



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

Minutes of the hybrid meeting of the RCT Pension Board held on Monday, 9 January 2023 at 10.00 am.

### **County Borough Councillors - 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 - Senior Accountant Pensions & Treasury Management  
Mr T Jenkins – Senior Team Manager

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

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

### **38 APOLOGY**

The Chair advised of an apology received from Board Member Ms Sindy Absalom and Members passed on their best wishes to Ms Absalom.

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

The Chair advised Members that the minutes of the previous meeting of the Board (October 2022) were currently unavailable, although it was advised that a set of draft minutes would be made available in readiness for the next meeting of the Board.

Members commented on the amendments that needed to be made to reflect the accuracy of the July Board Meeting and Mr R Whiles, acting Chair for the July meeting agreed to send through the proposed amendments for Members comment and agreement.

Members **AGREED** to note the Pension Fund Committee agenda, with no issues of concern raised. The Service Director – Pensions, Procurement & Transactional Services advised Members of a change in membership to the

Committee and provided reassurance of the training programme in place to provide the skills and knowledge to the Members to allow them to undertake their Committee duties and to support good governance continuity.

#### **40 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 25<sup>th</sup> November 2022, where two fund Managers had been in attendance.

The Senior Accountant Pensions & Treasury Management reported that the overall value of the Fund decreased from £4,108 million (30th June 2022) to £3,995 million (30th September 2022), with the overall return of the Pension Fund for the year ending 30th September 2022 at -15.7% against a benchmark of -8.6%. Consideration was given to the performance figures of active managers and it was noted that Baillie Gifford had outperformed its benchmark.

The Senior Accountant Pensions & Treasury Management advised of discussions with the Operator to review the makeup of the Global Growth Fund and the presentation of formal reporting of the three underlying fund managers and the Board made a number of relevant observations with regard to these discussions

An overview of the presentations provided at the Panel meeting was provided to Board Members in respect of Veritas and Blackrock. The Service Director spoke of the professionalism of the Blackrock presenters, and it was advised of the launch of a new product in June by the company in respect of renewable energy. The Board were advised of the potential options available including collaborative work with other Local Authorities in respect of due diligence if this product was taken forward. The Chair requested a further report back to the Board in respect of this item at a future Board meeting.

The Service Director proceeded to provide Board Members with key administration issues facing the Fund, which included detail of a late payment in September which has since been rectified. It was confirmed that this would be recorded as an 'immaterial breach' of the fund given the circumstances. The Board accepted this view.

Members acknowledge the risk commentary update in relation to the WPP Operator procurement process and referenced their previous referral and discussion in this regard. The Service Director confirmed that he had relayed the Board's discussion to both Committee and the Pension Advisory Panel.

Board Members spoke of the positive networking opportunities made available during the Annual General Meeting as well as it being a very informative meeting.

In reference to the letter to Board Members It was understood that letters to board members were in the course of preparation and would be received by board members in due course. The Service Director agreed to check the tenure of the members and spoke of the positive working arrangements of the Pension Board. Members spoke of the positive linkage with the Pension Fund Committee and the officer support available.

The Service Director spoke of the finalisation of the Pension Fund Annual Report

in accordance with the statutory requirement and it was confirmed that this was now produced digitally rather than in paper format.

In respect of the McCloud update, it was added that the project work was on going and an update would be further provided at the next meeting of the Board.

Members were advised that the Scheme Advisory Board no longer required scheme 'death statistics', however the Fund would continue to collate up to the Valuation date. It was noted that the Fund's mortality assumptions for the 2022 Valuation exercise, have been amended as a result of the Covid pandemic.

In respect of the Triennial Valuation the Service Director advised of the significant funding improvement from 2019 Valuation, however he did highlight the significant drop off in fund performance between April – September 2022. The Service Director spoke of the reassurances received and added that this needed to be kept in mind when setting future assumptions. Members commented on taking a prudent approach, which all Members agreed to be the correct approach. This view was also in line with that expressed by the SAB.

Members queried the potential 10.1% pension increase referenced within the panel minutes. The Service Director advised that HM Treasury sign off was still needed for this potential increase and no formal notifications had yet been received.

The Board acknowledged the successful delivery of the Pension Savings Statement exercise in accordance with the Fund's statutory obligations. It was queried whether more people were taking forward salary sacrifice arrangements. The Service Director explained that this was possible but as of yet, this had not been witnessed. The Service Director also confirmed that reassuringly there had not been a drop off in Fund membership due to the cost of living crisis.

In respect of the Fund's formal sign up to the TPR 'Pledge to Combat Pension Scams', one Board Member queried the number of scammer attacks on the Fund and it was suggested that an update on the new process be presented back to the Board at an appropriate date.

Data quality feedback was provided to the Board with The Fund's compliance remaining consistent with last year:

- Common Data Score 97% (2021 – 97%)
- Scheme Specific Data Score 99% (2021 - 99%)

The Service Director also updated the Board in respect of the Prudential performance monitoring, advising that the Fund was experiencing improvements in turnaround times as the provider's resolution action plan takes effect. The Service Director reassured the Board that this was being monitored.

Board Members were informed that I-connect continues to be rolled out as agreed at Pension Committee. Two Employers were still to onboard, and reminders of this requirement had been sent. Board Members were disappointed to see that no further progress had been made by those Employers.

In respect of Member Self Serve (MSS), it was pleasing to note an increase in MSS take-up during the period. The Service Director continued by adding that

over time it was hoped that this increase would continue and spoke of the intention to push engagement as part of the recruitment starter process. This to encourage the opportunities to join the Fund progressing digital engagement wherever possible.

As part of the update the Service Director explained that the Pension Dashboard programme implementation timeline had been pushed back for LGPS Funds and was anticipated that this Fund would be onboard during 2025.

In recognition of the significant challenges ahead, Members of the Board were pleased to hear of the recruitment opportunities being taken forward and the 'grow your own talent' focus within the Service, in respect of opportunities for apprentices.

Members queried the internal dispute resolution procedure highlighted within the Panel Minutes and the overpayment reference. The Service Director explained the background and agreed that this was a very rare incident which had subsequently been resolved. Board Members noted that there was very minimal number of disputes over the years as reported to the Board.

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

**Action Point:**

- Further report to the Board in respect of the new product by Blackrock in respect of renewable energy.
- Further details on McCloud Group

#### **41 RISK MONITORING**

The Senior Accountant, Pension Fund & Treasury Management referred Board Members to the updates taken forward to the Risk register following the latest Board meeting and various governance issues were discussed by the Board.

Members were provided with an update in respect of the delivery of the 2022 Triennial valuation. It was suggested by the Board that the due date of the final report (March 23) be included within the comments. It was referenced the Governance documents needed updating and it was the intention to formally consult with the Board on the Funding Strategy and this would be presented to the March Joint Meeting.

In respect of the loss or reputation risk and specifically seminars and training it was suggested that wording should be added to the following control measure 'The Fund holds Annual General Meetings, Communication Forums, seminars and training **both directly and through the WPP**.

Members **AGREED** to note the report.

#### **42 ALL WALES 'POOLING'**

The Senior accountant, Pension Fund & Treasury Management provided Board Members with an update in respect of all Wales Pooling. Members were advised that a number of Constituent Authorities had expressed an interest in launching

a sustainable equity fund.

The Board were updated on the procurement process and timeline in respect of the WPP Operator. Board Members were reassured that regular officer meetings are taking place and that they would receive progress updates accordingly.

The Chair took the opportunity to provide an update on the Pension Board Chair meeting that had taken place on the 26<sup>th</sup> October 2022. Members were advised of the positive attendance and the standard agenda items considered at the meeting.

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

#### **43 KNOWLEDGE AND UNDERSTANDING FRAMEWORK**

Board Members were presented with the knowledge and understanding framework. Members were advised of WPP training scheduled for the 27<sup>th</sup> February.

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

#### **44 COVID GOVERNANCE UPDATE**

The Service Director advised Members that the department were still undertaking a hybrid approach to working arrangements and were promoting digital engagement wherever possible.

Board Members commented that this agenda item could be removed from future meeting agenda's.

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

**Action Points** – *Covid governance update to be removed from future meeting agenda papers.*

#### **45 LEGISLATIVE AND ADMINISTRATIVE ISSUES**

The Board received a PowerPoint presentation from Senior Team Manager in respect of the life certification exercise for 'oversee pensioners proof of life'. Members were provided details of the previous life certification exercises undertaken and the move to an online process instead including a facial authentication process.

Members were advised that RCT pension Fund were the first to run such a digital scheme and spoke of the positive response to date, with 101 certifications since October. The possibility of marketing these developments was raised given the innovative approach developed.

Board Members congratulated Officers for the innovative practice and the positive take up rate.

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

## 46 ENVIRONMENTAL, SOCIAL & CORPORATE GOVERNANCE

The Senior Accountant, Pension Fund & Treasury Management commented on the environmental, social and governance factors as part of the Fund's responsibilities as a long term sustainable investor. The Board were advised that the Fund was committed to an orderly carbon transition and believes active engagement with investee companies is the preferred option to bring about change whilst managing overall investment risk issues

Members were updated on the Fund's positive activity in the area over the period.

The Senior Accountant, Pension Fund & Treasury Management added that Responsible Investment and Climate Risk reports in relation to the fund's investment have been developed using MSCI ESG research data.

The Board were advised that Councillor Norris had been nominated to be on LAPFF's executive committee representing the Wales Pension Partnership and RCT Pension Fund. Board Members passed on their congratulations to Cllr Norris on the appointment.

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

## 47 ANY OTHER BUSINESS

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

- I. SAB website – tie in with ESG agenda and current Government consultation.
- II. New guidance in respect of asset pooling
- III. SAB valuation - long term suitability employer contribution
- IV. LGPC Bulleting Dashboard
- V. Publishing Scam warning of TPR

A query was raised in respect of the next cycle of meeting dates for the Board and officers agreed to provide the Board with a new timetable of meetings for the calendar year.

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

**This meeting closed at 1.08 pm**

**Prof. H. COOMBS  
CHAIR.**