of the retail/accommodation percentages within the property portfolio would be circulated to the Board, as requested. The Board queried whether a more realistic benchmark was needed in view of the comment at 4.12 that the benchmark was not too challenging.

The Service Director Pensions, Procurement & Transactional Services responded that an update on the broader view of property asset class would be provided to the Board at a future meeting.

The Senior Accountant Pensions & Treasury Management commented that the overall value of the Fund increased from £4,103 million (31st December 2022) to £4,256 million (31st March 2023). The overall return of the Pension Fund for the year ending 31st March 2023 was -5.8% against a benchmark of -2.9%.

The Board discussed the opportunity faced by BG to consider more renewable

energy opportunities and fossil fuel reduction in view of the increasing scrutiny by Welsh Government and lobbying groups.

The Service Director Pensions, Procurement & Transactional Services clarified that the reference to the Skills and Knowledge Framework on page 15 relates to the LGA virtual training sessions for the Pension Fund Committee members. He was pleased to note that following feedback from the Committee less intensive, half day sessions were now available which made them more manageable. The Chair concurred as he had undertaken the last WPP training online which had been helpful.

The Service Director – Pensions, Procurement & Transactional Services provided an update on the key administration issues facing the Fund. The team were reviewing key processes and recording activity to identify payment trends. The circumstances were discussed in detail, and Board agreed with the Panel's conclusion that these instances did not constitute a material breach and the subsequent action taken was appropriate.

The Service Director provided an update regarding the three Nursery Admission Agreements relating to Rhondda Cynon Taf CBC staff transfer arrangements and he provided an overview of the TUPE plus arrangements.

The Service Director outlined the governance matters relating to the Board and the update regarding the new General Code of Practice, providing reassurance to Panel that Board is supportive of reviewing the requirements against existing practices within the RCT Fund when appropriate. Other key matters raised included the Pensions Dashboards Programme (PDP) and the expectation that Board discuss this as a regular agenda item. There were updates on technical regulatory changes in preparation for the implementation of the McCloud Remedies.

The Service Director outlined the Government's consultation on the 'McCloud' remedy in the LGPS. The Board discussed the resources required to respond to the inevitable queries that will arise and the work that continues ahead of the implementation date of 1st October 2023. The Board acknowledged that the matter remains a priority and it would remain a standing agenda item going forward.

The Board welcomed the continued development of the communication/self-help videos and ongoing engagement for the Fund website. The Service Director advised that the implementation of the new 'Life Certification' exercise involving 189 overseas pensioners had been successful. He confirmed that this will become an annual exercise.

There had been small increases to the Member Self Serve (MSS) take-up following the review of the starter process which will include more signposting to the MSS functionality and endeavouring to get new starters signed-up immediately.

With regards to the progress of I-connect and one remaining Employer yet to put the required measures in place, the Pension Board noted the situation and welcomed the progress made.

The Service Director outlined the process in place for automated bank account verification which is currently being evaluated by the Service. He explained the

Employer Document Upload functionality is a welcome improvement to overcome the possible interception of document transfers.

The Board discussed the key service standards and the resources now in place in recognition of the significant challenges ahead. Members of the Board were assured that they would be kept informed of any further resource requirements following a review of planning, processes and structures currently in place.

Members acknowledged the update in respect of socially responsible investments with specific information relating to a proposed investment.

Following consideration of the Panel Minutes the Board **AGREED** to note the contents.

65 RISK MONITORING

The Service Director – Pensions, Procurement & Transactional Services referred Board Members to the updates taken forward to the Risk register.

The Board discussed the potential risks associated with collaborating with another WPP Fund and concluded that there were processes in place to mitigate any conflicts of interest.

Members **AGREED** to note the report.

66 ALL WALES 'POOLING'

The Senior accountant, Pension Fund & Treasury Management provided Board Members with an update in respect of all Wales Pooling.

The Senior Accountant advised that the sub fund for private debt was launched April 2023 with Russell Investments appointed to develop the WPP pooled private debt investment programme. The infrastructure sub funds was launched during June 2023. Furthermore, confirmed that GCM Grosvenor, a global alternative asset management solutions provider, has been appointed to implement closed ended infrastructure investments.

The Board was advised that a number of Constituent Authorities have committed to launching a sustainable equity fund, which is in line with its long-standing importance to all Constituent Authorities. Further, an opportunity to invest in a local impact investment in the form of a wind farm investment was agreed by the JGC. The total commitment to this local investment was £77 million of which RCT Pension Fund committed to £10 million.

The Senior Accountant advised that the operator contract ends in December 2024. The procurement process is ongoing and the scoring/evaluation matrix will be agreed at the July 2023 JGC followed by approval by each constituent authority. The timeline for the interviews is January 2024, with a report will be taken to JGC to approve the recommended operator appointment March 2024. This recommendation will need to be approved by each individual funds' pension committees by late March / April 2024.

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

67 KNOWLEDGE AND UNDERSTANDING FRAMEWORK

Board Members were presented with the knowledge and understanding framework. Members were reminded to inform the Service Director with details of any new training undertaken.

The LGPS Scheme Advisory Board (SAB) training day in Cardiff on the 26th September 2023 with a session on the 'New Code of Transparency' held between 12-3pm would be included in the framework accordingly.

Members **AGREED** to note the information in respect of the Board's knowledge and understanding framework.

68 KEY PROJECTS UPDATE

McCloud Power Point Presentation (which followed on from the discussions earlier in the meeting regarding the McCloud/LGPS) – The Board received an update on local progress to date with the aid of a power point presentation.

Board noted the scope and progress of the project in readiness for the subsequent remedies, which will come into force on 1st October 2023. Board was advised that it is unlikely that everything will be in place ahead of the 1st October but acknowledged that significant progress was being made. Following discussion, Members thanked the pension graduate officer for a detailed and informative update. Members were also pleased to note that the graduate was now a permanent member of the team.

National Pension Dashboard Programme- Members were provided with an update in respect of the delayed National Pension Dashboard Programme- the broader implementation remains the same with the deadline as 31st October 2026.

Board noted the importance of the items being included on every agenda of the Pension Board going forward so as not to lose sight of progress.

69 LEGISLATIVE AND ADMINISTRATIVE ISSUES

The Service Director – Pensions, Procurement & Transactional Services advised that the Department for Levelling Up, Housing and Communities (DLUHC) had launched its consultation in July 2023 (which will run for 12 weeks and close on the 2nd October 2023) and seeks views on proposals relating to the investments of the Local Government Pension Scheme (LGPS). It covers the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.

The Service Director confirmed he would circulate the consultation response ahead of the next Board meeting on the 26th October.

The Board discussed the content of the consultation and noted the update.

70 ENVIRONMENTAL, SOCIAL & CORPORATE GOVERNANCE

The Senior Accountant Pensions & Treasury Management provided Board members with a verbal update in respect of ESG matters and advised that the Fund currently invests in the BlackRock Low Carbon Equity fund. The value of

this investment, as at 31st March 2023, is £223.7 million.

The Senior Accountant explained that Baillie Gifford's carbon focussed report for March 2023 highlights the Fund's investment rationale for its oil and gas holdings as at 31st March 2023. During the quarter, the Managers engaged with four companies on climate aspirations.

The Board discussed its previous concerns raised regarding the MSCI indexes which resulted in the index being revised and the Board noted that the Fund remains in a good position in respect of its policy objectives.

71 ANY OTHER BUSINESS

The Chair of the Board provided Members and officers with updates in relation to the following:

Bulletins:

- LGPS - 'such as its perceived complex administration and rules'
- KPI's under review
- Technical issues regarding state issues
- Pension Gender Gap – (Board already discussed)
- DLUHC Consultation closes on the 2nd October (Board already discussed)
- Pension Dashboard (Board already discussed)
- DWP reported a Pension Scam Regulation
- As part of the Chair's role the chair confirmed that he had completed and submitted The Pension Regulator's (TPR) questionnaire on Diversity and Inclusion and that it would feature on a future Pension Board agenda.
- To feature as an item on a future Pension Board agenda.
- Social Impact Bonds training event – how are the impacts measured

Officers updated the Chair that the Fund annual accounts and annual report were well underway. The Chair's confirmed he would prepare and circulate Board a statement for inclusion within the annual report.

The Chair thanked all Board Members and officers for their attendance and contribution at the meeting.

This meeting closed at 1.05 pm

**H Coombes
Chair.**