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AGENDA

Pwyllgor PWYLLGOR PENSIYNAU

Dyddiad ac amser y cyfarfod DYDD IAU, 30 MAI 2019, 5.00 PM

Lleoliad I'W GADARNHAU

Aelodaeth Cynghorydd Weaver (Cadeirydd)
Cynghorwyr Dilwar Ali, Howells, Lay a/ac Graham Thomas

1 **Ymddiheuriadau am Absenoldeb**

Derbyn ymddiheuriadau am absenoldeb.

2 **Datgan Buddiannau**

Dylid gwneud hyn ar ddechrau'r eitem agenda dan sylw, yn unol â'r Cod Ymddygiad Aelodau.

3 **Cofnodion** (*Tudalennau 3 - 4*)

Cymeradwyo cofnodion y cyfarfod a gynhaliwyd ar 14 Ionawr 2019 fel gwir gofnod.

4 **Polisi Buddsoddi Newid yn yr Hinsawdd** (*Tudalennau 5 - 8*)

5 **Partneriaeth Pensiwn Cymru** (*Tudalennau 9 - 44*)

6 **Polisi Cwynion** (*Tudalennau 45 - 68*)

7 **Cofnodion y Bwrdd Pensiwn Lleol** (*Tudalennau 69 - 76*)

Nodi cofnodion y cyfarfod y Bwrdd Pensiynau Lleol a gynhaliwyd ar 30 Hydref 2018.

8 **Eithrio'r Cyhoedd**

Mae'r eitem ganlynol yn gyfrinachol ac wedi'i eithrio o'i gyhoeddi gan ei bod yn cynnwys gwybodaeth wedi'i heithrio o'r disgrifiad sydd ym mharagraff 14 Rhan 4 a pharagraff 21 Rhan 5 Atodlen 12A Deddf Llywodraeth Leol 1972. Gallai'r cyhoedd fod wedi'i wahardd o'r cyfarfod drwy benderfyniad y

Pwyllgor yn unol ag Adran 100A(4) Deddf Llywodraeth Leol 1972 wrth i'r eitem hon gael ei thrafod.

9 Cofnodion y Panel Cyngori ar Fuddsoddi (*Tudalennau 77 - 80*)

Nodi cofnodion cyfarfod y Panel Cyngori ar Fuddsoddi a gynhaliwyd ar 11 Rhagfyr 2018.

10 Eitemau Brys (os oes rhai)

11 Dyddiad y Cyfarfod Nesaf

11 Gorffennaf 2019 am 5.00pm yn Ystafell Bwyllgor 2, Neuadd y Sir, Caerdydd.

Davina Fiore

Cyfarwyddwr Llywodraethu a Gwasanaethau Cyfreithiol

Dyddiad: Dydd Iau, 23 Mai 2019

Cyswllt: Andrea Redmond, 02920 872434, a.redmond@caerdydd.gov.uk

PENSIONS COMMITTEE

14 JANUARY 2019

Present: Councillor Weaver(Chairperson)
Councillors Dilwar Ali, Howells and Lay

22 : APOLOGIES FOR ABSENCE

No apologies for absence were received.

23 : DECLARATIONS OF INTEREST

No declarations of interest were received in accordance with the Members; Code of Conduct.

24 : MINUTES

The minutes of the meeting held on the 26 November 2018 were approved as a correct record of the meeting and were signed by the Chairperson.

25 : CLIMATE CHANGE INVESTMENT POLICY - TO FOLLOW

The Committee noted that Appendix 1 of this report was confidential in accordance with paragraphs 14 and 21 of Parts 4 and 4 of Schedule 12A of the Local Government Act 1972 and that should Members wish to discuss any of the information contained in that Appendix it would be necessary for the public to be excluded from the meeting.

The committee was provided with an update on the current position in relation to the Climate Change Investment Policy and noted that a further report had been presented to the Investment Advisory Panel in December of last year and that the Panel commented that quantitative measurements of environmental impact should not be considered in isolation but that qualitative aspects should also be borne in mind.

Members noted the action points for working towards a long term target for the reduction of the Fund's exposure to environmental risks but also stressed the importance of ensuring that any investment strategies are compatible with the Council's fiduciary duty.

Members asked officers to undertake further work including developing a plan for incremental changes to the Fund's investment strategy and a robust monitoring and review process, so that any adverse impacts on the performance of the Fund are reported and adjustments to the strategy can be made where necessary.

RESOLVED:

- (1) to note the outcome of the work undertaken to date including the comments of the Investment Advisory Panel;
- (2) to adopt the objective and actions set out in Paragraph 8; and

- (3) to agree that the draft Policy document be shared with the Local Pension Board and that any comments received be reflected in the further draft to be considered by the Pensions Committee at its next meeting.

26 : WALES PENSION PARTNERSHIP

The Committee was updated on the progress towards the establishment of pooled investment arrangements for the eight LGPS funds in Wales under the oversight of Wales Pension Partnership. Members noted that proposals for two further sub funds – UK Active Equities and Europe (ex UK) Active Equities were approved by the JGC in September and that there are proposals in preparation for further sub funds.

RESOLVED: To note the recent developments in the establishment of the WPP Investment Pool.

27 : COMMITTEE TRAINING

Members were provided with information regarding the proposals for training for 2019 and the topics to be covered. Members confirmed their agreement that training should take place before and after the scheduled meetings of the committee.

RESOLVED: To note the proposed training sessions for 2019.

28 : EXCLUSION OF THE PUBLIC

RESOLVED: That the public be excluded from the meeting for consideration of the items 8 and 9 as both items contain exempt information as detailed in paragraphs 4 and 21 of Parts 4 and 5 of Schedule 12A of the Local Government Act 1972.

29 : WALES PENSION PARTNERSHIP - PROPOSED SUB FUNDS

RESOLVED: To note the recommendations in the report.

30 : MINUTES OF THE INVESTMENT ADVISORY PANEL

RESOLVED: To note the minutes.

31 : URGENT ITEMS (IF ANY)

No urgent items were received

32 : DATE OF NEXT MEETING

The date of the next meeting of the Pensions Committee will be notified in due course.

The meeting terminated at 5.40 pm

REPORT OF CORPORATE DIRECTOR RESOURCES**AGENDA ITEM: 4**

CLIMATE CHANGE INVESTMENT POLICY**Reason for this Report**

1. This report has been prepared to present to the Committee the latest position in working towards a Climate Change Investment Policy.

Background

2. The Council, as Administering Authority of the Fund, has a fiduciary duty to manage the assets of the Fund responsibly on behalf of its beneficiaries and other stakeholders. LGPS Funds are required to set out how Environmental, Social and Governance (ESG) considerations are taken into account in preparing their Investment Strategy Statements. They may incorporate non-financial factors into the investment process provided that doing so would not involve significant risk of financial detriment.
3. At its meeting on 14 January 2019 the Committee received a report presenting a draft Climate Change Investment Policy. The report proposed four key action areas for the Committee to consider in managing the Fund's exposure to climate change risks:
 - Movement of passive investments to funds tracking "low carbon" indices
 - Engagement with companies through the WPP and LAPFF
 - Disinvestment from companies representing a continuing risk
 - Positive investment in companies developing clean technology
4. The Committee noted the work carried out to date, agreed to adopt the overall objectives of the policy and asked for the Local Pension Board to be consulted on the proposals.
5. The Committee also asked for work to be progressed on the feasibility and impact of specific divestment in fossil fuel extraction, recognising that any such action must be consistent with its fiduciary duties and prudent investment of the Fund's assets.
6. The Committee will note that since its last meeting, both Cardiff Council and the Welsh Government have declared a Climate Emergency.

Issues

7. The Local Pension Board met on 29 January and members were supportive of the proposals. The Board noted that the policy made positive steps towards addressing climate change risk in a proportionate and measured manner.
8. The Investment Advisory Panel met on 19 March and supported the proposals for an initial 10% allocation to a Global Low Carbon fund with provision for further allocations in subsequent years subject to the outcome of regular reviews on the performance and impact of the fund.
9. Work is in progress in developing options for the other action points. As reported under agenda item 5, the Wales Pension Partnership is developing a Responsible Investment Policy. The policy will include a section on climate change and a commitment to consult further with the eight pension fund authorities with a view to developing a WPP-specific climate risk policy.
10. The WPP RI Policy currently being established will note that whilst the WPP has not adopted a policy of exclusionary practices, it will recognise that Constituent Authorities may individually adopt such a policy. In line with Cardiff Council's Capital Ambition commitments, officers will continue to work with the investment partners of the Fund and the WPP to explore options for excluding from its investment portfolios those companies which present the most significant climate change risks; for example, over a period of time disinvesting in companies engaged in fossil fuel extraction.

Legal Implications

11. The body of the report (fiduciary duty) refers to the main legal duties governing this matter to which regard should be given. The decision maker will need to be satisfied that the proposed investment accords with the Fund's approved investment strategy and any relevant guidance issued. It is understood that relevant professional advice has been undertaken in relation to the appropriateness of the investment and the decision maker should have regard to the same. The decision maker should have due regard to all material considerations prior to proceeding with any decision affecting the Fund and/or any adopting any policies that may affect the Fund.
12. In considering this matter the decision maker must have regard to the Council's wider obligations under the Wellbeing of Future Generations (Wales) Act 2015, the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.
13. Any decision must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its tax payers; and (h) be reasonable and proper in all the circumstances and comply with any equalities legislation.

Financial Implications

14. All costs arising from the management of the Pension Fund's investments are charged to the Fund.

Recommendations

15. That the Committee:

- (1) Approves the recommendation of the Investment Advisory Panel to make an initial allocation during 2019/20 of 10% of fund assets to a fund tracking a Global Low Carbon index.
- (2) States its support in principle for divestment in companies engaged in fossil fuel extraction, subject to this being consistent with its fiduciary duties and regular assessment of the impact of such an investment decision; and states its support for further development of Climate Change Investment Policy to reflect this work and ensure investment decisions are consistent with the aims of the Paris Agreement.
- (3) Notes the ongoing work being undertaken in collaboration with the other WPP authorities and the WPP's investment partners.

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES

Mae'r dudalen hon yn wag yn fwriadol

**CARDIFF COUNCIL
CYNGOR CAERDYDD****PENSIONS COMMITTEE: 30 MAY 2019****REPORT OF CORPORATE DIRECTOR RESOURCES****AGENDA ITEM: 5**

WALES PENSION PARTNERSHIP**Reason for this Report**

1. The Pension Committee Terms of Reference set out the Committee's responsibility for the strategic governance of the Cardiff & Vale of Glamorgan Pension Fund.
2. This report has been prepared to update the Committee on progress towards the establishment of pooled investment arrangements for the eight LGPS funds in Wales under the oversight of the Wales Pensions Partnership.

Background

3. The Committee has received regular updates on the development of the Wales Pension Partnership at its quarterly meetings. The eight LGPS funds in Wales have been working together for several years to identify areas of potential collaboration, under the direction of the Society of Welsh Treasurers (SWT) Pensions Subgroup. The proposals for a Wales Investment Pool were approved by the Minister for Local Government in November 2016.
4. A Joint Governance Committee (JGC) has been established by the eight administering authorities to provide oversight of the Pool. The JGC is supported by the Officer Working Group (OWG) comprising the Treasurers and Investment Officers of the eight funds. Link Fund Solutions have been appointed as the Pool Operator and Russell Investments will provide consultative services including advice on fund design and manager selection. Carmarthenshire Council have been approved as the Host Authority, providing administrative support to the WPP.

Issues

5. The first two sub funds – Global Growth and Global Opportunities – were launched in January 2019 with nearly £4 billion of assets transferred from seven of the eight pension funds. Cardiff & Vale of Glamorgan Fund did not place any assets in these funds as its current asset allocation does not include Global Equities.
6. Further sub funds, covering regional equities and fixed income, will be launched during 2019/20. Cardiff currently holds assets totaling £450 million in active equities and £570 million in fixed income.

7. A Responsible Investment Policy is being developed by the WPP. The JGC approved principles for the Policy at its meeting on 27 March following a presentation by consultants Hymans Robertson. The presentation is attached as Appendix 1. A draft Policy will be prepared and circulated to the eight authorities for review before being presented to the JGC in September.

Legal Implications

8. This report has been prepared to update the Committee on progress in the establishment of pooled investment arrangements for the eight LGPS funds in Wales and as such does not raise any direct legal implications.
9. In considering this matter the decision maker must have regard to the Council's wider obligations under the Wellbeing of Future Generations (Wales) Act 2015, the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.
10. Any decision must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council eg. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its tax payers; and (h) be reasonable and proper in all the circumstances and comply with any equalities legislation.

Financial Implications

11. The costs of the WPP will be apportioned between the constituent authorities in accordance with the Inter Authority Agreement. All costs allocated to Cardiff will be charged to the Pension Fund.

Recommendations

12. That the Committee notes the recent developments in the establishment of the WPP Investment Pool.

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES

Appendix 1 Presentation: Development of Responsible Investment Policy

Development of Responsible Investment policy

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Wales Pension Partnership

William Marshall, Partner

27 March 2019

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Agenda

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Feedback from questionnaire

Draft RI policy principles

Comparison of voting policies

Next steps



Questionnaire feedback

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Questionnaire: Overview

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- Questionnaire was issued to members of the OWG and JGC.
- Purpose of the questionnaire was to try and gain an understanding of views and positioning on RI issues.

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- 15 responses were received, split broadly evenly between JGC and OWG members.
- Full responses are included as Appendix 1.
- The following slides summarise the responses received and areas of consensus/disagreement.
- We have translated these findings into an initial draft policy and suggested actions for the Pool.

Pool positioning

- Broad agreement that
 - The Pool should demonstrate best practices on RI [25] and provide leadership in helping funds address climate risks [15]
 - The Pool needs to exceed minimum regulatory requirements [16]
 - Collaboration will be positively received by Funds, but this need not be with other LGPS funds or Pools, i.e. the Pool should seek the most appropriate partner [20, 24]
- Strong agreement that:
 - Engagement is preferred to divestment [19]
- No clear agreement on:
 - Enforcing an exclusionary policy across Pool fund offerings [10, 14]

Note that the numbers in [] represent the relevant questions in the questionnaire. See Appendix 1 for more detail

Obligations & understanding

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Strong agreement that:

- The pool has a requirement to ensure that RI issues are addressed, rather than relying on the managers to do this [17, 23, 29]
- The Pool should ensure that managers directly integrate ESG considerations into processes [23]

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Broad agreement that RI issues are understood at a Fund level but lesser agreement that this is the same at a Pool level

- Clarity on the role of the Pool is therefore necessary [1, 2]

• No agreement that:

- The managers are better placed to consider ESG factors in investment decisions [21]

• Broad expectation that the Pool & Funds should be able to turn to its service providers for support on RI matters [22]

Managers and Mandate offerings

- Consensus that:
 - Link and Russell have an obligation to the Pool [27]
- No clear agreement on:
 - Prioritising exposure to specialist ESG managers [9]
 - Providing exposure to impact strategies [11]
- Strong agreement that companies with sustainable business practices will outperform [18]
 - Consideration for mandate offerings or monitoring?

Voting policy

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- Broad agreement that:
 - Voting policy should be for the Pool to determine [12]

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- No consensus that:
 - Managers should be permitted to adopt different positions in voting on the same resolution [8]

Disclosure/Monitoring

- Strong agreement that:
 - Reporting on ESG factors and financial performance is needed [3]
 - Managers must be required to disclose ESG information on funds [4]
 - Managers credentials should be reassessed annually [7, 26]
 - Funds should articulate their monitoring requirements to the Pool and the Pool should ensure they are met [28]
 - The Pool should disclose its own RI activities [5]



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Draft principles to be incorporated into RI policy

Recap: Issues to include in your policy



Area	Issues to cover
Policy/Governance	Beliefs Education Divestment Fund engagement Approach to review of policy Delegations
Strategy/Structure	Climate risk Approach to different asset classes
Implementation	Approach to manager selection Fees/costs and transparency
Stewardship	Voting policies and approach to voting Engagement with companies Collaboration Litigation
Monitoring	Information/reporting requirements of third parties Approach to reviewing adherence to policy Disclosure/transparency

Recap: Goals in the development of RI policy for WPP

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For the development of a RI policy, the following criteria are suggested:

- **Clear** – Policy should be unambiguous, particularly under external scrutiny.
- **Proportionate** – Policy should reflect where the Funds and WPP are at in their RI journey. There is no need to try to become a Leader overnight.
- **Consistent** – Policy should reflect the decisions that have already be taken both within WPP and, as far as possible, the Funds.
- **Implementable** – Policy should be able to be put into practice using the structure and resources of the Pool.
- **Reflective of best practice** – Policy should consider current regulatory and best practice requirements but be subject to review and change in future.

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Draft RI Policy: Ambition/objectives

- WPP has an ambition to demonstrate leadership on RI practices in managing assets for and on behalf of its member Funds
 - Should clearly define what this ambition looks like and the timeframe over which it is targeted
 - This has a potential impact on resourcing requirements for the Pool and commitments need to be balanced against resources.

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Pool to develop a RI business plan to tie into policy implementation

- Assessment of progress against the business plan overseen by the JGC and OWG

•

Annual reassessment of Fund needs and requirements with regard to RI to inform policy evolution

- Policy to be guided by member Funds and the pace at which they want to be advanced

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Key themes to be evident in the policy are integration, stewardship and disclosure

Draft RI Policy: Beliefs

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The following beliefs are inferred from the responses to the questionnaires:

- The RI behaviours we want to see demonstrated by all our stakeholders must be led by the Pool.
- Integration of ESG factors into investment processes is a prerequisite for any strategy given the potential for financial loss.
- We are most effective as an investor, engaging for change from within, than a campaigner, lobbying for change from outside.
- Our impact on corporate behaviours will be greatest when we speak with one voice.
- Effective oversight of RI practices requires clear disclosure of comprehensive data.

Draft RI Policy: Strategy

- Pool will aim to launch products that meet Fund requirements
 - Requirements for impact/sustainability themed strategies to be considered and prioritised on demand
 - Early goal to identify and agree common ground among funds to demonstrate leadership?
 - To what extent should sustainability be emphasised in future strategy launches?
- Pool will support Funds in developing their approach to the management of climate related risks
 - Pool to facilitate the measurement of carbon risk exposures to allow Funds to set benchmarks
 - Consult further on the need to develop a Pool specific climate risk policy

Draft RI Policy: Integration

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Requirement on Russell/Link to demonstrate best in class managers appointed to the Pool

- Needs to be beyond just reference to PRI ratings
- Integration of ESG factors into processes to be demonstrated and evidenced
- Assessment framework to be agreed

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Ongoing engagement with Russell/Link on process to be followed to provide transparency to Funds

Draft RI Policy: Stewardship

- Pool to work towards the adoption of a single voting policy to be applied across all equity holdings
 - Agreement on voting standards to be employed
 - Use PLSA policy as a basis, or an alternative
 - Can evolve to consider more specific issues in due course
- Pool to explore the use of a sole agent for implementation of voting policy:
 - Need for further discussion on who this could be and how this could be facilitated
 - Practical considerations on implementation to be explored
 - Combine with reporting requirements on voting to ensure that information is made available as needed
- Pool to provide quarterly reporting to Funds on the execution of voting policy
- Engagement to be delegated to individual managers in the first instance, but work towards a common approach if possible
 - Support for LAPFF can provide some commonality/continuity
 - Could be considered in conjunction with voting agent
 - How will successes be measured and reported?

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Draft RI Policy: Monitoring

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Managers will be required to report on the ESG characteristics of their portfolios on a quarterly basis:

- Characteristics to be determined with input from Funds
- Consistency in metrics across managers to be ensured
- Ability to measure impact to be included?

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Managers RI credentials should be (re)assessed on an annual basis.

- Requirement for an annual “sustainability report” from Link/Russell – content to be agreed
 - Need to include more qualitative factors are defined and reported
 - Ensure that reporting is evidence based
- Ongoing scrutiny by Pool
 - Demonstration of ongoing commitment to RI practices and challenge to be considered
 - How will issues be flagged? Agree approach with Russell/Link

Draft RI Policy: Other issues

- Pool to annually assess compliance with RI policy:
 - Public disclosure of policy and compliance report
 - Annual review of policy to ensure that desire for leadership is advanced
- Pool support for external bodies:
 - LAPFF – appropriate given LGPS focus and membership amongst Funds
 - UK Stewardship Code – consider following consultation
 - PRI – consider in due course but weigh against reporting obligations

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Education:

- Pool commitment to support ongoing RI education amongst Funds.
- Facilitate an annual RI training day for Funds?
- Ability to leverage shared knowledge and gain consistency in understanding

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Requirements for disclosure of costs in line with SAB Code of Transparency

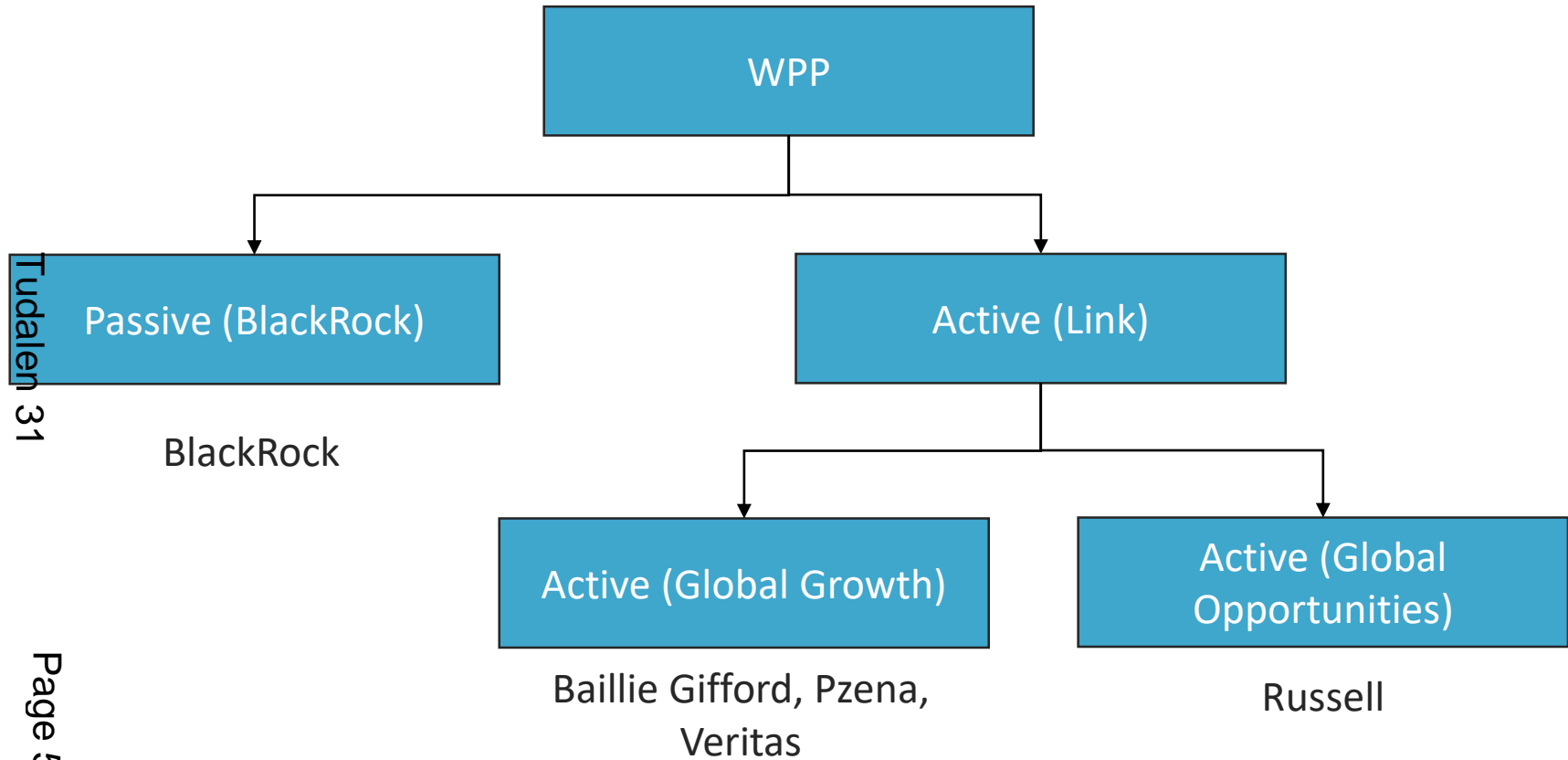


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Voting policy



Recap: Structure of voting policy application



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Comparison of selected policies (1)

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Provider	Remuneration Policy
PLSA	Vote against remuneration policy if policy fails to meet PLSA principles Vote against Chair of remuneration committee/Chair of board if engagement fails to improve policy
BlackRock	Has a detailed voting guidelines and beliefs and generally support the PLSA principles
Russell	Vote against proposals to approve remuneration policies or programs if the new schemes allow for retesting of performance criteria over extended time period if the original performance criteria were not met during the initial time period.
Link	Vote against: <ul style="list-style-type: none">• where the remuneration structure does not permit participation across the workforce.• where there is a no capital commitment on the part of executive participants.• where rewards are not based on performance targets, or where performance targets do not reflect performance relative to the company's competitors, rather than general market factors.• where the period over which performance is assessed is less than 5 years.

Conclusion: Some consensus on approach, but different criteria are set out in policies and guidance which could be subject to differing interpretation.

Comparison of selected policies (2)

Provider	Board diversity
PLSA	Vote against R&A if diversity statement not disclosed/unsatisfactory Vote against chair/Chair of nomination committee if diversity not being properly considered by Board or insufficient progress made
BlackRock	Supports board diversity; Will vote against nomination of chair/directors if they believe the company has not adequately accounted for diversity at board level
Russell Tudal Link	Supports Board Diversity
Link	<ul style="list-style-type: none">• A vote against the Report and Accounts should be considered if a diversity statement is not included or is unsatisfactory.• If there is no clear evidence that diversity is being considered by the board then a vote against the Chair or Chair of the Nominations Committee should be considered.

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Link
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Conclusion: Reasonable consensus on approach – PLSA and Link policies are aligned. Definition of “unsatisfactory” is open to interpretation. Differences in whether votes are cast against Report/Accounts or Chair.

Comparison of selected policies (3)

Provider	Sustainability
PLSA	<p>Vote against R&A or the re-election of the Chair where key stakeholder relationships are being neglected:</p> <p>Vote against the re-election of the Chair or other key directors if after attempts by shareholders to engage on Climate change, the company fails to provide a detailed risk assessment and response to the effect of climate change on their business, and incorporate appropriate expertise on the board</p>
BlackRock	<p>Generally supportive: Will vote against re-election of directors deemed responsible for realised harm to shareholders' interests in relation to social and environmental issues.</p> <p>Or will vote in favour of a shareholder proposal, where there seems to be either a significant potential threat or realised harm to shareholders' interests caused by poor management of S&E matters.</p>
Russell	<p>Vote against proposals where environmental and social issues are at risk of negatively impacting shareholder value</p>
Link	<p>Vote against Annual report, where significant environmental risks in relation to the company's activities are not disclosed or reported on or reporting is considered poor or inadequate.</p>

Conclusion: No clear consensus on approach. Votes may be cast against the Accounts, directors or in favour of shareholder proposals. Disclosure and potential negative impact on value are themes which arise

Considerations

- Adopting an industry standard may offer a sensible first step and not be subject to any manager specific policies. Also provides alignment with other investors.
- Could require a Comply or Explain approach in first instance to identify differences that may arise whilst working towards implementation of a standard policy.
- Recognise also that policies are updated periodically. Following a single standard ensures consistency over time.
- Pool could consider issue specific variations to policy in time
- Could LAPFF voting guidance also be reflected in the approach adopted?



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Next steps



Next steps

- Discussion on issues raised for draft RI policy. Any red flags?
- Write up draft RI policy for consideration by OWG on 11 April
 - Circulate draft policy to Funds for consultation following agreement by OWG
 - Final RI policy to be presented and agreed by JGC at June meeting
- Arrange meetings with Link, Russell and BlackRock to explore requirements around voting and monitoring
- Draft business plan to determine actions over next 12 months to implement draft RI policy
 - Consider proposals to support collaboration with LAPFF and sign the FRC UK Stewardship Code (following consultation)
- Consider potential budget/training/resource implications of business plan

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Appendix 1

Questionnaire responses



Questionnaire scores (1)

	Disagree	Neutral	Agree
1. The Committee has a good understanding about the nature of and importance of responsible investment issues as they affect their own Fund.	0	5	10
2. The Committee has a good understanding about the nature of and importance of responsible investment issues as they affect the Pool.	2	5	8
3. Greater reporting on ESG factors as well as financial performance will better allow the Committee to fulfil its responsibilities	0	0	15
4. The Pool should require a minimum level of disclosure from its investment managers on ESG risks	1	0	14
5. The Pool should publicly disclose its responsible investment activity to all stakeholders.	0	3	12
6. An investment strategy that directly or indirectly integrates the consideration of ESG factors may underperform other common (index tracking) strategies in the short-term and a sufficiently long investment horizon should therefore be adopted when judging the success of such strategies.	1	2	12
7. Investment managers can demonstrate their commitment to responsible investment by being signatories to the Principles for Responsible Investment and UK Stewardship Code.	0	2	13
8. It is acceptable for the Pools investment managers to adopt different positions when voting on the same company resolution.	3	8	4
9. The Pool should prioritise providing exposure to specialist ESG managers and mandates.	3	8	4
10. It is appropriate for the Pool to restrict exposure to assets which are considered to have a detrimental impact on long-term environmental or social sustainability.	4	4	7
11. The Pool should provide exposure to investment strategies which deliver a positive social or environmental outcome, even if it means achieving a lower return.	4	7	4
12. The Pool, rather than the managers, should be responsible for framing and implementing a suitable voting policy in relation to shares owned on behalf of the Funds.	0	4	11
13. Climate change is the most significant long term financial risk to Fund outcomes.	2	8	5
14. It would be appropriate for the Pool to enforce an agreed exclusionary policy across all its underlying strategies.	5	4	6
15. The Pool should provide leadership in helping Funds address the potential risks associated with climate change	2	3	10

Questionnaire scores (2)

	Disagree	Neutral	Agree
16. When it comes to responsible investment, the Pool only needs to ensure that it and its member funds meet minimum regulatory requirements.	9	5	1
17. The obligation to address responsible investment issues within the Pool lies primarily with Link and Russell	7	6	2
18. Over the longer term, companies that demonstrate more sustainable business practices are expected to outperform companies which ignore sustainability issues	0	2	13
19. Company engagement on specific ESG risks (such as climate change and executive pay), rather than divestment, is a more effective way of creating change and supporting shareholder value	0	3	12
20. Collaboration with others (for example the IIGCC or Climate Action 100+) on ESG-related issues will have a positive impact for the Pool and its members	0	4	11
21. Investment managers are better placed to consider ESG factors in investment decisions than the Pool or its member Funds.	2	8	5
22. The Pool and its service providers should be able to provide expertise and guidance to Funds on responsible investment matters.	2	3	10
23. There is a clear obligation on the Pool to ensure that all investment managers integrate the consideration of financially material ESG issues into their investment processes.	0	1	14
24. Collaboration with other LGPS pools, including collaboration through LAPFF, on responsible investment issues should be considered before other forms of collaboration	1	7	7
25. The Pool should exemplify best practice on all responsible investment matters.	1	0	14
26. Investment managers responsible investment credentials should be (re)assessed at least every year.	0	4	11
27. Link and Russell have a clear obligation to keep the Pool and its member Funds updated on responsible investment issues.	0	0	15
28. Funds should clearly articulate what their reporting needs are in respect to responsible investment issues and the Pool should take all steps needed to meet these requirements.	0	2	13
29. Ultimate responsibility for ensuring that Pool's responsible investment policies are adhered to lies with the Committee.	0	1	14



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Appendix 2

Current Fund positions

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Summary of the Funds' positions

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Fund	Bespoke RI Policy	LAPFF member	PRI signatory	UK SC signatory (3)	Investment Beliefs (4)	Voting	Explicit policy on Climate risk
Fund 1	✓	✓	✗	✗	✓	Delegated to managers	✓
Fund 2	✗	✓	✗	✗	Note 4	Delegated to managers	✗
Fund 3	Note 1	✓	✗	✗	✓	Delegated to managers	✗
Fund 4	✗	✓	✗	✗	✓	Delegated to managers	✗
Fund 5	✓	✓	✗	✓	✓	Delegated to managers	✗
Fund 6	Note 2	✓	✗	✗	Note 4	Delegated to managers	✓
Fund 7	✗	✓	✗	✗	Note 4	Delegated to managers	✗
Fund 8	Note 1	✓	✗	✓	✓	Delegated to managers	✗

1. Policy currently being drafted. 2. Fund has a RI statement on Climate Change in place. 3. All funds support the principles of the codes and expect their managers to be signatories. 4. Some Funds may have documented investment beliefs but these have not been made publically available.

Thank you

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REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 6

PENSIONS ADMINISTRATION COMPLAINTS POLICY

Reason for this Report

1. This report has been prepared to request that the Committee formally adopt a Complaints Policy in respect of the administration of the Pension Fund.

Background

2. Officers of the Council held a series of meetings and conference call with case workers of the Pensions Regulator (TPR) during 2018-19 as part of TPR's engagement with a sample of LGPS funds. TPR reviewed the policies and governance documents for the Fund and noted that although Cardiff Council has a corporate complaints policy, there is no comprehensive complaints policy in place for Pensions Administration. TPR advised that the Pensions Committee should formally adopt a Complaints Policy at its next meeting.
3. The LGPS Regulations place specific obligations on administering authorities in respect of the adjudication of applications from any person whose rights or liabilities under the Scheme are affected by a decision, act or omission by the authority or one of the Scheme employers. Regulation 74 requires an authority to appoint an adjudicator to consider applications and Regulation 76 provides for a decision of the adjudicator to be referred for reconsideration by the administering authority. The Internal Dispute Resolution Procedure (IDRP) sets out how such applications are dealt with. The Pensions Committee's Terms of Reference includes determining how disputes are administered under the IDRP.

Issues

4. The Council's Complaints Policy is attached as Appendix 1. The Policy sets out the process for making a complaint and what the complainant can expect.
5. The current IDRP guidelines are attached as Appendix 2. Applications under Regulation 74 are referred to as "Stage 1" and applications under Regulation 76 are "Stage 2".
6. It is proposed that a comprehensive complaints policy for Pensions Administration, based on the corporate policy, is put in place and that all formal complaints are recorded. Complaints which fall under the IDRP will be dealt with in line with that process. Other complaints e.g. complaints about service quality, will be dealt with in line with the policy. The proposed policy is attached as Appendix 3.

7. The total number of complaints made and resolved during each financial year will be reported in the Fund's Annual Report.

Legal Implications

8. The recommendations in the report are (among other things) to approve the proposed Complaints Policy for the Pensions Fund. It is noted that The Pensions Regulator (TPR) that such a policy be put in place for Pensions Administration.
9. As per the Council's constitution under Part 3, Appendix 2 – Pension Committee Terms of Reference, the Pension Committee is responsible for the discharge of (among other things):

a) Determining the Fund's aims and objectives, strategies, statutory compliance statements, policies and procedures for the overall management of the Fund, including in relation to the following areas:

i) Governance – approving the Governance Policy and Compliance Statement for the Fund;

ii) Funding Strategy – approving the Fund's Funding Strategy Statement including ongoing monitoring and management of the liabilities, giving due consideration to the results and impact of the triennial actuarial valuation and interim reports;

iii) Investment strategy - approving the Fund's investment strategy, Statement of Investment Principles and Myners Compliance Statement including setting investment targets and ensuring these are aligned with the Fund's specific liability profile and risk appetite;

iv) Communications Strategy – approving the Fund's Communication Strategy;

v) Discretions – determining how the various administering authority discretions are operated for the Fund; and

vi) Internal Dispute Resolution Procedure – determining how the Scheme Member disputes are administered.

b) Monitoring the implementation of these policies and strategies as outlined in an above on an ongoing basis.

10. In considering this matter the decision maker must have regard to the Council's wider obligations under the Wellbeing of Future Generations (Wales) Act 2015, the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.
11. Any decision must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its tax payers; and (h) be reasonable and proper in all the circumstances and comply with any equalities legislation.

Financial Implications

12. No additional administration costs are anticipated as a result of the adoption of the Policy.

Recommendations

13. That the Committee:

- (1) Adopts the proposed Complaints Policy for the Pension Fund.
- (2) Notes that the IDRPs applies to complaints against decisions in relation to LGPS benefits in compliance with the LGPS Regulations
- (3) Notes that all complaints falling outside the IDRPs will be dealt with under the Complaints Policy.
- (4) Delegates to the Corporate Director Resources the authority to appoint adjudicators for applications under stages 1 and 2 of the IDRPs.

CHRISTOPHER LEE CORPORATE DIRECTOR RESOURCES

- Appendix 1 Corporate Comments, Complaints & Compliments Policy
- Appendix 2 Internal Dispute Resolution Procedure
- Appendix 3 Pensions Administration Complaints Policy

Mae'r dudalen hon yn wag yn fwriadol

Corporate Comments, Complaints & Compliments Policy

This document is available in Welsh /
Mae'r ddogfen hon ar gael yn Gymraeg.



Comments, Complaints & Compliments

We are committed to dealing effectively with any complaints you have about our services and if you make a complaint it will not affect your right to Council services. If we have made a mistake we will apologise and try to put things right. If we have failed to provide a service that you are entitled to and you let us know about this, we will provide it.

We review complaints regularly and produce an annual report that contains information about the number and type of complaints we have received. Wherever possible, we use this information to improve the way we do things. We also welcome comments and compliments about the services we have provided.

This policy also applies to how we will deal with complaints from members of the public relating to our compliance with the Welsh language standards, which we have a statutory duty to comply with under the Welsh Language [Wales] Measure 2011.

How to Complain

We want it to be simple and convenient for you to complain, make a comment or pay us a compliment. We welcome complaints in both English and Welsh, and we will respond in whichever language you contact us by. You can contact us by:

- filling in an online complaint form at www.cardiff.gov.uk
- calling our contact centre, Connect to Cardiff (C2C), on 029 2087 2087
- visiting our Citizen Hubs

- using our Minicom service if you are deaf or hard of hearing (029 2087 2085)
- filling in a Complaint, Compliment & Comment Form and sending it to Complaints & Compliments, Room 412, County Hall, Atlantic Wharf, Cardiff CF10 4UW
- e-mailing us at C2C@cardiff.gov.uk

We aim to make forms available at all Council buildings and appropriate locations in the community. If you need information in another format or language, please contact us.

What can you expect from us when you make a complaint?

If we receive a complaint from you, we will do all that we can to help you and we will try to find a solution to any problems you have brought to our attention. We will ensure that your complaint is sent to the relevant department/s for a response and ask them to:

- acknowledge your complaint within 5 working days of the date that they receive it
- aim to resolve the complaint within 20 working days - if your complaint is more complex they may need more time.
- let you know within the 20 working day period if they think it may take longer to investigate your complaint and tell you how long they expect it to take, providing regular updates

We will respect your right to confidentiality and privacy and we will treat you fairly and in accordance with our commitment to equality.

If you are asking us for a service for the first time - such as reporting a faulty street light or a pothole - you should give us a chance to put things right. If you are not happy with our response and you let us know, we will then treat it as a complaint.

The person who is investigating your concerns will firstly aim to establish the facts. In some instances we may ask to meet you to discuss your concerns. Occasionally, we might suggest mediation or another method to try to resolve disputes.

The extent of the investigation will depend on the seriousness and complexity of the issues you have raised and in more complicated cases we may have to draw up an investigation plan. We will set out our understanding of your concerns and ask you to confirm that we have got it right. We will also ask you to tell us what outcome you are hoping for. In some cases we may ask an officer from another service area to investigate your complaint or we may appoint an independent investigator from outside the Council – this would mainly apply to very serious situations or cases where there is a statutory procedure for dealing with the complaint, such as that used by Social Services.

We will look at relevant evidence and this could include files, notes of conversations, letters, e-mails or whatever may be relevant to your particular complaint. If you do not want the person investigating the complaint to see the files that we hold in relation to your complaint, it is important for you to let us know about this. If necessary, we will also talk to the staff or others involved and look at our policies and any legal entitlement and guidance.



Outcome

If we formally investigate your complaint, we will let you know what we have found and we will use your preferred form of communication, such as letter or e-mail, when we contact you. If necessary, we will produce a longer report. We will explain how and why we came to our conclusions.

If we find that we have done something wrong, we will tell you this, explain what happened and apologise. If we find there is a fault in our systems or the way we do things, we will tell you what it is and how we plan to change things to stop it happening again.

Putting Things Right

If there is a simple solution to your problem, we may ask you if you are happy to accept this. For example, where you asked for a service and we see straight away that you should have had it; we will offer to provide the service rather than investigate and produce a report.

If we did not do something well, we will aim to put it right. If you have lost out as a result of a mistake on our part we will try to put you back in the position you would have been in if we had got it right. If you had to pay for a service, when you should have had one from us, or if you were entitled to funding you did not receive, we will usually aim to make good what you have lost.

Training for Council Employees

We will make sure that our staff are trained to handle complaints effectively and receive appropriate training in the use of the Council's Complaints Policy. We will arrange workshops to take place in English or Welsh depending on the requirements of staff.

What we expect from you

We believe that all complainants have the right to be heard, understood and respected. However, our employees have the same rights and we will not tolerate unacceptable behaviour such as aggressive or abusive behaviour or unreasonable demands. We have separate guidelines to help us manage unacceptable behaviour.

The Public Services Ombudsman for Wales

You can contact the Public Services Ombudsman for Wales about your complaint at any time. However, the Ombudsman expects you to bring your concerns to our attention first and to give us a chance to put things right. The Ombudsman is independent of all government bodies and can look into your complaint if you believe that you, or the person on whose behalf you are complaining:

- have been treated unfairly or received a bad service through some failure on the part of the body providing it
- have been disadvantaged personally by a service failure or have been treated unfairly

You can contact the Ombudsman by:

- e-mailing: ask@ombudsman-wales.org.uk
- phoning: 0300 790 0203
- visiting the website: www.ombudsman-wales.org.uk
- writing to: Public Services Ombudsman for Wales, 1 Ffordd yr Hen Gae, Pencoed, CF35 5LJ

Frequently Asked Questions

1. Are there any time limits that I should be aware of?

Normally, we will only be able to look at your complaint if you tell us about it within six months of the date that you first became aware of the problem. However, we may still consider your complaint if you provide strong reasons for taking longer than six months to tell us about the problem. In any event, regardless of the circumstances, we will not consider any concerns about matters that took place more than twelve months ago.

2. What if my complaint involves more than one organisation or department?

If your complaint involves more than one department, we will ask each department to prepare a response and, where possible, we will incorporate these into one letter of response.

If your complaint involves more than one organisation, we will work with these organisations to address your complaint and to decide who will take the lead in dealing with and responding to your concerns. For example, we sometimes work with South Wales Police, housing associations, the NHS and bailiffs.

Where possible, we will try to put you in touch with other organisations that might be able to help.

3. Are there any complaints that are not covered by this policy?

This policy does not apply if the complaint relates to a **Freedom of Information** or **Data Protection** request because there is a separate process for making complaints about this service. You can register these complaints by:

- e-mailing: FOI@cardiff.gov.uk
- phoning: 029 2087 3317
- visiting the Council website at www.cardiff.gov.uk
- writing to Improvement & Information, Cardiff Council, County Hall, Atlantic Wharf, Cardiff, CF10 4UW

There are some other complaints that will be dealt with outside our complaints policy, such as: complaints involving a statutory right of appeal; complaints that are covered by a separate grievance process; complaints involving objections to planning permission and complaints about a decision not to give a child a place at a particular school.

However, if you have concerns about these processes we can offer advice about how to make your concerns known. We can also give you more information about other organisations that might be able to help you with your complaint.

4. Do you start from the date that I contacted you when you are counting the number of working days?

We count the number of working days from the date that we receive your complaint and we do not include weekends or bank holidays.

5. Do you always send letters when you are acknowledging complaints?

No, we sometimes contact complainants by telephone to acknowledge their complaints. We try to base the method of communication on individual preferences and, for example, if you have asked to be contacted by e-mail we will respond by e-mail.

6. Can I complain on behalf of another person?

Yes, but you must normally have their permission (signed permission) and you must explain why you are representing them and why they are unable to make the complaint.

7. I am under 18 – can I use the policy?

You can use this policy if you are under the age of 18 and if you need help to use it, you can speak to someone on the Meic Helpline (phone 080880 23456, www.meiccymru.org) or contact the Children's Commissioner for Wales using the details below.

01792 765600 (South Wales)

01492 523333 (North Wales)

post@childcomwales.org.uk

www.childcom.org.uk

South Wales Office:

Oystermouth House

Phoenix Way

Llansamlet

Swansea

SA7 9FS

North Wales Office:

Penrhos Manor

Oak Drive

Colwyn Bay Conwy

LL29 7YW





Internal Dispute Resolution Procedure

Should you disagree with a decision made by your Employer or Pension Fund in relation to your benefits from the Local Government Pension Scheme (LGPS), there is a two stage complaints process in place known as the Internal Dispute Resolution Procedure (IDRP).

You are able to make a complaint under the IDRP if you are:

- a **Prospective Member**, who is thinking of joining the scheme;
- an **Active Member**, who is currently contributing to the scheme;
- a **Deferred Member**, who has left the scheme, but your benefits remain in the Pension Fund; or
- a **Pension Member**, who is currently in receipt of a pension benefit from the Pension Fund.

When making your complaint, you are able to choose someone else to represent your case - a friend, relative, solicitor or union representative for example.

Stage 1: Formal Complaint

You should complain in writing to whoever you think is at fault, either your Employer or the Pension Fund, by completing the detachable application form within **6 months** of the problem arising. The facts of your case will be examined along with the scheme regulations, and any other legislation which is relevant.

You should receive a written reply within **2 months** of receiving your particulars. Confirmation of the decision will be presented, or alternatively reasons will be given for the delay in providing the outcome.

For complaints against your Employer, please complete the attached form and return to your employer.

For complaints against the Pension Fund, please complete the attached application form and return to:

The Principal Pensions Officer
Cardiff and Vale of Glamorgan Pension Fund
Room 252
County Hall
Atlantic Wharf
Cardiff, CF10 4UW

Stage 2: Further Appeal

If you are unhappy with the Stage 1 decision, you have **6 months** to appeal to a Stage 2 Adjudicator appointed by the Pension Fund. You must make your Stage 2 appeal in writing, which should be accompanied by the Stage 1 decision.

You can also go straight to Stage 2 if:

- You have gone through Stage 1 and haven't had a reply within **3 months** of making your appeal; or
- You have gone through Stage 1 and haven't received a decision within **a month** of the date you were told you would receive it.

The Stage 2 Adjudicator should reply to you within **2 months** of receiving your complaint.

For all Stage 2 appeals please complete the attached application form and return to:

**The Pensions Manager
Cardiff and Vale of Glamorgan Pension Fund
Room 252
County Hall
Atlantic Wharf
Cardiff
CF10 4UW**

The Pensions Ombudsman (TPO)

You have the right to refer your complaint to The Pensions Ombudsman free of charge.

The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) you are complaining about happened – or, if later, within three years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

**10 South Colonnade, Canary Wharf
London, E14 4PU**

Tel: **0800 917 4487**
Email: **enquiries@pensions-ombudsman.org.uk**
Website: **www.pensions-ombudsman.org.uk**

The Pensions Advisory Service (TPAS)

If you have general requests for information or guidance concerning your pension arrangements contact:

**The Pensions Advisory Service
11 Belgrave Road
London, SW1V 1RB**

Tel: **0800 011 3797**
Website: **www.pensionsadvisoryservice.org.uk/**

The Pensions Regulator (TPR)

The Pensions Regulator is a pensions watchdog which makes sure schemes are run properly and protects members against fraud. Anyone who is worried about a scheme can report to The Pensions Regulator.

The Regulator's contact details are:

Tel: **0345 600 0707**
Website: **www.thepensionsregulator.gov.uk/**



ALL WALES PENSION FUNDS

CRONFEYDD PENSIWN CYMRU

Internal Dispute Resolution Procedure (IDRP)

Stage 1 Application (To be completed by the Member or Personal Representative)

Member's Details (Please complete in BLOCK capitals)

Full Name:		Date of Birth:	
Payroll Reference No.:		National Insurance No.:	
Address:			
		Post Code:	
Employing Authority:			

Language Preference				(Please ✓ the appropriate box to indicate your election)	
As a member of the LGPS, I wish to receive ALL future correspondence in:					
WELSH	<input type="checkbox"/>	ENGLISH	<input type="checkbox"/>	BILINGUAL	<input type="checkbox"/>

Complete below if you are Representing the Member						
Full Name:						
Relationship to Member:						
Address for Correspondence:					Post Code:	

Statement of Application

Please give a statement of the nature of the disagreement with sufficient details to show why you are aggrieved. If necessary, continue details on an additional page and attach to the application form together with any supporting documents.

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Cardiff & Vale of Glamorgan
Pension Fund



Pensions Complaints and Compliments Policy

Tudalen 63

Comments, Complaints and Compliments

We are committed to dealing effectively with any complaints you have about our services. If we have made a mistake we will apologise and try to put things right as soon as possible.

We review complaints regularly and include in the Funds annual report with information about the number and type of complaints we have received. Wherever, possible, we use this information to improve the way we do things. We also welcome comments and compliments about the services we have provided.

How to make a comment, complaint or compliment

We want it to be a simple and convenient for you to complain, make a comment or pay us a compliment. We welcome complaints in both English and Welsh, and we will respond to you in the same language.

You can send your comments, complaints or compliments to pensions@cardiff.gov.uk or you can write to Pensions Team, Room 252, County Hall, Atlantic Wharf, Cardiff, CF10 4UW

How we will respond

If we receive a complaint from you, we will:

- Acknowledge your complaint within 5 working days, from date of receipt of the letter or email
- Aim to resolve the complaint within 20 working days, from date of receipt of the letter or email. If your complaint is complex we may need more time to resolve.
- If we do need more than 20 working days to resolve your complaint, we will contact you within the 20 working days and tell you how long we expect it to take, and continue to give you regular updates in this period.

We will respect your right to confidentiality and privacy and we will treat you fairly and in accordance with our commitment to equality.

The person who is investigating your concerns will firstly aim to establish the facts. In some instances we may ask to meet you to discuss your concerns.

How we will communicate the outcome

If we formally investigate your complaint, we will let you know what we have found and we will use your preferred form of communication, such as letter or email, when we contact you,

if necessary, we will produce a longer report. We will explain how and why we came to our conclusions.

If we find we have done something wrong, we will tell you this, explain what happened and apologise. If we find there is a fault in our systems or the way we do things, we will tell you what it is and how we plan to make changes to prevent the same thing happening again.

What we expect from you

We believe that all complaints have the right to be heard, understood and respected. However, our employees have the same rights and we will not tolerate unacceptable behaviour such as aggressive or abusive behaviour or unreasonable demands.

Who else can help me with my complaint?

You have the right to refer your complaint to **The Pensions Ombudsman ((TPO)** free of charge.

The Pensions Ombudsman deals with complaints and disputes which concern the administration and /or management of occupational and pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) you are complaining about happened – or, if after, within three years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

Address: 10 South Colonnade, Canary Wharf, London E14 4PU
Tel: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

If you have any general requests for information or guidance concerning your pension arrangements you can contact **The Pension Advisory Service (TPAS)**.

The Pension Advisory Service can be contacted at:

Address: 11 Belgrave Road, London SW1V 1RB
Tel: 0800 011 3797
Website: www.pensionadvisoryservice.org.uk/

The **Pension Regulator (TPR)** is a pension's watchdog which makes sure schemes are run properly and protects members against fraud. Anyone who is worried about a scheme can report to The Pensions Regulator.

The Pension Regulator can be contacted at:

Tel: 0345 600 0707
Website: www.thepensionregulator.gov.uk/

Frequently Asked Questions (FAQs)

1. Are there any time limits I should be aware of?

Normally, we will only be able to look at your complaint if you tell us about it within 6 months of the date that you first became aware of the problem. However, we may still consider your complaint if you provide strong reasons for taking longer than six months to tell us about the problem. In any event, regardless of the circumstances, we will not consider any concerns about matters that took place more than twelve months ago.

2. What if my complaint involves more than one organisation or department?

If your complaint involves more than one department, we will ask each department to prepare a response and, where possible, we will incorporate these into one letter.

If your complaint involves more than one organisation, we will work with these organisations to address your complaint and to decide who will take the lead in dealing with and responding to your concerns.

3. Are there any complaints that are not covered by this policy?

This policy does not apply if the complaint relates to a Freedom of Information or Data Protection request because there is a separate process for making complaints about this service. You can register these complaints by:

- Emailing: FOI@cardiff.gov.uk
- Phoning: 029 2087 3317
- Visiting the Council website at www.cardiff.gov.uk
- Writing to improvement & Information, Cardiff Council, County Hall, Atlantic Wharf, Cardiff, CF10 4UW

If you disagree with a decision made by your Employer or the Pension Fund in relation to your benefits from the Local Government Pensions Scheme (LGPS), then there is a two stage complaints process in place known as the Internal Disputes Resolution Procedure (IDRP).

You are able to make a complaint under the IDRP if you are:

- ✓ A **Prospective Member**, who is thinking of joining the Scheme
- ✓ An **Active Member**, who is currently contributing to the Scheme
- ✓ A **Deferred Member**, who has left the Scheme, but your benefits remain in the Pension Fund
- ✓ A **Pension Member**, who is currently in receipt of a pension benefit from the Pension Fund

When making your complaint you can choose someone else to represent your case – a friend, solicitor or union representative for example.

If you wish to make a complaint under IDRP, you should complain in writing to whoever you think is at fault, either your employer or Pension Fund, by completing the [IDRP application forms](#), within 6 months of the problem arising.

Mae'r dudalen hon yn wag yn fwriadol



CARDIFF & VALE OF GLAMORGAN PENSION FUND

LOCAL PENSION BOARD

30 OCTOBER 2018

Present: Mr Michael Prior (Independent Chair)

Employer Representatives:
Cllr C Priday (Community Councillor, Pentyrch)
Carys Lord (Vale of Glamorgan Council)

Scheme Member Representatives:
Mr Peter King (Unison Nominee)
Mr Ken Daniels (GMB Nominee)

In Attendance: Christine Salter, Corporate Director Resources
Gareth Henson, Pensions Manager
Gary Watkins (OM Revenues),
Jayne Newton, Communications and Training Officer
Andrea Redmond, Clerk

Apologies

Apologies were received from Mr David Llewellyn (Finance Director, Cardiff Met. University)
Karen O'Donoghue-Harris, Principal Pensions Officer,
Ms H Williams (Unison Nominee)

1: Membership and Terms of Reference of the Board.

The Chairperson advised the Board that there were no changes at this stage.

2: Declarations of Interest

No declarations of interest were received.

3: Minutes of previous meeting and Matters arising

The minutes of the meeting held on 10 July 2018 were agreed as a correct record and signed by the Chair.

Matters arising:

Board Members asked about the ongoing issues with GLL for the Leisure centre staff and asked how this was being dealt with. Officers advised that they are liaising frequently with them and the issues are in relation to casual staff and staff with numerous roles and separate records needing to be kept for each role. GLL prefers one employee/one contract. The Chairperson requested that an update is brought to the next meeting.

Board Members were advised that the vacancy in the admin team had now been filled.

Board Members were advised that the Annual Return had been submitted in advance of its deadline of 6th November. The Chairperson asked that the return is circulated to Board Members and considered that it should have been brought to the Board Meeting for information.

4: Wales Pension Partnership

Board Members were provided with an update on the development of the WPP investment pool.

The next phase for Cardiff and the Vale of Glamorgan would be European and UK Equities. Detailed work had been undertaken on the design of the Fund and this went to the Joint Governance Committee on 25 September 2018.

An Addendum needed to be put to the FCA to approve the sub funds and they would hopefully be launched at the end of the year or early next year; then a decision would need to be made to move investments into them.

Fixed Income Investments would be the 3rd tranche and work is expected to be completed in the 2019/20 financial year.

The Transition Manager had recently been approved.

The Chairperson invited questions on the report.

The Chairperson asked how much would be pooled in total. The Board were advised that £540 million in Passive Investments (25% of the Fund) is already regarded as pooled. A further £700 million (35% of the fund) is in Active Equities and £550 million in Fixed Income.

The Chairperson asked about investing in Infrastructure and if there had been any discussion as to what form this could take. Officers explained that there was no detail as yet, it was an aspiration at the moment and it was up to each individual fund to decide its allocation. Officers added that it was a question of scale, up until now there wasn't the scale available to make allocations but pooling presents more opportunities.

Board Members noted that there was no equivalent to a Pension Board or Scrutiny body at an All Wales level. The Section 151 Officer advised that the Welsh LGPS authorities were aware this issue had been raised but would not be initiating any changes until the UK Government issued further guidance on pool governance. The Chairperson advised that any queries or questions can be taken forward by the Scheme Advisory Board, or could be raised at the informal meetings of the Welsh Local Pension Board Chairs.

Board Members discussed the operators and noted that they couldn't see transparency of transactional costs and fees. Officers assured Board Members that Link and Russell had signed up to the transparency code, but as there were no assets in the Pool as yet there was nothing to report. The Chairperson noted that once there were assets in the sub funds there would be an obligation to report costs on a quarterly basis.

The Chairperson asked that a copy of the Code of transparency is provided to the Board and also confirmation that partners have signed up to the code.

RESOLVED: To note the developments in the Wales Pension Partnership and progress in the establishment of the ACS.

5: Annual Report 2017/18 and Mid-Year Financial Update 2018/19

Board Members were advised that this report is presented every year; the key points from the report were as follows;

- an Executive Summary and Narrative Report (pages 2-3)
- details of the management and administration arrangements for the Fund (pages 4-7)
- a report on the Fund's investment performance for the year (pages 8-11)
- statements by the Fund's Actuary (pages 12-14)
- a Statement of Responsibilities and the Auditor's Report (pages 15-18)
- the audited Statement of Accounts approved by the Council (pages 19-39)
- additional statistical data about the Fund's investments (pages 40-41)
- a Glossary of key terms (pages 42-47)
- further information including contact details (page 48)

The Report will be published on the Council's website and copies will be distributed to the Fund's employers, investment managers and other stakeholders.

The Chairperson stated that it was a clean audit report with no qualifications, any minor misstatements had been corrected but there were no concerns. The Chairperson added that there were now over 40,000 members and it had been a very successful year.

Board Members sought clarification on GLL's contributions. Officers advised that the fixed rate had been determined by the Fund actuaries based on the expected future pension costs for the transferred employees. Any deficits arising for pre-transfer benefits and at the end of the contract would be included in the deficit for the Council.

The Chairperson asked if there were any issues that the Board needed to be aware of. Officers advised that there had been some exits from the Fund, all would be fed into the 2019 valuation. The longstanding admitted bodies were mostly close to being fully funded.

Board Members asked about contribution bands for 2019/20 and how this would be communicated to members. Officers advised that they would know very soon and would let employers know well in advance of the start of the new financial year. Employees would be informed via the website which would include links to the published bands.

Board Members discussed tax and lifetime allowance and asked about fund members close to the threshold. Officers advised that individuals would be written to when approaching the limits. The high pension values are a combination of promotion and long service.

RESOLVED:

- i. To note the Fund's Annual Report for 2017-18 and the Auditor's Audit of Financial Statements Report.
- ii. To note the Fund's position as at 30 September 2018.

6: Administration Issues

Pensions Regulator

Board Members were advised that The Pensions Regulator's Annual Return for 2018/19 was due on 6 November 2018. The Return includes:

- Scheme membership as at 31 March 2018
- Data quality statistics (as per the report generated in January 2018 and presented to the Board in April)
- Governance details including names of Board members
- Employer details
- Service providers – in house administration and external auditor.

The Chairperson asked about the data quality statistics and were advised that they were 89% for common data and 73% for Scheme-specific data, as per the report run in January 2018. It was hoped that the report for January 2019 would see significant improvements to all the quality statistics.

The Chairperson noted the review and that the annual return is mandatory. He asked if the exercise helps to improve data quality. Officers said that it does help although it doesn't identify all material errors whilst some errors included are trivial e.g. postcodes in the wrong address lines. The Chairperson stated that at the briefing session he had attended it had been stated that a score of 80% was considered good so he congratulated officers on the work undertaken.

With reference to the Governance Survey, officers advised that they would circulate and Board members could contribute and these would be collated.

The Chairperson asked that an update on progress is brought to the next meeting.

GMP Reconciliation

The Fund has commissioned JLT to report on the current accuracy of Contracting-Out data, including Guaranteed Minimum Pension (GMP), held on the administration systems compared with those held on the National Insurance Service to Pensions Industry (NISPI) records.

Phase 2 of the project was carried out between April and August. This consisted of a bulk analysis process using specialist tools to match members. Over 11,000 queries were submitted to HMRC and responses commenced in August. The deadline for submission of queries is 31 October and JLT have advised that all discrepancies identified have been submitted ahead of the deadline. A number of HMRC records incorrectly assigned to the Cardiff & Vale of Glamorgan Fund have already been corrected. HMRC will be continuing to update their database over the next six months and the full impact of the exercise in terms of savings, costs and improved data quality will be assessed once HMRC have completed their updates.

HMRC have extended their timescale for response which would now be well into 2019.

It was noted that arrears would be paid but no overpayments need to be paid back by individuals.

The Chairperson made reference to a case involving Lloyds Bank and equalisation of pensions and considered that this may affect all final salary schemes.

Board members asked for clarification of figures and Officers agreed to come back to Board members with this information.

Annual Benefit Statements

The LGPS Regulations require funds to send annual benefit statements to all active and deferred members by 31 August each year. Statements were despatched to deferred members in July and to active members in August. The target was 100%, last year 94% was achieved and this year 96.8% was achieved. Officers explained that the bulk were produced by a remote printer, after the deadline cut off manual statements were produced for any remaining. It was noted that the system wouldn't produce some statements and this was being looked into. Officers stated that they were aiming for 100% and they hoped to improve next year.

The Chairperson asked if there was an issue with deferred members. Officers explained that there were some members whose statements had been returned as "gone away" and previously it was left up to them to contact the Fund. Officers were now looking at tracing missing members as an extension of the monthly reporting of recently registered deaths. There were GDPR issues with contacting members found through tracing so caution was needed.

The Chairperson noted the improvements and the undertaking to deal with the deferred and asked that a report be brought back next year on this.

Administration Workloads and Performance

Board Members discussed cases and numbers processed and were advised that in most categories the average processing time had improved. The exceptions were:

- sending out provisional retirement figures (from 24 days to 27 days), this reflects the increased workload and the complexity of the hybrid final salary – CARE scheme
- payment of death benefits (from 16 days to 25 days), there has been a significant increase in workload including an increase in deaths in service (more complex as benefits are based on salary information provided by employers)
- quotations for transfers out (from 10 days to 23 days) – also an area with an increase in workload
- calculation of deferred benefits (from 139 days to 149 days) – although more cases are being processed each month these tasks are given a lower priority relative to tasks leading to payment of benefits or a transfer to another fund.

The Chairperson asked if the recent recruitment in the section had helped and officers stated that they were processing more cases but that the workload was increasing too. Officers added that with extra resource they are moving to more proactive working as well as initiating developments such as the website and automatic transfer of payroll details. They were also able to make step improvements and target some problem areas but the section was still under pressure. It was important to figure out the optimum mix of skills and look at personal performance in the team, then an increase in the performance figures should be expected.

The Chairperson noted that it was work in progress however the level of resource should be right in a growing pension scheme; the staff are costed to the pension scheme so if there were no improvements there may be a case for an additional resource request.

The Section 151 Officer agreed and stated that it is acknowledged that improvements need to be made in some of the activities albeit once all the new officers have been in place for a longer period of time there will be a natural efficiency gain. However, consideration is being given to using a “workflow” based performance management option available from Altair to supplement the current “task” based reporting. This option would enable managers to understand issues with data flows including when a delay was due to waiting for information from a fund member or an employer. The Council’s Service Review methodology will be used to review processes and remove unnecessary steps with direction and support provided by the Capital Ambition Delivery team.

Board Members asked if the targets were too stretched, the Chairperson considered it would be good to look at other pension funds targets and compare. The Section 151 Officer stated that the targets are set by CIPFA but it would be good to look at targets to compare within Wales.

The Chairperson requested that a report be brought to the Board at the next meeting.

RESOLVED: To note the work being undertaken by the Pensions Administration Section and the progress in the areas covered by the report.

7: Fund Website

Board Members were provided with a demonstration of the Pension Fund Website.

It was noted that the website would need to be bilingual, it was currently in its first phase of development. Once established the website would be extended to link to member self-service facilities.

Board Members noted that the links on the website would need to be regularly checked and an audit kept of who has requested changes and who has authorised changes.

Officers advised that when the website goes live it would be monitored for updates.

Board Members considered that the website was easily navigated and fairly intuitive.

Officers advised that the website would be hosted with its own domain name and capable of being found through searching – there would also be links on the Cardiff Council and the Vale of Glamorgan Council websites and other employers would have the option to do the same.

8: Board Member Training

CIPFA Pensions Network meeting 10 October 2018

The Chairperson stated that this had been a good event and presentations, with updates on the regulations. The Chairperson considered that Cardiff could host this event in the spring.

LGPS Governance Conference Bristol 17 & 18 January 2019

This would be lunchtime to lunchtime event.

Pensions Fundamentals Training

Board members were advised that this training had started and had been very well attended. Carys Lord advised that she was doing Fundamentals 1 and 2.

The Chairperson stated that this was an important year and if Board Members want to go on any training then they should contact Jayne Newton as spaces were filling up quickly. Jayne Newton was also keeping the Board Member training log.

9: Risk Register 2018/19

Board Members were advised that this was a rolling register, there had been updates since the last meeting as follows;

- I. P4 – amended to include the roles of the Pool Operator, Custodian and Transition Manager in protecting the Fund's investments when they have been transferred to the Pool.
- II. P9 – amended to include development of the web site, member self-service facilities and engagement with employers
- III. P12 – monthly update of shared information databases is now in place. As at 25 October, Cardiff was one of the 39 LGPS funds (out of 99) which had updated their shared data during October.
- IV. P13 – iConnect is live for almost all employers but interfaces from the payroll systems of 3 large employers (Vale of Glamorgan Council, Cardiff

Metropolitan University and Cardiff & Vale College) are still under development.

The Chairperson considered that there should be an areas for Administration Issues on the register. Officers stated that P8 could be developed and split out to include administration.

The Chairperson asked if there were any areas where the risk had increased of the coding had changed. Officers advised that there hadn't been but the inherent risk of running a pension fund as a whole was huge, although the controls put in place brings that risk down somewhat.

Board Members asked about Employer Service Level Agreements; Officers advised that there was no admin strategy but an agreement between them. Board Members considered it would be worth noting there is an agreement in place.

RESOLVED: To note the updates to the Risk Register 2018/19.

10: Any Other Business

The Chairperson referred to section 13 of the previous valuation and asked where Cardiff and the Vale fits in. Officers explained that it is hidden in amongst those with no areas of concern. The Chairperson asked that Officers send a link around to Board Members so they can look at it. The Chairperson noted that the LGPS is currently 2.5 years through a triennial cycle with the next valuation in April 2019.

The Chairperson advised that AON Hewitt had been reappointed following the retender. Within Wales they are the fund actuaries to the Powys, Swansea, Rhondda Cynon Taf and Cardiff & the Vale funds. AON Hewitt would be asked to present to a future Board Meeting.

Pensions Dashboard – the Chairperson stated that how the fund fits in will be a subject for the Board to look at going forward; this would also be linked to the website.

Date of next meeting: 29 January 2019

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o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol