

DRAFT MINUTES

# DRAFT MINUTES

Meeting ID	3759
Committee	Pensions Committee
Date	30/05/2019
Attendees	<p>Councillor Chris Weaver (Chair)</p> <p>Councillor Dilwar Ali (Committee Member)</p> <p>Councillor Nigel Howells (Committee Member)</p> <p>Councillor Chris Lay (Committee Member)</p> <p>Councillor Graham Thomas (Committee Member)</p> <p>Christopher Lee (Officer)</p> <p>Ian Allwood (Officer)</p> <p>Gary Watkins (Officer)</p> <p>Gareth Henson (Officer)</p> <p>Kumi Ariyadasa (Officer)</p> <p>Erin Kidd (Officer)</p> <p>Andrea Redmond (Clerk)</p> <p>Rita Rohman (Notify)</p> <p>Gill Nurton (Notify)</p> <p>Mandy Farnham (Officer)</p> <p>Heather Warren (Notify)</p> <p>Gary Jones (Monitor)</p> <p>Davina Fiore (Monitor)</p>

Item ID	16330
Item Title	Apologies for Absence
Summary	Apologies were received from Councillors Dilwar Ali and Lay.

Item ID	16331
Item Title	Declarations of Interest
Summary	None

Item ID	16332
Item Title	Minutes
Summary	The minutes of the meeting held on 14 January 2019 were agreed as a correct record and signed by the Chairperson.

Item ID	16337
Item Title	Climate Change Investment Policy
Summary	Members were advised that the report provided the latest position in working towards a Climate Change Investment Policy.

At its meeting on 14 January 2019 the Committee received a report presenting a draft Climate Change Investment Policy. The report proposed four key action areas for the Committee to consider in managing the Fund's exposure to climate change risks:

- Movement of passive investments to funds tracking "low carbon" indices
- Engagement with companies through the WPP and LAPFF
- Disinvestment from companies representing a continuing risk
- Positive investment in companies developing clean technology

The Committee noted the work carried out to date, agreed to adopt the overall objectives of the policy and asked for the Local Pension Board to be consulted on the proposals.

The Committee also asked for work to be progressed on the feasibility and impact of specific divestment in fossil fuel extraction, recognising that any such action must be consistent with its fiduciary duties and prudent investment of the Fund's assets.

The Committee noted that since its last meeting, both Cardiff Council and the Welsh Government have declared a Climate Emergency.

The Local Pension Board met on 29 January and members were supportive of the proposals. The Board noted that the policy made positive steps towards addressing climate change risk in a proportionate and measured manner.

The Investment Advisory Panel met on 19 March and supported the proposals for an initial 10% allocation to a Global Low Carbon fund with provision for further allocations in subsequent years subject to the outcome of regular reviews on the performance and impact of the fund.

The Wales Pension Partnership (WPP) is developing a Responsible Investment Policy. The policy will include a section on climate change and a commitment to consult further with the eight pension fund authorities with a view to developing a WPP-specific climate risk policy.

The WPP Responsible Investment Policy currently being established will note that whilst the WPP has not adopted a policy of exclusionary practices, it will recognise that Constituent Authorities may individually adopt such a policy. In line with Cardiff Council's Capital Ambition commitments, officers will continue to work with the investment partners of the Fund and the WPP to explore options for excluding from its investment portfolios those companies which present the most significant climate change risks; for example, over a period of time disinvesting in companies engaged in fossil fuel extraction.

The Chairperson invited questions and comments from Members;

Members considered that a 10% initial allocation seemed unambitious and were advised that 10% actually equates to £200million which is a third of the passive investment. Members considered it would be useful to see an analysis of this figure.

Members noted the work on low carbon and the work on progressing the feasibility and impact of disinvestment and considered there could be further scoping work undertaken in relation to tobacco and arms so that Cardiff knows what acceptable investment are for its funds. Members considered this could be an area for stronger discussion with all Members.

RESOLVED that the Committee:

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

Item ID	16338
Item Title	Wales Pension Partnership
Summary	<p>Members were advised that this report updates 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.</p> <p>The first two sub funds – Global Growth and Global Opportunities – were launched in January 2019 with nearly £4 billion of assets transferred from seven of the eight pension funds. Cardiff &amp; Vale of Glamorgan Fund did not place any assets in these funds as its current asset allocation does not include Global Equities.</p> <p>Further sub funds, covering regional equities and fixed income, will be launched during 2019/20. Cardiff currently holds assets totaling £450 million</p>

in active equities and £570 million in fixed income. Members were advised that more detail would be provided to the JGC in June and this would take the level of pooling to 50% across Wales. It was expected that a substantial proportion of Cardiff's assets will have been pooled by the end of 2019 and progress will be reported to Committee at its meeting in November.

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

Members were advised that the WPP would act as a coordinating body and individual authorities would have the last word on the strategies.

The Chairperson invited questions and comments from Members;

Members asked if there had been any information coming from the Officer Working Group and were advised that it was a work in progress; it was difficult to draw any realistic conclusions from the performance indicators from the first quarter as it wasn't a full quarter and the reports are only partial. Discussions are ongoing in relation to what needs to be reported; the requirements regarding performance indicators needed to be effective, clear and robust would be reiterated to the operator as they need to be seen to add value.

Members sought clarification on Regional Equities and were advised that for example Japan would be a region.

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

Item ID	16339
Item Title	Complaints Policy
Summary	<p>Members were advised that this report requests that the Committee formally adopt a Complaints Policy in respect of the administration of the Pension Fund.</p> <p>Officers of the Council held a series of meetings and conference call with case workers of the Pensions Regulator (TPR) during 2018-19 as part of TPR's engagement with a sample of LGPS funds. TPR reviewed the policies and governance documents for the Fund and noted that although Cardiff Council has a corporate complaints policy, there is no comprehensive complaints policy in place for Pensions Administration. TPR advised that the Pensions Committee should formally adopt a Complaints Policy at its next meeting.</p> <p>The LGPS Regulations place specific obligations on administering</p>

authorities in respect of the adjudication of applications from any person whose rights or liabilities under the Scheme are affected by a decision, act or omission by the authority or one of the Scheme employers. Regulation 74 requires an authority to appoint an adjudicator to consider applications and Regulation 76 provides for a decision of the adjudicator to be referred for reconsideration by the administering authority. The Internal Dispute Resolution Procedure (IDRP) sets out how such applications are dealt with. The Pensions Committee's Terms of Reference includes determining how disputes are administered under the IDRP.

It is proposed that a comprehensive complaints policy for Pensions Administration, based on the corporate policy, is put in place and that all formal complaints are recorded. Complaints which fall under the IDRP will be dealt with in line with that process. Other complaints e.g. complaints about service quality, will be dealt with in line with the policy.

Resolved that the Committee:

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

Item ID	16340
Item Title	Minutes of the Local Pension Board
Summary	Noted.  Members were reminded that they are welcome to attend Local Pension Board Meetings as observers.

Item ID	16333
Item Title	Exclusion of the Public
Summary	Resolved that Item 9 is confidential and not for publication by virtue of paragraph 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972. The public were excluded from the meeting for the presentation of these items in accordance with the same legislation.

Item ID	16334
Item Title	Minutes of the Investment Advisory Panel
Summary	Noted

--	--

Item ID	16335
Item Title	Urgent Items (if any)
Summary	None

Item ID	16336
Item Title	Date of next meeting
Summary	11 July 2019 at 5.00pm in Committee Room 2, County Hall, Cardiff.