



**CARDIFF & VALE OF GLAMORGAN PENSION FUND
LOCAL PENSION BOARD
18 JUNE 2019**

Present: Mr Michael Prior (Independent Chair)

Employers Representatives:
Carys Lord (Vale of Glamorgan)
David Llewellyn (Finance Director, Cardiff Met. University)

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

In Attendance: Chris Lee, Corporate Director Resources
Gary Watkins (OM Revenues)
Gareth Henson, Pensions Manager
Karen O'Donoghue-Harris, Principal Pensions Officer
Mandy Farnham, Democratic Services

Apologies:

Ms H Williams (Unison Nominee)

1: Declarations of Interest

No declarations of interest were received.

2: Minutes of previous meeting and Matters arising

The minutes of the meeting held on 29 January 2019 were agreed as a correct record and signed by the Chairperson.

Matters arising:

Minute number 3 – The final meeting with the Pensions Regulator took place on 4 April, the report that was to be provided after that meeting has not yet been received.

In relation to the Guaranteed Minimum Pension Reconciliation it was noted that there was nothing further to report at this time.

Minute number 4 – The authority has met the deadlines imposed however, HMRC have moved the time line to 31 August 2019.

3: Wales Pension Partnership

The Board was provided with an update on the participation of the Cardiff & Vale of Glamorgan Pension Fund in collaborative investing with the other seven LGPS funds in Wales. Cardiff & Vale Fund has reviewed its investments and have now agreed to participate in the UK Active Equities fund with 10% of the total fund assets (approximately £220 million). The remaining active equities assets (except Emerging Markets) will be transferred to the WPP Global Growth Equity fund (approximately £650 million). That figure is derived from UK Active, UK Passive, US Passive, Europe, Japan and Asia Pacific funds. The transition will be progressed over the coming months.

The Board discussed the timescale for the transition which has not been yet been confirmed, any proposals will go to the next meeting of the JGC is scheduled for 28 June 2019 in County Hall, Cardiff. Papers will be published on Carmarthenshire Council's public website with the exception of any restricted items.

A Responsible Investment Policy (RIP) is being developed by the WPP, and an officer working group has been set up to establish a framework policy which will cover responsible investment. Different pension funds will have different priorities and investment strategies. It was noted that the policy was sufficiently generic and broad to allow funds to develop their own policies under the overall umbrella.

The Board were advised that the current investment strategy policy has been changed for this year, a proportion of passive investments will be moved to a low carbon tracker fund, however there is further work to be done looking at the impact of fossil fuel investment.

RESOLVED – THAT the developments in the Wales Pension Partnership are noted and that, as this is the start of the process in relation to the RIP, a further report be prepared to update the Board.

4: Financial Review 2017/18 and Draft Statement of Accounts

The Board was provided with the draft Statement of Accounts for the financial year 2018/19 and a summary of the Pension Fund's investment performance. The Board were advised that the audit would be completed and the accounts published by the end of September.

The Board discussed the increase of contributions, due to an increase in the underlying pensionable pay combined with a stepped increase in contribution rates. Outgoing monthly pension payments had also increased due to a growing cohort of pensioners. The transfers in and out on a daily basis are a volatile area.

The Board referred to the quite large holdings in private equity, it was a holding specific to Cardiff and currently there are no pooled arrangements for that asset class. At the present time each LGPS pension fund has taken a decision as to whether or not to invest in private equity funds, not all funds have.

RESOLVED – THAT the Fund's draft Statement of Accounts and Investment Performance for 2018/19 be noted.

5: Review of Engagement with the Pensions Regulator

The Board received an update concerning the engagement exercise carried out by the Pensions Regulator (TPR) between November 2018 and April 2019.

Cardiff was chosen at random; there were no specific worries or concerns however, it was made clear that if during any part of the process there were any concerns, TPR reserved the right to undertake an in depth review.

The engagement was carried out through a series of meetings and conferences calls which covered a wide range of issues. The meeting timetable was tight and after each meeting the case works prepared an 'observation letter' summarising the discussions. It was made clear that there should be pension fund specific processes and documentation. Those policies and procedures are now being reviewed.

TPR have not yet completed the final report, it will not relate solely to Cardiff – it will be a general report which will be shared with the Board.

In relation to the specific recommendations the Board queried whether specific training will be required in relation to the use of TPR's Public Service Toolkit.

RESOLVED – THAT

- (i) the conclusion of the TPR engagement process and the agreed action points be noted;
- (ii) The summary report prepared be provided to the Board in due course; and
- (iii) Consideration be given to the training in relation to the use of TPR's Public Service Toolkit.

6: Update on Administration Development work

The Board were updated on the work being carried out by the Pensions Section and in particular the workload of the Pensions Administration teams.

The Board noted the exceptional volumes of tasks completed in June and October/November 2018 were due to specific exercises related to the launch of iConnect and the recording of frozen refunds. A detailed performance on staff is being conducted to ascertain a measure of productivity and quality and a review of the Sections processes has resulted in a number of recommendations for improvement.

The Board discussed Member Self Service (MSS) which will enable Fund members to access data held on their personal records. There will be limited update facilities and options to calculate benefits due on retirement. However, the software provider are undertaking some updating of the system as it is not particularly user friendly. It is planned that MSS will go live in March 2020.

RESOLVED – THAT the work being undertaken by the Pensions Administration Section and progress is noted.

7: Board Member Training

The Board discussed training, it was noted that the next LGPS Governance Conference would be held in York.

The Board felt that training in relation to the public sector toolkit and cyber security would be beneficial.

RESOLVED – THAT Jayne Newton, Communications and Training Officer to provide further suggestions for training.

8: Risk Register 2019/20

The Board was advised of an update to the 2019/2020 Risk Register, namely that Cyber Security has been added to the register to reflect the recent engagement with the Pensions Regulator. This is a red risk category; the concern is about access to the database. It has to be restricted – staff have restricted access.

RESOLVED – THAT the update to the Risk Register

9: Any Other Business

The Board were advised that as this is a valuation year, the meeting with the actuary has taken place with the information now being compiled. The target date for that is 2 August 2019. It is anticipated that figures will be provided towards the end of September.

The final report is usually published in March, with presentations to the Board and Panel thereafter. Arrangements are being made for the actuary to provide verbal information to the Board about outcomes.

10: Date of next meeting

The date of the next meeting is to be confirmed.