



**CARDIFF & VALE OF GLAMORGAN PENSION FUND
LOCAL PENSION BOARD
5 NOVEMBER 2019**

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)
Gareth Henson, Pensions Manager
Karen O'Donoghue-Harris, Principal Pensions Officer
Hwyel Tutton, Senior Technical Officer
Jayne Newton, Communications and Training Officer
Graham Porter, Democratic Services

Apologies: David Llewellyn (Finance Director, Cardiff Met. University)

1: Membership of the Board

The Chairperson advised that Christine Priday has resigned from her position as a Community Councillor in Pentyrch in December 2019. Accordingly, she has also resigned as a member of the Local Pension Board. Gareth Henson advised that he would write to Board members inviting nominations.

The Chairperson asked that Christine Priday be thanked for her commitment as a Member of the Board.

2: Declarations of Interest

No declarations of interest were received.

3: Minutes of previous meeting and Matters arising

The minutes of the meeting held on 5 November were agreed as a correct record and signed by the Chairperson, subject to the following amendments:

Page 5 – 7th paragraph – change ‘reference’ to ‘**referenced**’

Page 6 – final paragraph – 2nd sentence – delete ‘range and asked for advice’ replace with ‘**sought**’. Insert ‘**only**’ before ‘received’.

Matters arising:

The Chairperson asked officers to seek clarification from the Pensions Advisory Board regarding breaches in law.

4: Wales Pension Partnership

The Board received a report providing an update on developments since the last meeting. Board Members were asked to note the following:

- At 31 December 2019 holdings in the WPP UK equities fund totalled £234 million. The total assets held across the three WPP funds totalled £5.3 billion.
- Five fixed income sub funds have been approved by the JGC and will be launched during the first half of 2020. The Cardiff & Vale of Glamorgan Fund currently holds assets totalling £601 million in fixed income. In July the Pensions Committee approved changes to the Strategic Asset Allocation to enable the Pension Fund to invest in three of the five WPP sub funds.
- The Pensions Committee approved the transfer of 30% of investment assets (approximately £710 million) into the WPP Global Growth Equity Fund. The transfer will be implemented early in 2020. It is anticipated that by 31 May 2020 around two-thirds of the Fund’s investments (approximately £1.6 billion) will have been transferred to the WPP.
- Work is ongoing to develop pooling solutions for further asset classes. Initial proposals for an Emerging Markets sub fund were presented to the OWG in November. A sub-group of the OWG has been established to explore options for Private Markets including property, private equities and infrastructure. The group’s initial focus will be on property and “impact” investments (investments which are intended to have positive environmental or social outcomes in addition to returns on capital invested). The Cardiff & Vale of Glamorgan Fund currently holds assets totalling £103 million in Emerging Markets, £160 million in property and £85 million in private equity.
- Following the approval of the WPP’s Responsible Investment Policy, further work is being undertaken to review the approaches of the eight fund authorities to addressing climate change and fossil fuel investment issues. The review will assist in the development of WPP policy objectives to facilitate the implementation of individual authorities’ requirements through the WPP where possible.
- The WPP has decided to hold twice yearly meetings with the Chairs of the eight Local Pension Boards as a means of engaging with the funds’ stakeholders. The next meeting will be in Cardiff on 2 April 2020.

- The next meeting of the JGC is scheduled for 12 March 2020 in Powys Council Offices, Llandrindod. Papers will be published on Carmarthenshire Council's public website with the exception of any restricted items.

Officers advised that the Pension Committee had approved the transfer of 10% to a low carbon tracker fund from Black Rock. It was anticipated that there would be further opportunities to divest from fossil fuels in the future as the topic was gaining momentum. However, the Cardiff and Vale Pension fund are adopting a steady, cautious approach.

The Chairperson asked if Cardiff Council passed a resolution for divestment in fossil fuels whether that would be reported to the WPP. The Corporate Director advised that whilst Cardiff has separate governance arrangements, but WPP would clearly be made aware of that view. Furthermore, the Cabinet Member for Finance is also the Chair of the Pension Committee. Individual funds set their strategies not the WPP. Swansea Council has transferred to low carbon options, followed by Cardiff. More products would be made available in the next 5 years.

Members were advised that partners are looking at the WPP to find products that meet their strategies. If other funds are moving in that direction also then it was hoped partners would realise benefits in terms of pooling resources. Members asked whether the Pension Committee has made a statement on this issue. Officers indicated that a paragraph is included in the newly published Pension Strategy which is publicly available.

The Board agreed that all parties would benefit from a detailed discussion regarding this issue and also to receive an update on what the WPP are doing to address this issue. The Chairperson requested that an item on low-carbon investment options be included on the next Joint Committee agenda.

RESOLVED – That

- (1) the report be noted
- (2) an agenda item on low carbon investment options be included on the next Joint Committee agenda.

5: Administration Update

The Board received a report providing an update on the work being undertaken by the Pension Section. The Chairperson considered that it would be useful if Members were provided with a copy of the questions asked by the Regulators. Officers agreed to circulate these.

Statistics for the numbers of cases processed by the Administration teams during the 18 months up to September 2019 were presented to the Board in November. A total of 7,945 measured "tasks" were completed during October – December 2019, compared to 9,429 in the same period in 2018-19. A month-by-month comparison of the completed tasks for 2017-18, 2018-19 and 2019-20 to date is summarised in the chart below:

A Member asked officers to comment on the delays in transfers into the fund. Officers stated that there are two parties involved in transfers. Transfers should be concluded within 12 months but during that period Members are not disadvantaged by not transferring. However, it does mean that records are not being kept up to date. Officers also confirmed that priority is given to providing the calculation of figures for those retiring.

Responding to a question from the Board, officers stated that the target date has changed following changes to the CIPFA national standards guidelines.

The report also provided a summary of Actuarial Variation. The Chairperson advised that a report on actuaries was received by the Joint Committee. The positive news set out in the report was welcomed.

The Panel received a verbal update on the introduction of the i-connect self-serve platform. The Panel was advised that there have been some 'teething problems' which were commonly experienced by those introducing i-connect. However, those issues are being overcome and experiences are being shared. It was confirmed that the Vale of Glamorgan Council has now fully implemented i-connect.

Officers stated the Vale of Glamorgan has provided data until end of August. The Vale of Glamorgan representative agreed to contact colleagues with a view to providing any outstanding data.

It was confirmed that in Cardiff Metropolitan University tested files have been generated but there are still some outstanding issues to resolve. At GLL – the issue was escalated through the contract management arrangements and software amendments have been carried out but the payroll system is unable to generate extracts retrospectively to the start of the 2019/20 financial year. It is anticipated that the interface will go live in April 2020.

The Board also received updates on GMP reconciliation and the Overpayment/Underpayment Policy. The Chairperson asked for further details of how write-offs are reported. The Board considered that it would be appropriate for this to be reported to the Board on an annual basis. The Corporate Director advised that Pension Committee has asked for this matter to be brought forward also.

RESOLVED – That

- (1) the report be noted;
- (2) a report on the reporting of write offs be brought to a future meeting.

6: Presentation on Member Self Service

The Committee received a brief presentation of the progress of the Member Self Service project. Members were advised that the self-service software should be functional by March 2020. The roll out of the software will be undertaken during the first 6 months of the next financial year.

7: Board Member Training

The representative from Cardiff Met University advised that he has attended Fundamentals 3 Training.

The Chairperson recommended refresher training for all Board Members. Links to the training portal are to be circulated to all non-Cardiff Board Members.

8: Risk Register

Officers advised that work was being undertaken to reallocate lead officer responsibility for Risk Register items. A report will be brought forward to the June meeting of the Board.

9: Any Other Business

The Panel discussed a complaint received from a Member who was provided with misleading information. Officers explained that the figures provided were estimated. The Pension Team have changed their documentation as a result. HR have also agreed to change their processes to ensure this doesn't happen again.

Board Members agreed that Joint Meeting will take place at 4.30pm on 28 April 2020 in City Hall.

Officers agreed to circulate the agenda and reports for Board meetings no less than 3 clear days prior to the date of the meeting.

Date of next meeting

The date of the next Local Pension Board is 30 June 2020.

There will be a Joint Meeting with the Pensions Committee on 28 April 2020.