



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

Minutes of the Hybrid meeting of the RCT Pension Board held on Monday, 11 July 2022 at 10:00am

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

Rob Whiles – Member Representative (Pensioners) (Chair)  
Ms Sindy Absalom – Member Representative (Actives/Deferred)  
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 T Watson – Senior Democratic & Scrutiny Officer

#### **13 Welcome**

Due to the absence of Professor Hugh Coombs, Mr Rob Whiles took up the position of Chair. The Chair welcomed everyone to the meeting of the RCT Pension Board and said how nice it was to see everyone face to face, and reminded Members that future meetings would be offered as hybrid. The Chair welcomed the new Member, Ms Sindy Absalom, to her first face to face meeting.

#### **14 DECLARATION OF INTEREST / CONFLICTS / CONFIDENTIALITY**

In accordance with the Council's Code of Conduct, there were no declarations of interest pertaining to the agenda. The Chair reminded members of the confidentiality of proceedings.

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

The minutes of the RCT Pension Board meeting on the 30<sup>th</sup> May 2022 were **APPROVED** as an accurate reflection of the meeting, subject to the amendments of the Chair, Professor Hugh Coombs.

The Service Director – Pensions, Procurement & Transactional Services highlighted these points to Members.

#### **16 Matters arising**

The Service Director – Pensions, Procurement & Transactional Services provided Board Members with the following updates resulting from the May 2022

minutes:

Matters arising –

Page 4 - YK confirmed that she had received the WPP voting policy, which had been agreed at the last WPP meeting.

Page 6 – IT noted that there had been no response regarding the Pension Regulator Survey. CB to look into this.

#### Action Points:

The timetable for future Board meetings was discussed, together with the AGM which has been set for November, and would be a hybrid meeting. IT confirmed the dates of the Pension Committee and Pension Investment panel to correlate with the Board proposed timetable. In terms of the Pension Committee minutes, it was noted that next meeting is tomorrow (12<sup>th</sup>).

#### 6. Knowledge and Understanding Framework –

The Board were reminded to send the Service Director, a list of any training requirements to add to the list. It was acknowledged that WPP meetings were very informative. YK noted that there was an Officer Group Meeting tomorrow (12<sup>th</sup>) and would firm up WPP training dates. The Chair noted that HC had attended Barnett Waddingham training in London, and it would be good to have an update on this at the next meeting.

#### 7. Risk Monitoring

Previous updates referred by the Board had been included within the Risk Register. Nothing further to note.

#### 12. Any other business

The Service Director – Pensions, Procurement & Transactional Services advised Board Members that membership of the Pension Committee had changed with all new members except the Chair. All had received initial 'in-house' training as part of skills and knowledge, and were booked in for the LGA 'fundamentals training' for later in the year, with learning and development sessions scheduled. The Service Director – Pensions, Procurement & Transactional Services acknowledged the offer of support, from the Chair previously, to help facilitate the awareness sessions, but noted it was not needed at this stage.

The Chair confirmed that the Pension Committee would have an invite to attend the November AGM and the Joint Committee/Board meeting in March, and so may get to meet the new Members at that time.

## **17 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 30<sup>th</sup> June 2022

The Senior Accountant Pensions & Treasury Management reported that the overall value of the Fund decreased from £4,819 million (31<sup>st</sup> December 2021) to

£4,510 million (31st March 2022). The overall return of the Pension Fund for the year ending 31st March was 0.5% against a scheme benchmark of 6.7%. The long-term performance remained good. The 3-year performance figures of active managers were noted.

Board Members discussed the performance achieved and noted that Fund Managers were appointed over the long-term. Baillie Gifford were confident, and committed to their key principles, and believed it would work its way through, but there was a lack of confidence in the market. Baillie Gifford had produced stellar numbers over a longer period, but it was appropriate to keep monitoring them. Board Members also noted that in respect of CBRE, this was one sector (property investment) that hadn't worked as well during the pandemic.

Board Members discussed and noted at 3.8 the disinvesting out of the Fund's remaining investments in fossil fuel extractions and provided their support to this initiative.

Board Members were advised that the WPP were now offering a low carbon equity fund, which would be launched in December. The Chair commented that it was reassuring that remaining holding are less than 1%. Board Members noted the comments from the Rhondda Cynon Taf Council Leader, in respect of the 2030 target.

Board Members noted the presentation from Baillie Gifford at point 4. noting the reasons for their underperformance. Board Members noted and were reassured that the Fund was not investing in anything controversial.

Board Members noted the positive presentation from CBRE at page 10, who predicted a good return for 2022. Board Members were advised that this held a blend of units.

Board Members noted that the presentation from Mercer, would be re-submitted as there were a number of inconsistencies and inaccuracies in the latest report. Board Members noted that this matter had been escalated within Mercer expressing the low level of confidence in their performance analysis. The panel will be keeping a close check on developments.

Board Members recognised at point 7, that new Pension Committee Members had committed to the Pensions knowledge and awareness requirements.

In terms of Administration, Board Members noted at 9.2 two Admission Agreement Applications approved by Panel, linked to cleaning contractors and at 9.3, there were no late payments or potential breaches to report for consideration this period.

In terms of Governance, at 9.4, the Pensions Service Manager , provided an update: -

- It was noted that the Pensions Regulator had published new guidance for trustees, on ensuring compliance with the requirements for Pensions Dashboards. Board Members discussed the implications and the Pensions Service Manager agreed to circulate information to all.
- Board Members noted the Normal Minimum Pension Age (NMPA), was something to keep an eye on, as RCT regulations currently stated 55, so there would be implications.

- Board Members noted significant changes in respect of Special severance payments. Although this guidance did not apply to Welsh authorities, Wales could follow.
- Board Members noted that in respect of the Single Code of Practice Code, to be launched from oct 2022, as soon as anything on governance requirements was received, through the work of the Scheme Advisory Board, then Pension Board Members would be involved in supporting compliance.

Board Members discussed the Year End/Valuation, at 9.5, and noted there was an agreed timetable, assumptions, risk discussions and discussion around short term inflationary impact, with the fund Actuary.

Board Members noted in respect of Communication, at 9.6, that the Fund's Communication forum took place on the 6 July. A targeted exercise of pension membership online, would be carried out, to help increase numbers. A Life certification exercise was underway in order to keep up to date information e.g. mortality information for those residing abroad.

In respect of 9.11, Key Service Standards, Board Members noted that performance was a challenge, as Service demands increase and the necessary Team development continues. In respect of resourcing a recruitment exercise would be carried out in the Autumn, with the apprenticeship programme proving a success. Board Members noted that it was difficult to recruit specialist staff trained in local government pensions.

Board Members noted that in respect of the Internal Dispute Resolution Procedure, at 9.12 numbers were extremely low, which was positive.

In respect of the WPP pooled private debt investment programme at 11.0:

- Board Members noted, at 11.2, this was likely to launch at the end of November. The sustainable equity fund had been approved at the last WPP meeting.
- At 11.6, Board Members sought clarification in relation to the proposed infrastructure investors. Board Members were informed this included roads, renewable transport and energy. There was recognition of the importance of investing in Wales where the investment case is sound, but in terms of wider infrastructure, the Fund would be open to global opportunities.

Following discussions, Board members AGREED to acknowledge the updated information.

## **18 RISK MONITORING**

Board Members were provided with an assessment of the risks associated with the RCT Pension Fund, the control measures in place, and noted the updates made to the risk register.

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

## **19 ALL WALES 'POOLING'**

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

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

## **20 KNOWLEDGE AND UNDERSTANDING FRAMEWORK**

Board Members were presented with the knowledge and understanding framework.

Board Members were asked to check the details of the training undertaken on pages 32 – 38, and advise IT if there is anything missing.

Following discussion, Members RESOLVED to note the information in respect of the Board's knowledge and understanding framework.

## **21 Covid Governance Update**

Members were provided with verbal reassurance around the Governance arrangements and any lessons learned as a result of the Covid working practices.

Board members were informed that the RCT Pension Service was still working in a hybrid approach with staff working in the office 2 days a week. There are no plans to change this in the near future, given the Service development activity planned

Following discussion, Members RESOLVED to note the update

## **22 LEGISLATIVE AND ADMINISTRATIVE ISSUES**

The Pensions Graduate Officer provided Pension Board Members with a service update on the McCloud Project.

Board Members commented that this had been very informative and provided further perspective in terms of numbers and complexity involved.

Board Members were also informed that the regulations would come into force, in October 2023, although until such time, the focus was on data collection to help inform the remedy.

Board Members recognised the significance of this Project and further updates on progress will continue to be brought to future Board meetings.

Following discussion, Members **RESOLVED** to note the presentation and thanked the Pension Graduate Officer for a very detailed and informative update.

**23 ENVIRONMENTAL, SOCIAL & CORPORATE GOVERNANCE**

The Senior Accountant Pensions & Treasury Management provided Board Members with a verbal update in respect of ESG matters.

Board Members were informed that the Pension Fund had made a commitment to work towards being carbon neutral by 2030 and discussion would be ongoing with the Pension Committee in this regard.

Following discussion, Board members **RESOLVED** to note the update on environmental, social and corporate governance.

**24 ANY OTHER BUSINESS**

None

**This meeting closed at 1pm**

**Mr R Whiles  
CHAIR.**