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## AGENDA

Pwyllgor	PWYLLGOR PENSIYNAU
Dyddiad ac amser y cyfarfod	DYDD LLUN, 8 CHWEFROR 2021, 5.00 PM
Lleoliad	CYFARFOD O BELL
Aelodaeth	Cynghorydd Weaver (Cadeirydd) Y Cynghorwyr Dilwar Ali, Howells, Lay a/ac Graham Thomas

Tua  
Amser.

### 1 Penodi Cadeirydd ac Aelodau'r Pwyllgor

Nodi bod y Cyngor ar 26 Tachwedd 2020 wedi penodi'r Cynghorydd Chris Weaver yn Gadeirydd y Pwyllgor a'r canlynol fel Aelodau Pwyllgor:  
Cynghorwyr Howell, Lay, Dilwar Ali a Graham Thomas.

### 2 Cylch Gorchwyl (*Tudalennau 5 - 6*)

I nodi Cylch Gorchwyl y Pwyllgor.

### 3 Ymddiheuriadau am Absenoldeb

Derbyn ymddiheuriadau am absenoldeb.

### 4 Datgan Buddiannau

I'w gwneud ar ddechrau'r eitem agenda dan sylw, yn unol â Chod Ymddygiad yr Aelodau.

### 5 Cofnodion (*Tudalennau 7 - 10*)

Cymeradwyo cofnodion y cyfarfod a gynhaliwyd ar 23 Tachwedd 2020 fel gwir gofnod.

### 6 Dyranriad yr Asedau Strategol (*Tudalennau 11 - 20*)

Ystyried Dyranriad yr Asedau Strategol ar gyfer 2021/22.

**7 Partneriaeth Pensiwn Cymru** (*Tudalennau 21 - 24*)

Cael diweddariad ar Bartneriaeth Pensiwn Cymru.

**8 Strategaeth Weinyddu** (*Tudalennau 25 - 38*)

Ystyried cynigion ar gyfer Strategaeth Weinyddu'r Gronfa Bensiwn.

**9 Polisi Cyfathrebu** (*Tudalennau 39 - 50*)

Ystyried cynigion ar gyfer Polisi Cyfathrebu'r Gronfa Bensiwn.

**10 Y Gofrestr Risgiau;** (*Tudalennau 51 - 60*)

Ystyried Cofrestr Risg y Gronfa Bensiwn.

**11 Cofnodion y Bwrdd Pensiynau Lleol** (*Tudalennau 61 - 68*)

Nodi cofnodion cyfarfod y Bwrdd Pensiynau Lleol a gynhaliwyd ar 21 Gorffennaf 2020.

**12 Gwahardd y Cyhoedd**

**Mae'r eitem ganlynol yn gyfrinachol ac wedi'i heithrio rhag cael ei chyhoeddi gan ei bod yn cynnwys gwybodaeth eithriedig o'r disgrifiad a geir ym mharagraff 14 Rhan 4 a pharagraff 21 Rhan 5 Atodlen 12A Deddf Llywodraeth Leol 1972. Gall y cyhoedd cael eu gwahardd o'r cyfarfod ar gais y Pwyllgor yn unol ag Adran 100A(4) Deddf Llywodraeth Leol 1972 yn ystod trafodaethau ar yr eitem hon.**

**13 Cofnodion y Panel Cyngori ar Fuddsoddi** (*Tudalennau 69 - 72*)

Nodi cofnodion cyfarfod y Panel Cyngori ar Fuddsoddi a gynhaliwyd ar 22 Medi 2020.

**14 Eitemau Brys (os oes rhai)**

**15 Dyddiad y cyfarfod nesaf**

5.00pm - 17<sup>eg</sup> Mai 2021.

**Davina Fiore**

**Cyfarwyddwr Llywodraethu a Gwasanaethau Cyfreithiol**

Dyddiad: Dydd Mawrth, 2 Chwefror 2021

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

## **GWE-DARLLEDU**

Caiff y cyfarfod hwn ei ffilmio i'w ddarlledu'n fyw a/neu yn olynol trwy wefan y Cyngor. Caiff yr holl gyfarfod ei ffilmio, heblaw am eitemau eithriedig neu gyfrinachol, a bydd y ffilm ar gael ar y wefan am 12 mis. Cedwir copi o'r recordiad yn unol â pholisi cadw data'r Cyngor.

Gall aelodau'r cyhoedd hefyd ffilmio neu recordio'r cyfarfod hwn

Ar ddechrau'r cyfarfod, bydd y Cadeirydd yn cadarnhau a gaiff y cyfarfod cyfan neu ran ohono ei ffilmio. Fel rheol, ni chaiff ardaloedd y cyhoedd eu ffilmio. Fodd bynnag, wrth fynd i'r ystafell gyfarfod a defnyddio'r ardal gyhoeddus, mae aelodau'r cyhoedd yn cydsynio i gael eu ffilmio ac y defnyddir y lluniau a recordiadau sain hynny o bosibl at ddibenion gwe-ddarlledu a/neu hyfforddi.

Os oes gennych gwestiynau ynghylch gwe-ddarlledu cyfarfodydd, cysylltwch â'r Gwasanaethau Pwyllgorau ac Aelodau ar 02920 872020 neu e-bost [Gwasanethau Democraidd](#)

Mae'r dudalen hon yn wag yn fwriadol

## PENSIONS COMMITTEE – TERMS OF REFERENCE

To discharge the functions of the authority as Administering Authority of the Cardiff & Vale of Glamorgan Pension Fund ('the Fund') as described in the Local Government Pension Scheme (LGPS) Regulations made under the Superannuation Act 1972 (sections 7,12 or 24) and Section 18(3A) of the Local Government and Housing Act 1989; and

To discharge the following specific strategic functions with regards to the Fund, taking account of advice from the Corporate Director Resources and the Fund's professional advisers:-

- 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 a) above on an ongoing basis.
- c) Considering the Fund's financial statements as part of the approval process and agreeing the Fund's Annual Report. Receive internal and external audit reports on the same.
- d) Receiving ongoing reports from the Corporate Director Resources in relation to the delegated operational functions.
- e) To provide independent assurance to members of the Fund of the adequacy of the risk management and associated control environment, responsible for the Fund's financial and non-financial performance.
- f) To adhere to the principles set out in the Pensions Regulator Code of Practice and undertake its duties in compliance with the obligations imposed on it.

- g) To receive regular training to enable Committee Members to make effective decisions and be fully aware of their statutory and fiduciary responsibilities and their stewardship role.
- h) Consider any pension compliance matters raised by the Fund's Local Pension Board.

PENSIONS COMMITTEE

23 NOVEMBER 2020

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

53 : APOLOGIES FOR ABSENCE

No apologies were received for this meeting.

54 : DECLARATIONS OF INTEREST

No Declarations of Interest were received.

55 : MINUTES

The minutes of the meeting held on 27 January 2020 were approved as a correct record of the meeting.

56 : ANNUAL REPORT WALES PENSION PARTNERSHIP

Members were advised that the Annual Report for the Cardiff and Vale Pension Fund 2019-20 has been completed including the review by Wales Audit. The information it contains is consistent with the information in the Statement of Accounts presented to and approved by Full Council on 22 October 2020.

The Annual Report, if approved, must be published in English and Welsh on the Council's website by the statutory deadline of 1 December 2020.

RESOLVED:

- To approve the Annual Report appended at Appendix 1.

57 : EXIT CAP

The report provided Members with information in relation the regulations which came into effect from 4th November 2020 which cap exit payments in the Public sector.

There is a conflict between the Cap Regulations and the LGPS regulations if the cap is breached when an LGPS member age 55 or over exits. The LGPS regulations still require the member to take payment of an unreduced pension, but the Cap Regulations prevent the employer from paying the full strain cost. The Administering Authority will need to decide whether to pay an unreduced pension in line with regulation 30(7) or provide the option of either a deferred pension under regulation 6(1) or an immediate reduced pension under regulation 30(5) in line with the Government's recommendations.

Any potential severance that might exceed the exit cap is being monitored closely and it will be drawn to the attention of the Section 151 Officer and the employer.

Welsh Government do have the authority to exercise a waiver; there is currently no information as to when that will take place, although some information is expected by the end of the year.

RESOLVED: That the Committee notes:-

- a) The issues raised in this report. A further update report is to be provided, as relevant regulations are amended and/or further guidance issued.
- b) The Corporate Director Resources, pursuant to his delegated authority (FS28), and following the taking of legal advice and consideration of guidance issued, will determine the level of benefits to be paid pending the resolution of the apparent discrepancies in the various regulations mentioned in this report.

## 58 : BLACKROCK LOW CARBON TRACKER FUND DEVELOPMENTS

This report has been prepared to present to the Committee the latest position in the proposed evolution of the Low Carbon Tracker Fund. An investment of £235m into the BlackRock Low Carbon Tracker Fund was completed in February 2020.

The current Low Carbon Tracker Fund does not operate with any screens but the proposal would be to introduce screens across a number of carbon intensive areas, if a 5% revenue threshold were exceeded unless this was offset with a 40% revenue contribution from renewable energy. The carbon intensive areas that would be screened are:-

- i. Fossil Fuel Reserves;
- ii. Thermal Coal;
- iii. Conventional and unconventional oil and gas; and
- iv. Oil and gas based power generation.

The projected impact of the screens is a reduction in the number of stocks included in the revised index of over 500. The impact on Carbon Emission intensity is an estimated 44% reduction compared with the current Fund and a reduction of 73% compared to the MSCI World index. However, one consequence of the introduction of the exclusion screens would be an increase in the tracking error which would increase to 50 basis points (bps) compared to the 30 bps with the current Fund. There would also be some one-off transition costs as the Fund is rebalanced following the exclusions. Otherwise the risk and return from the Fund would remain unchanged.

RESOLVED:

- (1) to notes the evolution of the Low Carbon Tracker Fund proposed by BlackRock; and
- (2) to adopt the proposed changes to introduce the Fossil Fuel exclusion.



59 : MINUTES OF THE LOCAL PENSION BOARD

RESOLVED:

- To note the minutes of the Local Pension Board

60 : EXCLUSION OF THE PUBLIC

RESOLVED:

- That the following items are confidential and exempt from publication as they contain exempt information of the description contained in paragraphs 14 and 21 of Parts 4 and 5 of Schedule 12A, Local Government Act 1972; and
- That the public be excluded from the meeting pursuant to Section 100A (4), Local Government Act 1972 during discussion of these items.

61 : WALES PENSION PARTNERSHIP GLOBAL EQUITY

RESOLVED:

- To note and approve the recommendations.

62 : MINUTES OF THE INVESTMENT ADVISORY PANEL

RESOLVED:

- To note the minutes of the Investment Advisory Panel.

63 : URGENT ITEMS (IF ANY)

No urgent items were received.

64 : DATE OF NEXT MEETING

The date of the next meeting of the Committee is to be confirmed.

The meeting terminated at 16:20

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**CARDIFF COUNCIL  
CYNGOR CAERDYDD****PENSIONS COMMITTEE: 8 FEBRUARY 2021****REPORT OF CORPORATE DIRECTOR RESOURCES****AGENDA ITEM: 6****STRATEGIC ASSET ALLOCATION****Reason for this Report**

1. This report has been prepared to update the Committee regarding development of the Pension Fund's Strategic Asset Allocation including a proposed additional investment into the Blackrock Low Carbon Tracker fund with a corresponding reduction in the Funds passive UK Equity holding. The Pensions Committee has a strategic role in the management of the Fund and its remit includes the approval of the asset allocation on the advice of the Investment Advisory Panel.

**Background**

1. Over the last two years the Committee has considered the Pension Fund's investments in companies engaged in fossil fuel extraction which included the approval of a Climate Change Investment Policy to manage the Fund's exposure to climate change risks.
2. At its meeting on 11 July 2019, the Committee approved amendments to the Fund's Strategic Asset Allocation, including the allocation of c10% of the Fund to a Low Carbon Tracker Fund. This investment of over £200 million into the Blackrock Low Carbon Tracker Fund was completed in February 2020. .
3. The Pension Committee meeting on 23 November 2020 approved proposals from BlackRock for the evolution of this Fund to introduce screens that would exclude companies engaged in a number of fossil fuel related carbon intensive activity. The same meeting also approved the transfer of the Fund's current Regional Equity mandates to the Wales Pension Partnership (WPP) Global Equity sub-funds. The value of this transfer is expected to be c£600 million with 70% to go the WPP Global opportunities Fund and 30% to the Global Growth Fund.

**Issues**

4. The Investment Advisory Panel meeting on 1 December 2020 received a report reviewing the Fund's Strategic Asset Allocation. A copy of this report is attached as Appendix 1. The Panel approved a proposal to increase the holding in the BlackRock Low Carbon tracker fund by transferring the balance of the Fund's current holding in passive UK equity. This

asset class is also managed for the Fund by BlackRock and had a valuation at 31 December 2020 of just over £250 million.

5. The process to transfer the Fund's Regional Equity holdings into the WPP' Global Equity sub-funds has commenced and this transfer is expected to be completed early in 2021/22 financial year. This transfer was included in the strategic asset allocation for 2020/21 and no change is proposed for 2021/22. Following the Committee approval, at the 23 November 2020, to invest in the WPP Global Growth Fund, Baillie Gifford, who are one of the three sub-managers within this Fund, have announced that they will be moving to a Paris Aligned position for their portfolio within this Fund. There are no significant impacts on risk or performance from the move to a Paris Aligned position for this portfolio.
6. On behalf of the WPP, Link Financial Services are continuing to progress proposals for an Emerging Markets (EM) Active Equities sub fund which is currently expected to be operational in the autumn of 2021. At this stage no changes are proposed for the strategic asset allocation weighting for EM equity.
7. No change to the strategic asset allocation is proposed for either Property or Private Equity for 2021/22. The development of WPP Private Market products, which would include Private Debt and Infrastructure as well as Property and Private Equity, are at an early stage with no WPP products expected to be available in the near future.
8. The transfer of the Fund's Fixed Income assets to WPP products was completed in August 2020 and no change is proposed for this asset class for 2021/22.
9. A summary of the Fund's proposed strategic asset allocation for 2021/22 is provided in Appendix 2.

## **Legal Implications**

10. The first recommendation refers to Strategic Asset Allocation this is a technical document, the contents of which Legal Services are unable to comment upon. It is understood by Legal Services that this is drafted and prepared with assistance from appropriate external advisors and is recommended for approval by the Pensions Advisory Panel. This recommendation does not appear to raise any specific legal implications however the general legal advice set out below should be considered
11. The Second and third recommendations relates to the transfer and movement of funds. . These are outside Legal Services expertise to advice upon and Committee should ensure that it has full and proper advice on such matters before proceeding to make a decision. 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
12. General Legal Advice  
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.

The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

The Well-Being of Future Generations (Wales) Act 2015 ("the Act") places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

In discharging its duties under the Act, the Council has set and published well-being objectives designed to maximise its contribution to achieving the national well-being goals. The well-being objectives are set out in Cardiff's Corporate Plan 2019-22: <https://www.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Corporate-Plan/Pages/Corporate-Plan.aspx>

The well-being duty also requires the Council to act in accordance with 'sustainable development principle'. This principle requires the Council to act in a way, which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrates approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Guidance (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

## **Financial Implications**

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

## **Recommendations**

14. That the Committee:
  - (1) Approves the 2021/22 Strategic Asset Allocation
  - (2) Approves the transfer of the Fund's current passive UK Equity holding to the Low Carbon Tracker Fund.
  - (3) Notes and approves moving to the Baillie Gifford Paris Aligned position for their portfolio within the WPP Global Growth Fund.

## **CHRISTOPHER LEE CORPORATE DIRECTOR RESOURCES**

Appendix 1 Strategic Asset Allocation report to 1 December 2020 meeting of the Investment Advisory Panel.

Appendix 2 Strategic Asset Allocation 2021/22

## ITEM 6 – Appendix 1

# CARDIFF & VALE OF GLAMORGAN PENSION FUND



## INVESTMENT ADVISORY PANEL MEETING:

1 DECEMBER 2020

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### REVIEW OF STRATEGIC ASSET ALLOCATION

### REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 5

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#### Reason for this Report

1. The panel reviews the Fund's strategic asset allocation periodically to ensure that the asset mix will continue to achieve the Fund's investment objectives.
2. The Pensions Committee has a strategic role in the management of the Fund and its remit includes the approval of the asset allocation on the advice of the panel.

#### Background

3. The panel received a report on its strategic asset allocation at its meeting in March 2019 and a further report on the Funds Investment Strategy Statement for 2020/21 at its meeting in December 2019. These reports reflected a number of developments with the Fund's strategic asset allocation which were due to occur towards the end of 2019/20 or during 2020/21.

#### Issues

4. The turbulence in the financial markets caused by coronavirus resulted in some delays in moving to the revised allocations as identified for the specific asset sub-classes as outlined in this report.

## Equities

5. The Panel at its meeting in September 2020 reconsidered the Fund's proposed investment in the Wales Pension Partnership's Global Equity Funds. The Panel confirmed that an initial allocation of 30% of Fund value for Global Equities was still appropriate which was to be funded from the termination of the regional mandates for European, Japanese and Asia-Pacific Equities, and a reduction in the allocation to UK and US Equities. Initially the fund proposed to invest in the Global Growth fund but after further consideration, including of governance and management arrangements, the investment approach was amended to a split investment into the two WPP Global Equity funds weighted 70:30 in favour of the Global Opportunities Fund. This would allow a more balanced, diversified investment approach and this recommendation was approved by the Pensions Committee on 23 November 2020.
6. February 2020 saw the commencement of the Fund's investment into the Blackrock Low Carbon Tracker Fund following the Fund strategy to the management of climate change risk with the investment of 10% of the Fund value (c£235m). The September 2020 Panel meeting received a presentation from BlackRock on proposals for the evolution of this Fund to include screens to exclude companies engaged in specific fossil fuel related carbon intensive activity. The November meeting of the Pension Committee confirmed it was supportive of BlackRock proposals. A proposed amendment to the Strategic Asset Allocation for 2020/21 is to enhance the asset value in the Low Carbon Tracker fund with a further investment of c£224 million by transferring the balance of the Fund's current holding in passive UK equity.
7. On behalf of the WPP, Link Financial Services are continuing to progress proposals for an Emerging Markets (EM) Active Equities sub fund which is currently expected to be operational in the first half of 2021/22. The current weighting to this asset class is 5% and the EM portfolio will continue to be managed by Aberdeen Standard for the Fund. When full details of the WPP EM Sub-fund are available these will be presented to the Panel for further consideration.

## Fixed Income

8. The Pension Committee in January 2019 accepted a Panel recommendation to invest in three of (the five) WPP fixed income sub-funds. The original timescale for the transfer was delayed by Covid with the transfer being completed in August 2020.
9. The allocations (expressed as % of Fund assets) are:

Sub Fund	%
Global Government	11.0
Global Credit	9.5



Multi-Asset Credit	7.0
<b>Total</b>	<b>27.5</b>

## Property

10. Work has commenced within WPP on the development of pooling products for illiquid assets but this work is at an early stage with no sub-funds currently operational. The Fund's current property holdings are close to the target allocation of 7.5%. It is recommended that this allocation remains unchanged whilst the WPP review is on-going and that the details of the review are brought back to the Panel for further consideration when these are available.

## Private Equity

11. The panel has previously agreed to continue the Fund's strategy of making new commitments on a regular basis to the private equity funds-of-funds offered by its three long standing partners, in order to maintain the actual allocation close to the target allocation. As at the present time no WPP Private Equity sub-fund is available so it is recommended that no amendments are made to the allocation to this asset class but that the Panel consider future Private Equity investments in more detail when more detail is available on the WPP approach to this asset class.

## Infrastructure

12. The DCLG's criteria for pooling of investments included a requirement to consider investments in infrastructure. It is recommended that any decision regarding investment by this Fund in Infrastructure assets is deferred until further work in developing the WPP products and inter-pooling arrangements has been carried out. At that stage the Panel can consider what weighting the fund would wish to allocate to Infrastructure Assets and how this asset class would be funded.

## Summary of proposed changes and options for implementation

13. The proposed strategic allocation, reflecting the above proposed amendments including the updated WPP Global Equity investment, is attached as Appendix 1. The changes are summarised in the table below based on the Fund's September 2020 valuation.

Asset Class	Change % Fund Value	Change £m
<b>Equities</b>		
UK Passive	-10%	-224
UK Active	-3%	-69
US Passive	-6%	-127
Global Passive Low Carbon	+10%	+224
Regional Active	-18%	-399
Global Active WPP Sub-funds	+26%	+595

## **Recommendations**

14. That the panel considers the proposed strategic asset allocation for 2021-22 and confirms its recommendation to be presented to the Pensions Committee at its next meeting in January 2021.

**CHRISTOPHER LEE**  
**CORPORATE DIRECTOR RESOURCES**

Appendix 1            Proposed Strategic Asset Allocation 2021-22

**APPENDIX 2 - ITEM 4 SAA 21/22****CARDIFF & VALE OF GLAMORGAN PENSION FUND****Proposed Strategic Asset Allocation for 2021-22**

ASSET CLASS		
	%	%
<b>EQUITIES</b>		
<b>GLOBAL</b>		
<i>Passive - Low Carbon</i>	20 +/- 4	
<i>Active - Global</i>	30 +/- 5	
<b>Total Global</b>	<hr/>	50 +/- 10
<b>REGIONAL</b>		
<i>UK - Passive</i>	0 +/- 2	
<i>UK - Active</i>	5 +/- 2	
<i>Emerging Markets</i>	5 +/- 2	
<b>Total Regional</b>	<hr/>	10 +/- 5
<b>Total Equities</b>		<hr/> 60 +/- 10
<b>BONDS &amp; CASH</b>		
<i>Global Govt Bonds</i>	11 +/- 4	
<i>Global Credit</i>	9.5 +/- 4	
<i>Multi-Asset Credit</i>	7 +/- 3	
<i>Cash</i>	0 + 2	
<b>Total Bonds &amp; Cash</b>	<hr/>	27.5 +/- 5
<b>PROPERTY</b>		
<i>UK Property</i>	5 +/- 2	
<i>Global Property</i>	2.5 +/- 1	
<b>Total Property</b>	<hr/>	7.5 +/- 3
<b>PRIVATE EQUITY</b>		5 +/- 2
		<hr/> <hr/> 100%

Mae'r dudalen hon yn wag yn fwriadol

# CARDIFF COUNCIL CYNGOR CAERDYDD



**PENSIONS COMMITTEE: 08 FEBRUARY 2021**

## **REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 7**

### **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 and Board has received regular updates on the development of the Wales Pension Partnership by the eight LGPS administering authorities in Wales. 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 (Section 151 Officers) 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. Hymans Robertson were appointed, in January 2020, as Oversight Advisors to support the WPP in managing its relationship with Link and Russell Investments as well as providing advice on governance and strategic investment strategy.
5. Three Equity Sub Funds had been launched prior to 2020/21 financial year, a UK Equity Fund and two Global Equity Funds. Cardiff and the Vale Pension Fund (the Fund) had invested in the UK Equity Fund. During 2020/21 the WPP Fixed Income sub-funds were launched with this Fund investing in 3 of the WPP Fixed Income sub-funds in August 2020.

#### **Issues**

6. As at 31 December 2020, the Fund's holdings in the WPP Sub-funds totaled £859.1 million with holdings in the individual Funds as follows :-
  - i. UK Opportunities Equities Fund - £217.0 million.

- ii. Multi Asset Credit Fund - £150.2 million
  - iii. Global Government Bond Fund - £259.5 million
  - iv. Global Credit Fund - £232.4 million
7. The November Pension Committee meeting approved the transfer of the fund's existing Regional Equity mandates into the WPP Global sub-funds with 70% invested into the Global Opportunities Fund and 30% into the Global Growth fund. The valuation as at 31 December 2020 of the fund's assets to be transferred to WPP is c£650 million. Activity has commenced to appoint a Transition Manager to deliver the transfer to WPP which is still expected to take place early in 2021/22 financial year. Baillie Gifford who are one of the sub-managers in the Global Growth Fund have developed their proposals to work to ensure that their portfolio complies with the Paris Agreement to address the impacts of climate change.
8. Work is continuing on proposals for an Emerging Markets Equities sub fund where a prospectus has been submitted to the FCA for approval. Due to the length of time required to invest in India this Fund is not expected to be operational until September 2021. Cardiff currently holds assets totaling £127 million in Emerging Markets equity.
9. Officer led work has also continued with regard to options for WPP Private Market Funds which will cover Property, Private Debt, Private Equity and Infrastructure assets. The initial focus has been on Private Debt and Infrastructure which are asset classes this fund has not currently invested in. Once the options for WPP Funds in these areas are further developed a report will be submitted to Pensions Committee to approve any future transition of assets.
10. The WPP's Responsible Investment Officers sub-group has continued to meet. The results of the ESG questionnaire that was circulated to Officers and Members , will be reviewed by Hymans Robertson and WPP officers assist in the development of WPP policy objectives to facilitate the implementation of individual authorities' ESG requirements through the WPP where possible.

## **Legal Implications**

11. 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 however the general legal advice set out below should be considered.

### General Legal Advice

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.

The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

The Well-Being of Future Generations (Wales) Act 2015 (“the Act”) places a ‘well-being duty’ on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

In discharging its duties under the Act, the Council has set and published well-being objectives designed to maximise its contribution to achieving the national well-being goals. The well-being objectives are set out in Cardiff's Corporate Plan 2019-22: <https://www.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Corporate-Plan/Pages/Corporate-Plan.aspx>

The well-being duty also requires the Council to act in accordance with ‘sustainable development principle’. This principle requires the Council to act in a way, which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrates approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Guidance (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

## Financial Implications

12. 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**

13. That the Committee notes the recent developments related to the WPP Investment Pool.

**CHRISTOPHER LEE  
CORPORATE DIRECTOR RESOURCES**



# CARDIFF COUNCIL CYNGOR CAERDYDD



**PENSIONS COMMITTEE: 8 FEBRUARY 2021**

## **REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 8**

### **PENSION FUND ADMINISTRATION STRATEGY**

#### **Reason for this Report**

1. To review the proposed Administration Strategy for the Pension Fund.

#### **Background**

2. Regulation 59 of the LGPS Regulations 2013 states that Administering Authorities may prepare and publish an Administration Strategy. The Pension Regulator had recommended that the Cardiff and Vale of Glamorgan Pension Fund implement an Administration Strategy.
3. The draft Administration Strategy was considered by the Local Pension Board at its meeting on 18 January 2021.

#### **Issues**

4. The draft Administration Strategy for the Fund is attached as Appendix 1. The objective of the Administration Strategy is to formulate the administrative arrangements between the Cardiff and Vale of Glamorgan Pension Fund (the administering authority) and the participating employing authorities (the employers). The Strategy should clearly define the roles and responsibilities of the Pension Fund and the Employing Authorities. In preparing (or reviewing and making revisions to) its Strategy, an Administering Authority must consult its Scheme employers and such other persons as it considers appropriate.
5. The Strategy will include :-
  - Procedures for liaison and communication between the administering authority and the employers.
  - The establishment and agreement of levels of performance which the administering authority and the employers are expected to achieve in carrying out their respective Local Government Pension Scheme (LGPS) functions. Performance data will be published.
  - Procedures to secure compliance with statutory requirements for those functions
6. The Administration Strategy must be reviewed on at least an annual basis. If revisions to the Fund's Administration Strategy are proposed then the Fund must consult with its

employing authorities. Material changes to the Administration Strategy will be presented to the Local Pension Board for their consideration prior to being presented to the Pension Committee for consideration and approval.

7. The Administration Strategy must be published and any revisions to the Strategy must also be published. A copy of the revised strategy must be sent to each employing authority. The strategy will be published on the Fund's website

## Legal Implications

8. Pursuant to and in accordance with Regulation 59 of the Local Government Pension Scheme Regulations 2013 (as amended) ("the LGPS Regulations") an administering authority may prepare a pension administration strategy in relation to such of the matters mentioned therein. Where it does prepare such a administration strategy regulation 59 also specifies what actions are then required of the administering authority in relation to the said administration strategy.
9. Regulation 59 of the LGPS Regulations is set out in Appendix 1 to the report.
10. The recommendation does not appear to raise any specific legal implications however the general legal advice set out below should be considered.

11. General Legal Advice

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.

The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

The Well-Being of Future Generations (Wales) Act 2015 ("the Act") places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

In discharging its duties under the Act, the Council has set and published well-being objectives designed to maximise its contribution to achieving the national well-being goals. The well-being objectives are set out in Cardiff's Corporate Plan 2019-22: <https://www.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Corporate-Plan/Pages/Corporate-Plan.aspx>

The well-being duty also requires the Council to act in accordance with 'sustainable development principle'. This principle requires the Council to act in a way, which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrates approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Guidance (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

## **Financial Implications**

12. There are no financial implications arising directly from this report.

## **Recommendations**

13. That the Committee approves the Administration Strategy.

**CHRISTOPHER LEE**  
**CORPORATE DIRECTOR RESOURCES**

Appendix 1 Administration Strategy

Mae'r dudalen hon yn wag yn fwriadol



Cardiff & Vale of Glamorgan  
**Pension Fund**



# PENSION ADMINISTRATION STRATEGY

# Pension Administration Strategy

## Introduction

The Pensions Administration Strategy compliments the efficient operation of the Cardiff and Vale of Glamorgan Pension Fund on the behalf of its Employing Authorities and the Administering Authority; Cardiff Council.

The objective of the strategy is to clearly define the roles and responsibilities of the Cardiff and Vale of Glamorgan Pension Fund and the Employing Authorities under the Local Government Pension Scheme (LGPS) Regulations.

These regulatory requirements are detailed below:

## The Regulations

In accordance with regulation 59 of the Local Government Pension Scheme Regulations 2013:

1. An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ('its pension administration strategy') and, where it does so, paragraphs (3) to (7) apply.
2. The matters are;
  - (a) procedures for liaison and communication with employing authorities in relation to which it is the administering authority ('its employing authorities');
  - (b) the establishment of levels of performance which the administering authority and its employing authorities are expected to achieve in carrying out their Scheme functions by:
    - setting performance targets
    - making agreements about levels of performance and associated matters
    - or other means as the administering authority considers appropriate;
  - (c) procedures to secure the administering authority and its employing authorities comply with statutory requirements in respect of those functions and with any agreement about levels of performance;
  - (d) procedures for improving communication of related information between the administering authority and all employing authorities

- (e) circumstances when the administering authority may consider giving written notice to any of its employing authorities under regulation 70 on account of that authority's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);
- (f) administering authority will publish performance data in its annual reports dealing with;
- (g) and such other matters as appear to the administering authority, after consulting its employing authorities and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

3. An administering authority must:

- keep its pension administration strategy under review and as a minimum update annually
- make revisions as appropriate, following a material change in its policies in relation to any of the matters contained in the strategy
- these will be considered by the Pension Board and Committee

4. In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its employing authorities and such other persons as it considers appropriate.

5. An administering authority must publish:

- its pension administration strategy;
- and where revisions are made to it, the revised strategy

6. When an administering authority publishes its pension administration strategy, or that strategy is revised, it must send a copy of it to each of its employing authorities and to the Secretary of State.

7. An administering authority and its employing authorities must have regard to the current version of any pension administration strategy when carrying out their Scheme functions.

8. In this regulation references to the functions of an administering authority include, where applicable, its functions as an employing authority.

## **The Administration Strategy**

This strategy formulates the administrative arrangements between the Cardiff and Vale of Glamorgan Pension Fund and the participating Employing Authorities. With the introduction of this framework, the aim is to enhance the flow of data by having clear channels of communication in place, so each authority is fully aware of its role and responsibilities within this process, as outlined by the LGPS provisions.

The relevant procedures are outlined as follows.

### **Procedures for liaison and communication with Employing Authorities**

- The employer will nominate a person to act as the 'Employer Representative' and the Cardiff and Vale of Glamorgan Pension Fund's primary contact. The employer will notify the Cardiff and Vale of Glamorgan Pension Fund who that person is and ensure that any changes are sent to Cardiff and Vale of Glamorgan Pension Fund immediately.
- The Cardiff and Vale of Glamorgan Pension Fund employs a multi-channel approach in liaising and communicating with employing authorities to ensure that all requirements are consistently met.
- The various channels of communication employed by the Fund include:
  - The Cardiff and Vale of Glamorgan Pension Fund website; which includes a specific section for each stakeholder and the Fund's employing authorities.
  - Periodic newsletters; which are issued to all scheme members and all employing authorities. The newsletter is published via the My Cardiff and Vale Pension online service and delivered directly to each non-user's home address, as well as being published on the Cardiff and Vale of Glamorgan Pension Fund website.
  - Email updates; sent directly to employer representatives to provide notification of any scheme / administrative developments.
  - Employer updates seminars and training groups; held when required to review scheme developments or to resolve any training needs.
  - An Annual Employer Forum; held to review the investment and administrative issues that the Cardiff and Vale of Glamorgan Pension Fund has experienced during the preceding 12 months, and also to look forward at the challenges that lie ahead for the next 12 months.
  - Employer representatives distribute information supplied by the Cardiff and Vale of Glamorgan Pension Fund to scheme members within their organisation i.e. scheme guides, factsheets etc.
  - An annual report; issued by the Cardiff and Vale of Glamorgan Pension Fund to illustrate the extent to which the Fund and Employing Authorities have achieved the levels of performance established under this strategy and such other matters arising from the pension administration strategy as considered appropriate.



## Levels of performance

The Cardiff and Vale of Glamorgan Pension Fund and participating Employing Authorities will have regard to the Pension Administration Strategy when carrying out their respective functions.

### Levels of performance for Employing Authorities

The employer must supply notifications (or approved alternatives) to Cardiff and Vale of Glamorgan Pension Fund as follows:

- **New Starters** - within **1 month** of the employee joining the scheme
- **Changes in Member Circumstances** - within **1 month** of the event
- **Early Leavers** - within **1 month** of the employee leaving the scheme
- **Retirement Notifications** - must be received at least **4 weeks** before the last day of employment
- **Death in Service** - within **1 week** of the death of the member

Employers will supply all new employees eligible to join the Local Government Pension Scheme with a copy of the employees' brochure to the pension scheme within **2 months** of becoming employed.

The Occupational Pension Schemes (Disclosure of Information) Regulations 1996 require that for retirements before Normal Pension Age (NPA), the member must receive their benefits no later than two months after retirement and for retirements after Normal Pension Age (NPA), no later than one month after the date of retirement.

Employers will provide the Cardiff and Vale of Glamorgan Pension Fund with a year-end data return as at 31 March each year in an approved format no later than **30 April** of that year or the next working day.

The employer will ensure that member and employer contributions are deducted at the correct rate, including contributions due on leave of absence with reduced or no pay, maternity leave and any additional contributions the Cardiff and Vale of Glamorgan Pension Fund request the employer to collect.

The employer is responsible for exercising the discretionary powers given to employers by the regulations. The employer is also responsible for publishing its policy in respect of the key discretions as required by the regulations to its employees and to the administering authority. The Cardiff and Vale of Glamorgan Pension Fund is **NOT** responsible for verifying the accuracy of any information provided by the employer for the purpose of calculating benefits under the provisions of the Local Government Pension Scheme and the Discretionary Payments Regulations. That responsibility rests with the employer.

Any over-payment resulting from inaccurate information supplied by the employer shall be recovered from the employer.

In the event of the Cardiff and Vale of Glamorgan Pension Fund being levied by The Pensions Regulator, the charge will be passed on to the relevant employer where that employer's action or inaction (e.g. the failure to notify a retirement within the time limits described above), cause the levy.

Under the GDPR Data Protection Act 2018, the employer will protect from improper disclosure any information about a member contained (where applicable) on any item sent from the Cardiff and Vale of Glamorgan Pension Fund. It will also only use information supplied or made available by the Cardiff and Vale of Glamorgan Pension Fund for the operation of the Local Government Pension Scheme.

### **Levels of performance for the Cardiff and Vale of Glamorgan Pension Fund**

The Cardiff and Vale of Glamorgan Pension Fund will issue forms, newsletters, booklets and such other materials as are necessary for the administration of the Scheme.

The Cardiff and Vale of Glamorgan Pension Fund will support employers in running the Local Government Pension Scheme by:

- providing representative's with information and assistance on the scheme and its administration;
- distributing regular technical information to the relevant representative(s).

By working co-operatively with employers, the Cardiff and Vale of Glamorgan Pension Fund aims to:

- pay the retirement grant (lump sum) into the member's bank account no later than 4 weeks after the member's date of retirement;
- accept the member contribution rate calculated by the employer.

The Cardiff and Vale of Glamorgan Pension Fund will produce benefit statements for members each year where the employer has submitted useable and accurate year-end financial data.

The Cardiff and Vale of Glamorgan Pension Fund will supply any information to employers necessary to ensure the effective operation of the Pension Fund.

The Cardiff and Vale of Glamorgan Pension Fund will work with employers to ensure that the retirement process is as efficient as possible for both the member and employer.

The Cardiff and Vale of Glamorgan Pension Fund is responsible for exercising the discretionary powers given to it by the regulations. The Cardiff and Vale of Glamorgan Pension Fund is also responsible for publishing its policy to its members in respect of the key discretions as required by the regulations.

The Cardiff and Vale of Glamorgan Pension Fund aims to provide a service to members that meet the requirements of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996.

Under the GDPR Data Protection Act 2018, Cardiff and Vale of Glamorgan Pension Fund will protect from improper disclosure any information held about a member. Information held will be used by, or on behalf of Cardiff and Vale of Glamorgan Pension Fund Pension Fund for the operation of the Local Government Pension Scheme. Full details of our Data Protection Notice can be found on the Cardiff and Vale of Glamorgan Pension Website.

## **Payments by Employing Authorities to the Cardiff and Vale of Glamorgan Pension Fund**

Employing authorities will make all payments required under the Local Government Pension Scheme, and any related legislation, promptly to the Cardiff and Vale of Glamorgan Pension Fund and/or its Additional Voluntary Contribution provider(s) as appropriate.

### **Payment Dates**

For employing authorities that contribute on a monthly basis, contributions can be paid over at any time but the latest date is the 19th of the month immediately following the month in which deductions were made. For example contributions deducted in April must be received by the Cardiff and Vale of Glamorgan Pension Fund by 19th May at the latest. Where the 19th falls on a weekend or Bank Holiday, the due date becomes the last working day prior to the 19th.

Please note that the employer will pay additional voluntary contributions to the relevant AVC Provider within one week of them being deducted.

### **Late Payment**

The employer is reported to The Pensions Regulator where contributions are received late in accordance with the regulators code of practice.

### **Payment Method**

Contributions (but not Additional Voluntary Contributions) should be paid to the Cardiff and Vale of Glamorgan Pension Fund on a monthly basis.

Payments should be made by CHAPS or BACS and paid into our Natwest Bank Account.

### **Remittance Advices**

The employer must submit an advice slip with their payment stating the month and the amount of the payment split between Employees' and the Employer's contributions.

### **Interest on late payments**

In accordance with the LGPS Regulations, interest will be charged on any amount overdue from an employing authority by more than one month.

Interest will be calculated at 1% above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests.

### **Additional costs incurred as a result of Employing Authority's level of performance**

Where additional costs have been incurred by the Cardiff and Vale of Glamorgan Pension Fund because of the employing authority's level of performance in carrying out its functions under the LGPS, the additional costs will be recovered from that employing authority.

The Cardiff and Vale of Glamorgan Pension Fund will give written notice to the employing authority stating:

- the reasons for the additional cost incurred;
- that the employing authority should pay the additional costs incurred by that authority's level of performance;
- the basis on which the specified amount is calculated;
- the relevant provisions of the Pension Administration Strategy under which the additional costs have arisen.

Any disagreement regarding the amount of additional cost being recovered will be decided by the Secretary of State who will have regard to:

- the provisions of the pension administration strategy that are relevant to the case;
- the extent to which the Cardiff and Vale of Glamorgan Pension Fund and the employing authority have complied with those provisions in carrying out their functions under these Regulations.

## **Review of the Pension Administration Strategy**

This Strategy will be kept under periodic review by the Administering Authority.

- The Cardiff and Vale of Glamorgan Pension Fund will constantly seek to improve communications between itself and employing authorities.
- Employers may make suggestions to improve the Pension Administration Strategy for consideration by the Cardiff and Vale of Glamorgan Pension Fund at any time.
- The Cardiff and Vale of Glamorgan Pension Fund will revise the Pension Administration Strategy after consulting with employing authorities and any other persons considered appropriate following a material change in any policy covered in the strategy. The strategy will be published on the Cardiff and Vale of Glamorgan Pension Fund website, and a copy will be issued to each Employing Authority and the Secretary of State.
- If the strategy is to be updated following review, each Employing Authority will be notified, as will the Secretary of State, and a revised version will be published on the Cardiff and Vale of Glamorgan Pension Fund website.
- Employers are welcome to discuss any aspect of the Pension Administration Strategy with the Cardiff and Vale of Glamorgan Pension Fund at any time. Employers are welcome to contact the Cardiff and Vale of Glamorgan Pension Fund at any time by using the contact details as provided overleaf.

## **Employer Contributions Rates and Administration Costs**

- Employers' contribution rates are not fixed. Employers are required to pay whatever is necessary to ensure that the portion of the fund relating to their organisation is sufficient to meet its liabilities.
- The Cardiff and Vale of Glamorgan Pension Fund has an actuarial valuation undertaken every three years by the Fund's actuary. The actuary balances the funds' assets and liabilities in respect of each employer, and assesses the appropriate contribution rate for each employer to be applied for the subsequent three year period.
- The costs associated with the administration of the scheme are charged directly to the Cardiff and Vale of Glamorgan Pension Fund, and the actuary takes these costs into account in assessing the employers' contribution rates.
- If an employer wishes the Cardiff and Vale of Glamorgan Pension Fund to carry out work not attributable to administration they will be charged directly for the cost of that work.

### **Contact Us**

Cardiff and Vale of Glamorgan Pension Fund  
County Hall  
Atlantic Wharf  
Cardiff  
CF10 4UW  
Tel: **029 2087 2523**  
Email: **pensions@cardiff.gov.uk**

Mae'r dudalen hon yn wag yn fwriadol

# CARDIFF COUNCIL CYNGOR CAERDYDD



**PENSIONS COMMITTEE: 8 FEBRUARY 2021**

## **REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 9**

### **PENSION FUND COMMUNICATION POLICY**

#### **Reason for this Report**

1. To review the proposed Communication Strategy for the Pension Fund.

#### **Background**

2. Regulation 61 of the LGPS Regulations 2013 states that Administering Authorities must prepare and publish a Communication Policy. The Pension Regulator had recommended that the Cardiff and Vale of Glamorgan Pension Fund develop and implement a Communication Policy.
3. The draft Communication Policy was considered by the Local Pension Board at its meeting on 18 January 2021.

#### **Issues**

4. The draft Communication Policy for the Fund is attached as Appendix 1. The objectives of the Fund's Communication Policy are to :
  - improve awareness and appreciation of the benefits provided by the pension scheme
  - encourage take up of the scheme amongst new and existing employees
  - answer all LGPS member pension entitlement questions promptly
  - develop the partnership between the Pension Fund's administration team and the employing bodies
  - liaise with a range of other groups who have an interest in the scheme
5. There are five key stakeholder groups with whom the Fund will communicate with :
  - Scheme Members
  - Prospective Scheme Members
  - Representatives of Scheme Members
  - Scheme Employers
  - Other Bodies

6. The Fund will aim to use the most appropriate channel of communication for the audience receiving the information. In some circumstances this may mean using more than one channel.
7. The Communication Policy will be reviewed on an annual basis and amended if necessary. A copy of the approved Communication Policy will be sent to each Employer and the policy will be published on the Fund's website.

## **Legal Implications**

8. The recommendation does not appear to raise any specific legal implications however the general legal advice set out below should be considered.

### General Legal Advice

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.

The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

The Well-Being of Future Generations (Wales) Act 2015 ("the Act") places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

In discharging its duties under the Act, the Council has set and published well-being objectives designed to maximise its contribution to achieving the national well-being goals. The well-being objectives are set out in Cardiff's Corporate Plan 2019-22: <https://www.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Corporate-Plan/Pages/Corporate-Plan.aspx>

The well-being duty also requires the Council to act in accordance with 'sustainable development principle'. This principle requires the Council to act in a way, which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrates approach to achieving the 7 national well-being goals



- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Generations (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

### **Financial Implications**

8. There are no financial implications arising directly from this report.

### **Recommendations**

9. That the Committee approves the Communications Policy.

**CHRISTOPHER LEE**  
**CORPORATE DIRECTOR RESOURCES**

Appendix 1 Communications Policy

Mae'r dudalen hon yn wag yn fwriadol



Cardiff & Vale of Glamorgan  
**Pension Fund**

# **Communication Policy Statement**

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# Communications Policy Statement

## Introduction

The Cardiff and Vale of Glamorgan Pension Fund strives to provide a high quality and consistent service to our customers in the most efficient and effective way possible, in this ever changing pension environment.

This Policy Document has been prepared and published, by Cardiff Council as Administering Authority of the Cardiff and Vale of Glamorgan Pension Fund. This Policy document has been written in compliance with regulation 61 of the Local Government Pension Regulations 2013 (the LGPS Regulations).

The Objectives of the Fund's Communication Strategy are:

- improve awareness and appreciation of the benefits provided by the pension scheme
- encourage take up of the scheme amongst new and existing employees
- answer all LGPS member pension entitlement questions promptly
- develop the partnership between the Pension Fund's administration team and the employing bodies
- liaise with a range of other groups who have an interest in the scheme

Within the pension fund there are five groups of members with whom the Fund needs to communicate with:

1. Scheme Members
2. Prospective Scheme Members
3. Scheme Employers
4. Representatives of Members
5. Other Bodies

This Policy document sets out how we plan to communication with all five groups.

The Cardiff and Vale Pension Fund aims to use the most appropriate channel of communication for the audience receiving the information. In some circumstances this may mean using more than one channel.

## Scheme Members

Scheme members include:

- **Active members** - currently contributing into the Fund
- **Deferred members** - benefits in scheme but not contributing
- **Pensioners** - receiving a pension

### Fund Website

The Fund has developed an extensive website which sets out Scheme rules and regulations in a simple and easy to read format. Information updates and news items are quickly added to notify members of any Scheme changes. Electronic copies of the Fund's leaflets, forms, booklets, policy documents and reports are also readily available. The Fund's Annual Report and Accounts are available, plus all key governance documents.

### Annual Report and Accounts

An electronic copy of the Fund's Annual Report and Accounts is available to all Scheme members on the website. Hard copies are also available on request.

### Newsletter

The Fund will issue a newsletter to active Scheme members of the Fund on an ad hoc basis, which will cover current pension topics within the Local Government Pension Scheme and wider pensions industry.

We send an annual newsletter to all pensioners every April, giving them details of their annual pension increase, the payment dates for the new financial year, plus any other relevant pension information.

### Annual Benefits Statement

Annual Benefits Statements are sent to all Active members' home addresses showing them the current value of their pension at 31 March. Plus, a projection figure to Normal Pension Age (NPA) and current value of death benefit.

We also send Annual Benefit Statements to our deferred members' which gives them the current value of their pension at every April (the date the pension was last increased in line with the appropriate cost of living index).

Supplementary notes are provide with both Annual benefits Statements and Notes for Guidance are published on our website for additional support.

### Scheme Literature

Cardiff and Vale of Glamorgan Pension Fund produce an extensive range of Scheme literature, which are available to all Employers and Scheme Members in both English and Welsh. All literature is updated regularly, to keep up to date with regulation changes and available on the Pension Fund's website.

### Pension Increase Statements

Annual Pension Increase statements are sent to all pensioners informing them of the percentage rate their pension will increase, and also the new pension payment for the new financial year.

### **Retirement Figures**

Deferred members contact us 6 weeks before their retirement date and retirement figures are sent to their home address.

### **Statutory Notifications**

In Compliance with Scheme Regulations, members are notified when any change occurs to their pension record which will affect their pension benefits.

### **Correspondence**

The Fund uses both surface mail and email to receive and send correspondence. Response will be sent in the individuals preferred language of choice.

### **Payment Advice/P60**

All Pensioners are issued with payment advice pay slips every April (together with their Pension Increase newsletter). Payslips are only sent throughout the year if their net pension changes by £10 or more.

P60 notifications are sent out annually (usually in April or May), and provide members with a breakdown of the payments they have received over the last complete financial year.

## **Prospective scheme members**

### **Scheme Leaflet**

All prospective Scheme members are provided with a Scheme brochure, which explains the benefits of joining the LGPS. This brochure is sent by the Human Resources Team when their employment contract is sent to new employees.

### **Pension Website**

The Fund's website has a dedicated section for non-members, where it highlights the benefits of the Scheme and the importance of planning for retirement. Giving all non-members the information they need to make an informed decision.

## **Scheme Employers**

The Fund communicates with its participating employers in several ways to help them meet their responsibilities as Scheme Employers.

### **Annual Employer Forum**

We hold an Employer Forum meeting every year for all Scheme Employers, where Fund Managers discuss:

- Detailed investment update
- Financial and administrative reports
- Any relevant procedural/legislative changes
- Triennial valuation
- Guest speakers who will be able to upskill our Employers

The Communications and Training Officer will make periodic visits to the Employers address to discuss issues as and when they arise.

All Employers need to supply pay and contribution data to the pension scheme, within deadlines and in the format specified by the Pensions Team.

All employers within the Scheme, and their Human Resources functions, play a key role in informing the pension team of the new starters, leavers, retirements etc. Employers are also responsible for providing information on the pension scheme to their employees.

### **Annual Report and Accounts**

The audited accounts of the Cardiff and Vale of Glamorgan Pension Fund are prepared as at 31 March each year and a copy is posted on the Fund website and emailed to each participating employer.

### **Website**

The Fund website has a dedicated employer area to provide employers with the guidance needed to effectively discharge their administrative responsibilities, and will include updates and forms which can be downloaded.

### **Updates**

Regulatory and administrative updates are frequently issued to all employers by email.

### **Training**

Bespoke training sessions can be delivered, on request by the dedicated Communication & Training Officer to resolve any administrative issues identified by the employer.

## Member Representatives

### Trade Unions

Trade Unions in South Wales are valuable ambassadors for the Pension Scheme. They deliver details of the Local Government Pension Scheme's to their members by local representative. They also assist in negotiation under TUPE transfers in order to ensure, whenever possible, continued access to the Local Government Pension Scheme.

A Trade Union Forum is held annually. Representatives of the local trade union branches receive presentations on the Fund's Annual Report, the performance of its investments and other current issues.

### Pension Board

The Fund's Local Pension Board was established on 1st April 2015. The Board includes three scheme member representatives who participate in the Board's role of assisting the Scheme Manager. Each Board member has received appropriate induction and training and will be kept up to date with national and local developments in the LGPS. The names and contact details of the scheme member representatives are available on the Cardiff and Vale Pension Fund website.

## Other Bodies

The Pensions Administration Team are also actively involved with other various groups who have an interest in the LGPS.

### Ministry of Housing, Communities and Local Government (MHCLG)

This Government Department are responsible for amending the Scheme regulations following consultation with all local authorities, and some employers. The Fund takes part in these exercises as and when necessary.

We also have involvement with the **Local Government Association (LGA)** and **National Association of Pension Funds (NAPF)**. The Fund is also a member of the **Local Authority Pension Fund Forum (LAPFF)**.

### All Wales Pensions Officer's Group

Pension Officers from all of the Welsh administering authorities meet regularly to discuss and share information. This ensures uniform interpretation of the LGPS and other prevailing regulations.

### Wales Pension Partnership Group

The Fund works closely with other Welsh Pension Funds to evaluate specific partnership arrangements, particularly within the All Wales Pension Funds Communication Working Group. Aiming where possible to deliver the same communications across all 8 Welsh Pension Funds.

### Seminars

Fund Officers regularly participate at seminars and conferences held by LGPS related bodies.



## General Information

### Data Protection

To protect any personal information held on computer, the Cardiff and Vale of Glamorgan Pension Fund, is registered under the Data Protection Act 2018. This allows members to check that their details held are accurate. The Fund's Privacy Notices are published on the Pension Fund website.

### National Fraud Initiative

The Authority are under a duty to protect the public funds it administers, and may use information for the prevention and detection of fraud.

### General

Whilst this Policy Statement outlines the communication approaches adopted by the Cardiff and Vale of Glamorgan Pension Fund there are roles and responsibilities which fall on Scheme members, perspective scheme members and participating Scheme employers in ensuring that information necessary to maintain an accurate membership base is provided in a timely manner.

### Policy Review

This statement will be revised if there are any material changes in Cardiff and Vale of Glamorgan Pension Fund's Communication Policy but will be reviewed on an annual basis.

## How to get in contact with us

If you have a question or would like some more information about The Cardiff and Vale of Glamorgan Pension Fund please contact us.

By email: [pensions@cardiff.gov.uk](mailto:pensions@cardiff.gov.uk)

By phone: [029 2087 2334](tel:02920872334)

open Monday to Thursday from 8.30am to 5pm, and Friday  
8.30am to 4.30pm

By Post: Pensions Team  
Room 252  
County Hall  
Atlantic Wharf  
Cardiff  
CF10 4UW

Mae'r dudalen hon yn wag yn fwriadol

**CARDIFF COUNCIL  
CYNGOR CAERDYDD****PENSIONS COMMITTEE: 8 FEBRUARY 2021****REPORT OF CORPORATE DIRECTOR RESOURCES****AGENDA ITEM: 8****PENSION FUND RISK REGISTER****Reason for this Report**

1. To review the current Risk Register for the Pension Fund.

**Background**

2. A Risk Register for the Pension Fund is maintained as part of the Corporate Risk Management process. The Register covers all aspects of management of the Fund including Investments, Funding, Governance and Administration.

**Issues**

3. The current Risk Register is attached as Appendix 1. The standard Risk Matrix used for the Corporate register is attached as Appendix 2.
4. The Register is regularly reviewed by Fund officers and is also presented to the Local Pension Board for their review.
5. The Risk Register was previously presented to the Pension Committee at its meeting on 4 November 2019 so the update presented to this meeting contains more changes to the register than would normally be the case. The most significant changes are outlined in the following paragraphs.
6. Risks P1, P2, P3 and P4 have been updated to reflect the commencement and on-going transfer of Fund investments into the WPP pool. Risk P6 which was specifically about pooling arrangements has now been closed as it is considered that these risks are now reflected elsewhere in the Risk Register as WPP activity increasingly becomes "business as usual".
7. Current Controls and Proposed Improvement Actions have been updated on a number of risks and where appropriate the Residual Risk rating has been amended accordingly.
8. Three new risks, P18 for Exit Payment Cap, P19 for McCloud and P20 for multiple resource pressures on the Pension section, have been added to the Risk Register.

## Legal Implications

9. The recommendation does not appear to raise any specific legal implications however the general legal advice set out below should be considered.

### General Legal Advice

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.

The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

The Well-Being of Future Generations (Wales) Act 2015 ("the Act") places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

In discharging its duties under the Act, the Council has set and published well-being objectives designed to maximise its contribution to achieving the national well-being goals. The well-being objectives are set out in Cardiff's Corporate Plan 2019-22: <https://www.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Corporate-Plan/Pages/Corporate-Plan.aspx>

The well-being duty also requires the Council to act in accordance with 'sustainable development principle'. This principle requires the Council to act in a way, which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrates approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Generations (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

### **Financial Implications**

10. There are no financial implications arising directly from this report.

### **Recommendations**

11. That the Committee notes the contents of the Risk Register.

**CHRISTOPHER LEE**  
**CORPORATE DIRECTOR RESOURCES**

Appendix 1 Pensions Risk Register February 2021  
Appendix 2 Risk Matrix

Mae'r dudalen hon yn wag yn fwriadol

Ref	Risk Description (Consider Risk Cause & Risk Consequences)	Inherent Risk			Current Controls	Residual Risk			Proposed Improvement Actions	Risk Reduction Target Date	Owner	Status
		Likelihood	Consequence	Priority		Likelihood	Consequence	Priority				
<b>Pensions</b>												
P1	That the Pension Fund's investment strategy is not managed with reference to the long-term growth in the Fund's liabilities	B	1	High - Red	Triennial actuarial valuations provide periodic indications of the growth in assets against liabilities. Employer contributions are set in response to this. An asset-liability study may be commissioned if there is evidence of a clear shift in the balance between assets and liabilities.	C	2	Medium - Red / Amber	Continuing engagement with Fund actuaries to understand impact of financial and demographic factors on the Fund's liabilities.	31-Mar-22	Marc Falconer	
					The Investment Panel considers whether any changes are required to strategic asset allocation. The investment strategy is summarised in the Investment Strategy Statement					Ongoing		
					The liabilities of admitted bodies are monitored to ensure that large deficits do not accrue, which would be unaffordable should the employer leave the Fund					Ongoing		
P2	Tudalen 55 adequate medium term performance from selecting inappropriate fund managers or asset allocation	B	2	High - Red	Although the Fund remains responsible for setting its own investment strategy it is increasingly using Wales Pension Partnership (WPP) products to deliver its strategy as fund assets transition to WPP. For the WPP both Link and Russell have been appointed through open tender and management agreements for the specific funds include clear performance targets. Manager performance is reviewed by both this funds Investment Advisory Panel and the WPP OWG and JGC. .	C	2	Medium - Red / Amber	Maintain relationships with managers both directly appointed by the fund and WPP Funds especially during period of transition to pooling. Consolidation of WPP Funds into the regular Investment Panel review cycle. Review any impacts of Brexit especially any that will have a long term impact on the investment performance of the Fund	Ongoing	Marc Falconer	
					The Investment Panel advise target ranges for strategic asset allocations.							
					Although the Fund's main objective is long-term growth, the diversification provided by adopting a range of asset classes and fund managers should help to mitigate the impact of poor performance from any particular account.							
P3	Additional risks and costs to the Fund from poorly structured investment arrangements including with WPP sub-funds	B	3	Medium - Red / Amber	The Fund attempts to ensure best value in the following ways: <ul style="list-style-type: none"> <li>Regular Reports to the Investment Panel on asset valuation and manager performance.</li> <li>Use of specialist services considered to reduce costs where appropriate (e.g. for transitions and currency transfers).</li> <li>Custodian arrangements are reviewed or re-tendered when appropriate.</li> </ul>	C	3	Medium - Amber / Green	Continue to develop monitoring and review processes including for assets managed by WPP.	Ongoing	Marc Falconer	
P4	Collapse of an Investment Manager involving our portfolio	C	1	Medium - Red / Amber	<ul style="list-style-type: none"> <li>Assets are increasingly managed by WPP so the Fund, will consider the due diligence activity undertaken by Link and Russell on behalf of WPP.</li> <li>All Listed assets are managed through the Fund's custodian to ensure they remain segregated from the manager.</li> <li>The risk that a manager cannot provide a service during windup will be mitigated by the appointment of a Transition Manager to transfer assets efficiently to a new manager.</li> </ul>	C	3	Medium - Amber / Green	The Pool Operator is regulated by FCA and the Pool Custodian will ensure segregation of assets. Transition Managers will be appointed for the Pool, or by the Fund for single transfers e.g. WPP Global Equity funds. Consideration to be given for the custodian role to be extended to cover Property and Private Equity assets	Ongoing	Marc Falconer	

P5	MIFID II leads to restrictions on the investment products available to the Fund	A	1	High - Red	Collaboration with investment managers, the Pool Operator, other LGPS funds and the LGA to ensure that the Fund is classified as a Professional Investor by all its managers and the Pool.	C	3	Medium - Amber / Green	Focus on provision of training to Officers, Committee and board members as appropriate and to include training provided by WPP. Appropriate Training Records to be maintained	Ongoing	Marc Falconer	
P6	Pooling arrangements lead to increased costs, lower performance, misalignment with the Fund's investment strategy or conflicts within the Pool	B	2	High - Red	Attendance at working group meetings and conference calls to ensure Cardiff's views are taken account of. Reporting of progress to Pension Committee, Investment Panel and Local Pension Board.	C	2	Medium - Red / Amber	Continuing engagement and scrutiny of detailed plans for pool structures and transition timetables. Monitoring of pooled investments and engagement with the pool operator.	Ongoing	Marc Falconer	CLOSED
P7	Pension Fund Annual Accounts and Report are not produced in compliance with statutory requirements, in line with accounting standards or in line with audit timetable.	B	2	High - Red	The Fund's Custodian provides assurance on the accuracy of investment records (except for property and private equity). Records of benefits paid, contributions received and other expenses are held on SAP. The Group Accountant liaises with external audit and manages the closure process.	C	4	Low - Green	Regular meetings during the financial year between accountancy, including with new Pension fund Accountant, and pensions staff to ensure any issues are identified and resolved before year end.	Ongoing	Marc Falconer	
P8	Failure to adhere to LGPS Regulations	B	2	High - Red	<ul style="list-style-type: none"> <li>Investment regulations are considered when setting the ISS</li> <li>Senior technical Officer undertakes Altair system checks to ensure compliance with LGPS regulations</li> <li>Team leaders/supervisors, ensure legislative accuracy of calculations</li> <li>Network Groups (Altair/Communications/All wales Pensions Officer Group)</li> <li>Comms &amp; Training Officer – responsible for the update of website and online guides. Inform employers of any changes in regulations.</li> </ul>	C	2	Medium - Red / Amber	Engagement with Local Pension Board to develop reporting processes	Ongoing	Marc Falconer / Karen O'Donoghue-Harris	
P9	Failure to communicate with stakeholders	B	3	Medium - Red / Amber	<ul style="list-style-type: none"> <li>Contact list for employers updated regularly</li> <li>Annual Employers' Forum</li> <li>Annual Trade Union Forum</li> <li>Annual report and accounts</li> <li>Member newsletters</li> <li>Dedicated Communication and Training Officer post established</li> <li>Look to use all available communication channels</li> </ul>	C	3	Medium - Amber / Green	Develop Fund website and member self service facilities. Engagement with employers through site visits and promotion of Employers' Forum. Seek approval of the Pension Administration Strategy and Communication Policy	Ongoing	Marc Falconer / Karen O'Donoghue-Harris	
P10	Withdrawal/default of an employer	B	2	High - Red	<ul style="list-style-type: none"> <li>Outstanding liabilities will be assessed and recovered from any successor bodies or spread amongst remaining employers.</li> <li>Actuarial valuation aims to balance recovery period with risk of withdrawal</li> <li>Applications for admission to the Fund are considered carefully and guarantees put in place if required</li> </ul>	B	3	Medium - Red / Amber	Improve engagement with admitted bodies where withdrawal is a possibility. Refuse new applications for admission except where there is an obligation to protect rights of employees transferred under TUPE	Ongoing	Marc Falconer	
P11	Timeliness and accuracy of pension payments including risks arising from maintaining two separate data recording systems	B	2	High - Red	<ul style="list-style-type: none"> <li>Monthly Pensions are paid by the Council's Pay Centre</li> <li>Payroll deadline procedures in place</li> <li>Authorisation of benefits following calculations</li> <li>Additional checks by Payroll</li> <li>Review of all payroll amendments</li> <li>Ensure all new monthly pension starter listings match amounts on Altair</li> <li>Run monthly SPA reports</li> <li>When someone hits SPA, update Altair and Payroll with GMP details</li> </ul>	C	3	Medium - Amber / Green	<ul style="list-style-type: none"> <li>Review configuration of systems</li> <li>Recommend purchasing Altair Payroll to replace SAP</li> </ul>	Ongoing	Karen O'Donoghue-Harris	



P12	Pensions continue to be paid to deceased pensioners	B	2	High - Red	<ul style="list-style-type: none"> <li>Monthly ATMOS reviews and Tell Us Once data exchanges match pensioner details with national deaths register</li> <li>Pensioners incorporated into National Fraud Initiative</li> <li>Annual life certificates required from pensioners living overseas</li> <li>Tell Us Once database is being updated monthly via the LGPS NI database.</li> <li>Further targeted checks with credit reference agencies as appropriate</li> </ul>	D	4	Low - Green	Keep current controls under review and adapt or change as required.	Ongoing	Karen O'Donoghue-Harris	
P13	Membership data is not recorded accurately	A	2	High - Red	<ul style="list-style-type: none"> <li>Senior Officers liaise closely with employers to ensure timely and accurate submission of data</li> <li>I-Connect ensures that data from employers is identified by a direct transfer from payroll on a monthly basis</li> <li>Data accuracy checks undertaken by the pension section</li> <li>Data validation checks also undertaken by the Fund Actuary at the triennial valuation.</li> </ul>	B	3	Medium - Red / Amber	One remaining employer to go live on i-connect for 2021/22.	Ongoing	Karen O'Donoghue-Harris	
P14	Breach of GDPR legislation	A	1	High - Red	Information issued to Fund members and published on website; Pensions staff trained on handling personal data; Memo of Understanding issued to Fund employers; contracts with service providers	B	3	Medium - Red / Amber	Monitoring and supervision of staff, regular communications to Fund employers	Ongoing	Karen O'Donoghue-Harris	
P15	Failure to complete GMP Reconciliation resulting in inaccurate payments to pensioners	A	2	High - Red	<ul style="list-style-type: none"> <li>Regular update meetings with JLT</li> <li>Prompt resolution of cases referred back to Fund</li> <li>Fund decision made on stalemate cases</li> <li>Agreed Action Plan in place</li> <li>Critical task and timelines agreed</li> <li>Target end date</li> </ul>	C	3	Medium - Amber / Green	closely monitor the key tasks that need to be completed during 2021	31-Dec-21	Karen O'Donoghue-Harris	
P16	Failure to deliver Annual Benefit Statements by statutory deadline of 31 August	A	2	High - Red	Member Self-Service will allow Members to update records and improve compliance.	C	3	Medium - Amber / Green	<ul style="list-style-type: none"> <li>MSS used to enhance the service provided to Scheme members</li> <li>MSS used to upload statements ensuring higher compliance levels</li> <li>Savings on printing and postage costs</li> </ul>	Ongoing	Karen O'Donoghue-Harris	
P17	Cyber security	A	1	High - Red	Access to all systems is password protected, additional password protection for access to Altair all Staff have completed mandatory modules on cyber security	B	3	Medium - Red / Amber	continue to follow advice from ICT and update procedures as required	Ongoing	Karen O'Donoghue-Harris	
P18	Exit Payment Cap – conflict in regulations	B	2	High - Red	<ul style="list-style-type: none"> <li>Warning on all estimates produced</li> <li>Flagged at employers Forum</li> <li>Provide employers with links to FAQ's on LGA website</li> <li>Communication and guidance produced by LGA issued to all employers</li> </ul>	C	3	Medium - Amber / Green	Tool purchased from Actuary to assist in calculations until pension software is updated, thus avoiding potential backlogs	Ongoing	Karen O'Donoghue-Harris	
P19	McCloud - huge administrative burden, failure to have correct resources to deal with the additional work	B	2	High - Red	<ul style="list-style-type: none"> <li>Employers warned at Employer forum that they will be required to supply missing data</li> <li>AON commissioned to run reports to identify affected members</li> <li>LGA templates used to upload missing data</li> <li>Templates issued to all employers</li> <li>Deadline set for return of data</li> </ul>	B	3	Medium - Red / Amber	<ul style="list-style-type: none"> <li>Use third part to assist with project management</li> <li>Change current structure</li> <li>Put additional resources in place to deal with additional workloads</li> </ul>	Ongoing	Karen O'Donoghue-Harris	
P20	Resource Implications - Pension Section has insufficient resources to respond to the multiple workload pressures facing the section e.g. McCloud, Exit Cap, etc.	B	3	Medium - Red / Amber	<ul style="list-style-type: none"> <li>Scenario planning to be incorporated into 21/22 Business Plan to consider mix of additional resources required in particular what activities would require additional internal resources and what activities would be undertaken by external parties.</li> <li>Use of external resources to provide additional short term capacity</li> </ul>	C	3	Medium - Amber / Green	continual monitoring of Pension section workload and updates to resource planning including business plan and budgets.	Ongoing	Karen O'Donoghue-Harris	

Tudalen 57

Risk Matrix and Definitions

High Priority	Red - Significant management action, control, evaluation or improvements required with continued proactive monitoring.
Medium Priority	Red / Amber - Seek cost effective management action, control, evaluation or improvements with continued proactive monitoring.
Medium Priority	Amber / Green - Seek cost effective control improvements if possible and/or monitor and review regularly.
Low Priority	Green - Seek control improvements if possible and/or monitor and review

		IMPACT			
		1	2	3	4
LIKELIHOOD	A	A1	A2	A3	A4
	B	B1	B2	B3	B4
	C	C1	C2	C3	C4
	D	D1	D2	D3	D4
	E	E1	E2	E3	E4

LIKELIHOOD

- A Very Likely
- B Likely
- C Possible
- D Unlikely
- E Very Unlikely

IMPACT

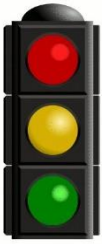
- 1 Major
- 2 significant
- 3 Moderate
- 4 Minor

Description

A Very Likely	75% + chance of occurrence	Expected to occur in most circumstances Circumstances and near misses frequently encountered (e.g. daily / weekly / monthly / quarterly)
---------------	----------------------------	---

- B
- C
- D
- E

## Risk Matrix and Definitions



<b>High Priority</b>	<b>Red</b> - Significant management action, control, evaluation or improvements required with continued proactive monitoring.
<b>Medium Priority</b>	<b>Red / Amber</b> - Seek cost effective management action, control, evaluation or improvements with continued proactive monitoring.
<b>Medium Priority</b>	<b>Amber / Green</b> - Seek cost effective control improvements if possible and/or monitor and review regularly.
<b>Low Priority</b>	<b>Green</b> - Seek control improvements if possible and/or monitor and review.

		IMPACT				
		1	2	3	4	
LIKELIHOOD	A	A1	A2	A3	A4	<b>Likelihood:</b> A. Very Likely B. Likely C. Possible D. Unlikely E. Very Unlikely  <b>Impact:</b> 1. Major 2. Significant 3. Moderate 4. Minor
	B	B1	B2	B3	B4	
	C	C1	C2	C3	C4	
	D	D1	D2	D3	D4	
	E	E1	E2	E3	E4	

The '**LIKELIHOOD**' table below provides a framework by which you can use to score the likelihood of your risk occurring giving a score of A being very likely to E being very unlikely.

Description	Probability	Criteria
<b>A. Very Likely</b>	<b>75% +</b> chance of occurrence	<ul style="list-style-type: none"> <li>Expected to occur in most circumstances</li> <li>Circumstances and near misses frequently encountered (e.g. daily / weekly / monthly / quarterly)</li> </ul>
<b>B. Likely</b>	<b>50% - 74%</b> chance of occurrence	<ul style="list-style-type: none"> <li>Will probably occur in most circumstances</li> <li>Circumstances frequently encountered</li> <li>Near misses regularly encountered (e.g. once or twice a year)</li> </ul>
<b>C. Possible</b>	<b>30% - 49%</b> chance of occurrence	<ul style="list-style-type: none"> <li>Not likely to occur but a distinct possibility</li> <li>Circumstances regularly encountered</li> <li>Near misses occasionally experienced (e.g. every 1 - 3 years)</li> </ul>
<b>D. Unlikely</b>	<b>10% - 29%</b> chance of occurrence	<ul style="list-style-type: none"> <li>Not expected to happen but there is the potential</li> <li>Circumstances occasionally encountered</li> <li>Any near misses are infrequent (e.g. 3 years +)</li> </ul>
<b>E. Very Unlikely</b>	<b>Less than 10%</b> chance of occurrence	<ul style="list-style-type: none"> <li>May only happen in exceptional circumstances</li> <li>Has rarely / never happened before.</li> </ul>

The **'IMPACT'** table:

Description	1 - Major	2 - Significant	3 - Moderate	4 - Minor
<b>Implications for Service and / or Achievement of Key Targets / Objectives</b>	<p>Major loss of service, including several important areas of service and / or protracted period</p> <p>Service Disruption 5+ Days</p> <p>Major impact on achievement of several key targets / objectives</p>	<p>Complete loss of an important service for a short period</p> <p>Significant effect to services in one or more areas for a period of weeks</p> <p>Service Disruption 3-5 Days</p> <p>Significant impact on achievement of a key target / objective or some impact on several</p>	<p>Moderate effect to an important service for a short period</p> <p>Adverse effect to services in one or more areas for a period of weeks</p> <p>Service Disruption 2-3 Days</p> <p>Moderate impact on achievement of one or more targets / objectives</p>	<p>Brief disruption of service</p> <p>Minor effect to non-crucial service</p> <p>Service Disruption 1 Day</p> <p>Minor impact on achievement of targets and objectives</p>
<b>Reputation</b>	<p>Adverse and persistent national media coverage</p> <p>Adverse central government response, involving (threat of) removal of delegated powers</p> <p>Officer(s) and / or Members forced to resign</p>	<p>Adverse publicity in professional / municipal press, affecting perception / standing in professional / local government community</p> <p>Adverse local publicity of a significant and persistent nature</p>	<p>Adverse local publicity / local public opinion</p> <p>Statutory prosecution of a non-serious nature</p>	<p>Contained within Directorate</p> <p>Complaint from individual / small group, of arguable merit</p>
<b>Health &amp; Safety</b>	<p>Fatality (ies)</p>	<p>Incidents reportable to the HSE (i.e. specified injuries to workers, over seven days lost from work accidents, specified non-fatal accidents to non-workers, specified occupational diseases / dangerous occurrences / gas incidents). Cases of other injury's (not reportable to HSE).</p>	<p>Minor injuries</p> <p>No time lost from work</p>	<p>No injuries but incident has occurred</p>
<b>Failure to provide statutory duties / meet Legal Obligations</b>	<p>Multiple Litigation</p>	<p>Litigation</p>	<p>Ombudsman</p>	<p>Individual claims</p>
<b>Financial</b>	<p>Corporate Budget re-alignment</p>	<p>Budget adjustment across Directorates</p>	<p>Contained within Directorate</p>	<p>Contained within Section / Team</p>
<b>Implications for Partnership (e.g. objectives / deadlines)</b>	<p>Complete failure / breakdown of partnership</p>	<p>Significant impact on partnership or most of expected benefits fail</p>	<p>Adverse effect on partnering arrangements</p>	<p>Minimal impact on partnership</p>
<b>Implications for the Community or the Environment</b>	<p>Extensive, long-term impact</p> <p>Major public health / environmental incident or loss of significant community facility</p>	<p>Long-term environmental or social impact such as a chronic and / or significant discharge of pollutant</p>	<p>Short-term, local environmental or social impact such as a major fire</p>	<p>No lasting detrimental effect on the environment or the community e.g. noise, fumes, dust etc.</p>
<b>Stakeholders</b>	<p>Stakeholders would be unable to pursue their rights and entitlement and may face life threatening consequences</p>	<p>Stakeholders would experience considerable difficulty in pursuing rights and entitlements</p>	<p>Some minor effects on ability of stakeholders to pursue rights and entitlements, e.g. other sources or avenues would be available to stakeholders</p>	<p>The interests of stakeholders would not be affected</p>



**CARDIFF & VALE OF GLAMORGAN PENSION FUND  
LOCAL PENSION BOARD  
21 JULY 2020**

Present: Mr Michael Prior (Independent Chair)

Employers Representatives:  
Carys Lord (Vale of Glamorgan)

Scheme Member Representatives:  
Mr Peter King (Unison Nominee)  
Sheelagh Doolan-Pitt (GMB Nominee)  
Ms H Williams (Unison Nominee)  
David Llewellyn (Finance Director, Cardiff Met)

In Attendance: Chris Lee, Corporate Director Resources  
Gary Watkins (OM Revenues)  
Marc Falconer, Pensions Manager  
Karen O'Donoghue-Harris, Principal Pensions Officer  
Mark Sims, Employers representative, Barry Town Council  
Jayne Newton, Communications and Training Officer  
Andrea Redmond, Democratic Services

Apologies: None received.

**1: Membership of the Board**

Noted.

**2: Declarations of Interest**

Mark Sims declared an interest as a member of the scheme,

**3: Minutes of previous meeting and Matters arising**

The minutes of the meeting held on 28 January 2020 were agreed as a correct record and signed by the Chairperson.

Matters arising:

None.

#### **4: Administration Update**

The Board received a report providing an update on the work being undertaken by the Pension Section.

A total of 6,139 measured “tasks” were completed during April to June 2020, compared to 7,136 in the same period for January to March 2020.

Due to the recent COVID-19 outbreak, the Pensions Section have had to adapt their working patterns to ensure continuation of the service to scheme members and participating Fund Employers. Whilst all staff have been set up to homework, there are a limited number of staff in the office most days. This was put in place at the start of the pandemic and has continued throughout. A rota has been set up with two different members of staff going in once a week on a daily basis. The reason for this was to ensure that the daily post received could be scanned to the record to ensure continuity of service, any original documents such as birth, marriage, death certificates could be returned to the member and any letters produced could be posted out.

Whilst we have been encouraging members to use electronic communication we also wanted to maintain services for our members, particularly the most vulnerable, remain able to contact us. We also had to bear in mind that some of our members might not feel confident using the internet and rely on postal or telephone services.

When we first went into lockdown, a number of actions were taken:

- A note went out to all employers directing them to the LGA website where there is a dedicated Covid-19 guidance, FAQs and links to the TPR website
- A Covid-19 update was put on the Cardiff & Vale of Glamorgan website
- A note was added to retirement documentation encouraging the use of electronic communication
- A further communication has gone out to all employers reminding them of the link to the LGA website and asking them to contact us if they have any issues or concerns.

The activities we have been focusing on are in line with TPR’s COVID-19 guidance for Public Service Schemes and recommends that administering authorities prioritise:

- paying existing pensioners
- processing new pensions benefit cases
- dealing with bereavement cases

Other areas that have continued to receive attention are ensuring receipt of employee contributions and the provision of member information to reduce the risk of scams and support effective decision making.

The Pensions Regulator produced guidance for trustees, scheme managers and employers on COVID-19. All the guidance is outlined on the TPR website. As outlined above, Cardiff and the Vale of Glamorgan Pension Fund are working in line within the current guidance and all our employers have been notified of the links to the TPR website.

As a result of the COVID-19 situation the Regulator have been adapting a more flexible approach to what they expect us to report in a number of areas. They will continue to

assess breaches of administrative and compliance requirements as a case by case basis and respond pragmatically where these breaches are COVID-19 related.

The Scheme Advisory Board has a COVID-19 Practitioners Group, which the representative from Wales is Dyfed Pension Fund. They collate statistical data from each fund and any issues that need to be raised at the Practitioner Group. They also provides feedback and guidance from the Practitioners Group to the Welsh Funds following each meeting. We have been reporting death rates on a monthly basis and had to report back on whether we were likely to have any issues in meeting the disclosure requirements regarding issuing Annual Benefit Statements. We foresee no issues in Cardiff and the Statements will be issued by the deadline of 31st August.

Further to progress reported to previous meetings of the Board:

- Cardiff Council, Vale of Glamorgan Council, Cardiff Met, Cardiff and Vale College and Careers Wales are producing regular extract of data and are up to date with postings to year end 2019/20

- Progression with 2020/21 extracts is to proceed imminently with inclusion of additional checks and processing to ensure the best standards of data submission, acceptance and uploading to the Altair administration system are in place

- GLL are the only extract employer who have not submitted any 2020/21 extract data, they are currently being chased for provision of this data - All Employers utilising online returns are sending their submissions through i-connect regularly

- To aid in the avoidance of having to deal with any misbalanced information on bulk at year end, a new form has been provided to all employers which they need to complete alongside their data submissions. This form once completed confirms the balancing or shows misbalances in the current period data.

MSS launch was delayed due to COVID19 and team sickness. However, we are now pleased to say we are now back on track and close to launching the MSS facility. 16. We have rolled out the test site to a Team within County Hall and they were asked to use extensively and to try and 'break it'. The team have done a great job testing the site and have picked up a few issues which we have referred back to Heywood's for fixing. They also made some recommendations on how we could make things simpler for members with little or no pension knowledge – where possible we have made these changes. However, the feedback from the team has been overwhelmingly positive and they are excited for MSS to launch.

Cardiff Council ICT have run the IT Security Penetration Test, which flagged up a few critical and high priority issues. These are currently being looked at by Heywood's and hopefully we will have a resolution to these soon.

We have also found a resolution to the registration email getting caught up in spam. Heywood's and Cardiff ICT are working together to put the resolution in place.

We also still have a number of design, text and tweaks we need to the main site – Heywood's have been slow responding to these but have speeded up with the fixes in the last week.

As with any new software, as we fix or change some things, this has a knock on effect to other things so we need to constantly keep reviewing and fixing until we are happy with the final product.

Once we are ready to roll out the product, we have agreed on a soft launch where it becomes available and will be accessible via the Pension website. However, we have changed how we notify members the product is available.

We have decided to have a phased Employer by Employer launch. This means we will be able to allocate individual time to each group of members and hopefully get more people signed up using MSS. Pre COVID19 we planned to visit each Employer canteen/chill out area on site and encourage them to sign up, however, we may need to adapt this process according to the current situation.

GMP Reconciliation has faced further delays due to COVID-19 and HMRC having other priorities, however HMRC have said they will provide the final GMP pension data cuts by the end of July.

LBP Members asked whether staff were using their own equipment or Council equipment at home. Officers advised that some took equipment home from the office, other used laptops initially; all are now using Council equipment however. It was noted though that the ability to scan and print etc. was primarily limited to staff on rota in the office. It was noted however that there was an increasing use of hybrid mail.

It was noted that members should be informed there may be a delay in responses to queries as most staff are home working.

LBP Members asked if there would be a delay in producing the Annual Statements and were advised there would not be, they were working to the same dates as last year.

It was also noted that the team had been able to relax the way in which they receive documents i.e. photo evidence, email signatures.

CL noted that there had been issues previously with the Vale of Glamorgan and the iConnect system for year end and asked if all was up to date here. Officers advised that it was all up to date, there had been a few reconciliations but all had been done.

The Chair asked if there had been any issues from elsewhere; Officers advised that other than GLL yet to send April information, there were no other issues.

Members discussed the administration costs of the scheme and noted there was plenty of time to come back and report on this again. Officers advised that AON had added in an allowance for this going forward.

A few issues with the website were outlined and the Chair understood that there would always be technical issues and also delays due to the pandemic, but these had been identified and were being worked through. He was pleased with the work being done in such difficult circumstances; Board members endorsed this too.

RESOLVED – That the Board notes the work being undertaken by the Pensions Administration Section and the progress in the areas covered by the report.



## **5: Wales Pension Partnership Update**

Members were advised that as at 31 March 2020, Cardiff & Vale Pension Fund's holdings in the WPP UK Equities Fund totalled £164 million which had increased to £186m at 31st May 2020. The assets held by all eight pension funds across the three WPP sub funds at 31 March 2020 totalled £4.322 billion.

The launch of the WPP Five fixed income sub funds was delayed due to the impact on the financial markets of the coronavirus but has now been confirmed for the end of July. The Cardiff & Vale of Glamorgan Fund currently holds assets totalling £616 million in fixed income which will be reinvest in three of the five WPP Fixed Income sub funds.

At this stage no investment has been made into either of the WPP Global Equity Funds. Further work is required to establish which of the two funds – Growth or Opportunities – or whether a mix between the two funds is most appropriate for this significant investment.

Work is ongoing to develop pooling solutions for further asset classes. The first of these will be proposals for an Emerging Markets sub-fund where a prospectus is expected to be launched in July with an early 2021 target for the sub-fund to go live. Further work, led by Russell Investments, is being undertaken to explore options for Private Markets Investments which include property, private equities, private debt and infrastructure assets. This activity is at an early stage with no agreed timeline and discussion papers, including the benefits of consolidating property assets with the WPP, still to be produced. As at 31st March 2020 the Cardiff & Vale of Glamorgan Fund currently holds assets totalling £80 million in Emerging Markets, £165 million in property and £85 million in private equity.

The WPP meetings with the Chairs of the eight Local Pension Boards scheduled for 2 April 2020 was cancelled but a work is progressing to set-up a meetings for September.

The next meeting of the JGC is scheduled for 17 July 2020 which will be a remote meeting held via MS TEAMS. Papers will be published on Carmarthenshire Council's public website.

The Chair asked for clarification on the proportion of the fund that was with WPP and officers clarified that it was around a third. The Chair noted it was becoming significant in how we invest our assets.

The Chair asked about the relationship between Link and Hymens. Officers advised that Link is the operator; Russell is sub-contracted by Link; Hymens are the actuary providing external/independent advice to 8 funds; Hymens report directly to WPP. Officers added that they went out to tender and Hymens were selected, this has helped with continuity as they have been included from the start.

**RESOLVED** - That the Board note the developments in the Wales Pension Partnership.

## 6. Investment Update

Members were reminded that the Investment Advisory Panel is responsible for monitoring the Funds Investment performance. However given the current economic circumstances it was felt that an update to the Board would be informative. It is important to reinforce that the Funds investment performance remains focussed on long-term market returns but nevertheless it would be useful to provide an update on performance in 2020 to date which has been dominated by the impacts of Covid 19 on the economy both in the UK and globally.

The report shows movements in the FTSE All Share Index over the 12 months to 9th July 2020. This indicates the steady climb of equity values through 2019 followed by the rapid decline during the early months of 2020 culminating in the low position of the index during March 2020 with the announcement of “the lockdown”. There was an indication of an element of a partial “bounce-back” since March although the extent of the volatility remaining in the Markets is also revealed. The annual performance of the FTSE All Share Index shows a 17.6% decrease.

Although there were global implications from Covid-19 the impact was not uniform with a move to more “defensive” positions seeing performance variations between major Financial Markets and different sectors. In this context the deterioration of the performance of the London Stock Exchange was higher than the other major markets with the value of the Pound also declining against the other major currencies.

As a consequence the Markets responded with a number of “defensive moves” with an increase in the value of the Dollar, switches to larger companies with strong balance sheets and the move to Government Debt. Central Banks and Governments throughout the globe responded with interest rate cuts and commitments to buy gilts and bonds (qualitative easing) as well as unprecedented measures to minimise the short term economic impact as countries moved into “lockdown”. Nevertheless a widespread global recession is expected although the severity and timing remain uncertain.

The value of the Fund’s most liquid assets – Equities and Fixed Income Bonds / Gilts – compared with the position at 31 December 2019 and 31 March 2020 were outlined. The position mirrors the macro-economic comments in the previous paragraphs above with a significant reduction in asset value revealed by the 31 March 2020 valuation compared to December 2019. The May 2020 valuation indicates an element of recovery but not yet back to the December 2019 position. It should be noted that a large investment in a Global Low Carbon Equity Fund was made in January 2020 which was funded by sale of UK & US equities which explains some of the drop in UK Equity value between December 2019 and March 2020.

The Fund also holds investments in Property and Private Equity, which are investments in un-listed companies. The assets are a further demonstration of the long term nature of the Funds’ investments. They are collectively known as illiquid assets due to the less visible mechanism for their trading compared to listed equities or fixed income bonds / gilts.

The Chair asked in relation to LGPS funds, if any assets were frozen and cannot go to WPP. Officers advised that there were not, the property assets were managed in a pool already. Property assets will come into this pool eventually but at a time that

suits all. The Chair noted that the Board usually have a report on how investments are performing and it would be useful to see how this is with WPP.

PK referred to moving from Carbon Based Investment, and stated that the average union member think the fund should be disinvesting from heavy carbon, so this is a good direction to go in albeit slowly and cautiously. Officers explained that £10million into the Blackrock Low Carbon Tracker Fund was a wise move in terms of timing prior to lockdown.

The Chair asked that the Climate Policy approved by JGC on 17 July 2020, be brought to the next Board meeting.

RESOLVED - That the Board note the developments in the Funds' Investments.

## **7: Any Other Business**

The Chairperson welcomed Marc Falconer to his first meeting.

The Chairperson wished to place on record his thanks to Gareth Henson who established the Board and had been a link for the last 5 years, he wished him a happy early retirement.

The Chairperson considered that future meetings should be held remotely as it has worked well.

Regular updates from Officers is giving further confidence to the Board.

The Chairperson thanked the officers and team for working well and coping in difficult circumstances.

## **Date of next meeting**

27<sup>th</sup> October 2020.

Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A  
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol