

## 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