

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

Minutes of the virtual meeting of the RCT Pension Board held on Tuesday, 3 November 2020 at 10.00 am.

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 (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

Mrs Sarah Handy – Members' Researcher & Scrutiny Officer

### **72 Declarations 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 proceedings was confirmed

### **73 Minutes of the Pension Board**

Board Members agreed that the Pension Fund Committee minutes from the 13<sup>th</sup> October 2020 would go to the next Board meeting in January 2021.

Board Members continued to review the RCT Pension Board minutes from the 5<sup>th</sup> August 2020 and it was **AGREED** to approve the minutes as an accurate reflection of the meeting subject to the following:

#### **Minute 57**

The Service Director of Pensions, Procurement & Transactional Services informed Board Members that he would confirm whether the figure of 98% was still accurate in respect of funding levels of the Pension Fund.

#### **Minute 67**

Board Members noted a typographical error and it was noted that the sentence should read "A discussion took place on the risk register for WPP and the development of the risk register was welcomed".

### **74 Matters Arising**

#### **Minute 64 – Matters Arising:**

#### **Minute 40**

The Service Director of Pensions, Procurement & Transactional Services Informed the Board that internal audit issues concerning a planned meeting with the Chair of the Pension Board to discuss areas of potential focus are still outstanding. The planned meeting had been affected by the current and on

going pandemic.

The Service Director of Pensions, Procurement & Transactional Services also advised the Board that the Council's home working policy has been successfully implemented to date, however, it was also acknowledged that there can be operational difficulties, for example, the training of new staff. The Service Director of Pensions, Procurement & Transactional Services advised members that he would confirm the start date for the new Apprentices and feedback to the Board accordingly.

#### **Minute 50**

The Service Director of Pensions, Procurement & Transactional Services informed the Board that the 2019/20 process in respect of Pensions Allowance Tax Limits has recently concluded.

#### **I-connect responses**

The Service Director of Pensions, Procurement & Transactional Services advised the Board that in accordance with a request from Pension Committee, a letter had been issued to those Employers yet to go live on I-Connect requiring their compliance by 31<sup>st</sup> March 2021. It was noted that the Board formally supports this course of action seeing it as essential that progress with this matter is achieved as quickly as possible.

#### **Minute 52**

##### **Annual Governance Survey**

The Service Director of Pensions, Procurement & Transactional Services advised the Board that as of yet there was no update in respect of the results of the annual governance survey.

#### **Minute 57**

##### **Funding levels of the Pension Fund**

The Service Director of Pensions, Procurement & Transactional Services emphasised that the funding levels have since bounced back and they have recently seen a further increase. Board members were assured that the market has bounced back considerably since the start of the COVID-19 pandemic in March although inevitably there were many factors causing uncertainty in world markets

#### **RCT Pension Board minutes – 5<sup>th</sup> August 2020.**

##### **Matters Arising;**

#### **Minute 66**

The Service Director of Pensions, Procurement & Transactional Services advised the Board that he would circulate information to members in respect of the potential impact of COVID-19 on scheme member death rates.

#### **Minute 68**

It was noted that the Powys Board conference is still listed in the Boards 'skills and knowledge' register as being held in March 2020 and that this needs to be amended accordingly.

#### **Minute 71**

The Service Director of Pensions, Procurement & Transactional Services confirmed that the AGM would be held virtually.

It was noted that the word "*Professor*" had been spelled incorrectly and it was

agreed that this would be amended accordingly.

### **Action Points – 5<sup>th</sup> August 2020.**

#### **Matters Arising:**

**Minute 68** - The Service Director of Pensions, Procurement & Transactional Services confirmed that Pension events will be an ongoing matter.

**Minute 70** – Board members were advised that they will receive an update on McCloud under agenda item 8.

**Minute 71** – It was confirmed that the AGM will be virtual and that a calendar of meetings will be circulated shortly together with the Pension Fund minutes.

## **75 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 28<sup>th</sup> September 2020.

The Senior Accountant Pensions & Treasury Management reported that the overall value of the Fund increased from £3,350 million (31<sup>st</sup> March 2020) to £3,905 million (30<sup>th</sup> June 2020). The overall return of the Pension Fund for the quarter ending 30<sup>th</sup> June 2020 was 4.1% ahead of a scheme benchmark of 12.5%.

Members were informed that a scoping document has been created to refresh the current liability study and the Chair requested that Board members have sight of the document. The Service Director, Procurement & Transactional Services agreed to circulate this to members.

Board members were referred to the three year performance figures of active managers and were also referred to the presentation of Baillie Gifford and CBRE. The Senior Accountant Pensions & Treasury Management explained that CBRE's property portfolio was overweight in the industrial sector and that the expectation was to reduce holdings in retail where possible. There was some discussion on the property portfolio in the context of risk

In respect of skills and knowledge, the Service Director, Procurement & Transactional Services informed the Board that County Borough Councillor M. Powell had joined the Pension Fund Committee as a new Committee Member. The Service Director, Procurement & Transactional Services confirmed that appropriate pension training will be provided to the new member.

Discussions ensued and The Service Director, Procurement & Transactional Services updated the Board in terms of governance arrangements. The Board were informed that MHCLG has published a consultation on the reform of exit payments in Local Government and that the consultation closes on the 9<sup>th</sup> November 2020. The Chair requested that the results are shared in due course with the Board.

In respect of Year End 2019 Valuation, it was noted that annual allowance work is being finalised and that saving statements will be issued by the 6<sup>th</sup> October. It was also noted that active and deferred annual benefit statements were published and met the statutory deadline and that the GAD valuation exercise is

currently outstanding. In terms of achieving the benefit statements date the Board thanked staff for their efforts particularly under current circumstances.

The Service Director advised the Board that the RCT corporate induction day was facilitated virtually and the Pension Service participated. It was also confirmed that the communications forum was held virtually in July.

Board Members were informed that I-connect continues to be rolled out and that those Employers who have yet to implement it have been given a revised implementation date of the end of March 2021.

Board Members were then referred to the performance against the Fund's key service standards. The Service Director, Procurement & Transactional Services explained that the performance exceptions were due to resourcing.

The Senior Accountant, Pensions & Treasury Management updated the Board on the Wales Pensions Partnership progress report and also discussed the proposed restriction change of the North American Model presented by Baillie Gifford.

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

## 76 Risk Monitoring

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

The Service Director of Pensions, Procurement & Transactional Services confirmed that McCloud will have an impact on liabilities and that the register has been amended to reflect the consultation outcome.

Board were informed that the risk register has also been amended to reflect;

- The 2020 valuation review;
- The launch of the fixed interest sub fund in July 2020;
- The continuous development of sub funds within the WPP;
- The delay in the transition of the passive equity portfolio managed by BlackRock into their low carbon investment product – ACS World Low Carbon Equity Tracker Fund
- The McCloud consultation outcome

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

## 77 All Wales 'Pooling'

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

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

## 78 **Knowledge and Understanding Framework**

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

The Board agreed to send the Service Director, Pensions, Procurement & Transactional Services a list of any training requirements to add to the list.

In respect of the Powys Board Member training it was confirmed that the Chair, Rob Whiles and David Francis attended.

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

## 79 **Covid Governance Update**

The Service Director of Pensions, Procurement and Transactional Services provided reassurance to the Board around the business continuity **plan** and governance arrangements established as a result of the COVID circumstances.

Board members were informed that COVID-19 has certainly had an impact, in respect of operational performance and the ability to train and develop the team. However, Board members were assured that recruitment to the Service was proceeding, which will help meet the increasing demands.

The Service Director of Pensions, Procurement and Transactional Services also confirmed that the AGM and communication forum will still be going ahead as planned.

Following discussion, Members **RESOLVED** to note the update.

## 80 **Legislative and Administrative Issues**

- **McCloud**

The Service Director of Pensions, Procurement & Transactional Services informed the Board that McCloud has and will continue to have a significant impact on resources. Board members were informed that an internal project team has been set up specifically to deal with the implications of McCloud and that the team is progressing ahead with capturing data from the Fund Employers.

- **Cost Cap**

The Service Director of Pensions, Procurement & Transactional Services provided the Board with an update on the Cost Cap arrangements.

- **Exit payments**

Board were updated in respect of the £95k exit cap Treasury legislation, and that arrangements were now underway by MHCLG to finalise the scheme legislation. There was some discussion on the impact of this on administrative resources whilst the aspects were in conflict between MHCLG and Treasury. The scheme legislation was currently out for consultation and the Service Director of Pensions, Procurement & Transactional Services advised that the Fund's consultation response will be shared with Board members when ready. It

was also emphasised that the Fund Employers will be encouraged to respond to the consultation.

Following discussion, Board Members **RESOLVED** to note the legislative update.

**81 Any Other Business**

It was again confirmed that the AGM will be held virtually and it was also confirmed that the joint Pension Board Committee meeting will be held on the 22<sup>nd</sup> March 2021.

**This meeting closed at 12:20pm.**

**Professor H. COOMBS  
CHAIR.**