



**CARDIFF & VALE OF GLAMORGAN PENSION FUND
LOCAL PENSION BOARD
29 JANUARY 2019**

Present: Mr Michael Prior (Independent Chair)

Employer Representatives:

Carys Lord (Vale of Glamorgan Council)

Mr David Llewellyn (Finance Director, Cardiff Met. University)

Scheme Member Representatives:

Mr Peter King (Unison Nominee)

In Attendance:

Christine Salter, Corporate Director Resources

Gareth Henson, Pensions Manager

Karen O'Donoghue-Harris, Principal Pensions Officer

Gill Nurton, Democratic Services Manager

Apologies:

Cllr C Priday (Community Councillor, Pentyrch)

Gary Watkins (OM Revenues),

Ms H Williams (Unison Nominee)

Mr Ken Daniels (GMB 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 30 October 2018 were agreed as a correct record and signed by the Chairperson subject to minor typographical changes

Matters arising:

Min No 6 - Governance Survey – The Chairperson asked if this had been circulated to Board Members and what progress had been made. The Officer advised that progress was ongoing.

Min No 10 Any Other Business – Section 13 – Previous Valuation. The Chairperson asked if the link to the valuation had been circulated to Board Members to allow them to become familiar with the content and performance of the Cardiff & the Vale Fund. The officer (GH) was asked to circulate the link.

3: Administration Issues (External) – The Pensions Regulator and Guaranteed Minimum Pension Reconciliation

The Pensions Regulator (TPR)

The Board received an update on TPR review of the LGPS during 2018 – 2019 that commenced in November 2018. The review involved a number of meetings with Pension officers. The initial meeting in London on 28 November attended by Gareth Henson and Karen O'Donoghue-Harris. The meeting covered:

- scheme record keeping,
- administration risk and
- Communications to members.

The meeting was positive and the TPR appeared to recognise the progress made by Cardiff in increasing resources, improving the production of annual benefit statements and developing a Fund website. An observation letter was received on 9 January and officers are preparing a response to clarify some of the points raised.

The second meeting was held via conference call on 10 January, attended by Christine Salter, Gary Watkins, Gareth Henson and Karen O'Donoghue-Harris. The meeting covered:

- Identification and mitigation of risks,
- the Fund's Internal Dispute Resolution Procedure; and
- the Fund's Risk Register and the Council's Financial Procedure Rules were discussed.

Further conference calls have been scheduled for 6 February and 7 March to cover:

- (February) Maintaining contributions, employer compliance, affordability
- (March) Pension Board (knowledge/understanding and relationship with the Scheme Manager), conflicts of interest and scam/cyber/fraud risks.

The final meeting is due to be held on 4 April and will review outstanding actions and recommendations. Christopher Lee, the new Corporate Director, will attend the meeting. Observation letters are issued after each meeting.

The Panel was advised that although during the initial meeting TPR appeared to be satisfied with the progress made in issuing benefit statements, during the conference call the officers were advised that as not all statements had been issued by the statutory deadline a Breach of Law report had to be submitted. This was issued on 15 January. The risk of non-compliance with the regulations concerning benefit statements has been added to the Pensions Risk Register.

The board discussed a number of matters in relations to matter raised by the TPR in particular in light of the number of employer clients and the context for the fund. Once the final meeting had taken place a report would be provided to the officers from which an action plan would be agreed to evidence steps taken and identify outcomes

RESOLVED – That the steps being undertaken as part of the review were noted and the Board requested sight of the Final Report from the Pension Regulator.

Guaranteed Minimum Pension Reconciliation

The Fund commissioned JLT to report on the current accuracy of Contracting-Out data, including Guaranteed Minimum Pension (GMP), held on the administration systems compared with those held on the National Insurance Service to Pensions Industry (NISPI) records.

Following the initial reconciliation phases, queries had been submitted to HMRC in batches ahead of the 31 October deadline and JLT have been processing responses. Regular progress meetings are being held with JLT, and responses from HMRC to all outstanding queries were due shortly. The Board was advised that it was however unlikely those changes required to pensions already in payment can be timed to coincide with the annual pensions increase in April. The pensions increase will be implemented first and the reconciliation completed prior to the submission of data to the actuary in July for the triennial valuation.

It was noted that arrears would be paid but no overpayments need to be paid back by individuals.

Board Members were assured that these matters were not material to the Scheme as a whole and any liability for the Fund would be modest.

RESOLVED – That the report be noted and the Board be updated at its next meeting.

4: Administration Issues (Internal) - Performance and Website

The Board was provided with updates in relation to Performance, Workforce and the Pension Fund Website.

Administration Workloads and Performance

The Board received and updated report including statistics for October-December based on the new targets and details of the previous two quarters. The Board was advised that in most categories the Pension Section had continued to improve with increases in the proportion of cases completed within the target deadlines and reductions in the average working days taken to complete each case category. The improvements had been supported by increase workforce capacity following recent recruitment.

In addition, a service review of the section's processes by the Capital Ambition Delivery team commenced in December. The review was planned to be completed by March.

RESOLVED – That the Board requested a copy of the report from the Capital Ambition Delivery Team

Rollout of iConnect

The Fund has purchased the iConnect interface that enables employers to upload pay and contributions data to the database on a monthly basis, replacing the requirement to provide a detailed year-end return. This assists in keeping members' data up to date. Queries concerning missing or inconsistent data can be resolved in year rather than at year-end.

Two versions of iConnect are available – an online return option and a data file processing option. Of the 42 active fund employers, 37 have agreed to use the online return and 5 are or will be providing data files. A summary of progress in rolling out the interface was provided. Most employers using the online option are up to date. The creation of extract files from payroll systems has required specialist IT work and of the five employers, using this option. Only Cardiff is live and up to date. Work is in progress to go live with files for the other 4 employers by the end of the financial year. Training for employers was ongoing and the member self-serve would be implemented in 2019/20.

Member Address Tracing

The Fund is required to maintain and up to date contact details for each member. This is [particularly difficult if members do not advise the Pensions Section of changes of address.

To comply with its obligations and to improve data quality ahead of the triennial valuation, the Fund is carrying out a tracing exercise with its partner ATMOS (which already provides monthly reports of pensioners who have died). A file of 2,081 deferred members and 157 pensioners had been sent to ATMOS on 21 January and the outcome of the exercise will be reported to the next Board meeting.

Fund Website

The Board was advised that the development of the website is in the final stages with only a few sections in the specialist areas of the Councillors' Scheme and Fund Investments still to be finalised and agreed prior to go live mid- February.

The Communications Officer is coordinating plans to advertise the launch of the website using several communications channels:

- to Cardiff employees through Core Brief, intranet, staff e-mails, payslip messages and the staff app;
- to employees of other employers through their staff briefing processes;
- to deferred members via a post card to their home address;
- to pensioners as part of their annual Pension Increase letter

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

5: Wales Pension Partnership

The Board was provided with an update on the development of the WPP investment pool and collaborative investing of the other seven LGPS funds in Wales (except Cardiff). Cardiff & Vale Fund currently has large investments with other major funds and is reviewing its plans with a view to investing in one of both of the joint funds.

Further discussions will take place at the next All Wales Pool meeting on 31 January 2019

The Board discussed the governance arrangements; inter authority agreements; the role of the Pension Board and Chairs of the Pension Boards and the current informal consultation being undertaken by the Ministry of Housing, Communities and Local

Government's Guidance on LGPS Asset pooling and governance, scrutiny , transparency and accountability. The consultation was open until the end of March.

RESOLVED – That

1. the Board noted the developments in the Wales Pension Partnership and progress in the establishment of the Authorised Contractual Scheme;
2. the Board respond to the informal consultation endorsing the important role of the Pension Board in assisting authorities in ensuring effective and efficient governance

6: Climate Change Investment Policy

The Panel received an update on the work to develop a Climate Change Investment Policy that was being overseen by the Investment Advisory Panel and the Pensions Committee. The Panel were invited to Comment on the Policy Framework.

The Panel welcomed the opportunity to engage made the following comments:

- noted the Pension Committee's proposals in setting long term targets for the reduction of the Pension Fund exposure to environmental risks and supported the adoption of
 - the movement of passive investments to funds with low carbon indices;
 - engaging with companies through the Wales Pension Panel (WPP) and the Local Authority Pension Fund Forum(LAPFF);
 - disinvestment from companies with a continuing risk; positive investment in companies developing clean technology
- some concerns were raised around the policy of disinvestment and the risks to the fund;
- the opportunities for a gradual tilting of assets and investments;
- there was no indication of time frames;
- need for a better understanding of the wider carbon footprint
- the suggestion of a joint meeting of the Pension Committee and the Panel.

RESOLVED – That

1. the Panel welcomed the opportunity of feeding back to the Pension Committee and proposed that further discussions on the Climate Change Investment Policy could be undertaken at a joint meeting;
2. The Panel was keen to know when the Policy would be adopted and why timescales would be set and how they would be monitored.

7: Board Member Training

The Panel received an update from the Chair on the LGPS Governance Conference, Bristol held earlier in the month that had excellent speakers on a wide range, covering investment costs, impact of investments, fund valuation and legal updates. There were various CIPFA LGPS courses in Manchester in the forthcoming months and the Pension Manager would circulate details to Panel Members

8: Risk Register 2018/19

The Panel was advised of an update to the rolling Risk Register since the last meeting that was as follows:

P16 – Failure to deliver Annual Benefits Statements by the statutory deadline of 31 August 2019.

This was a Red risk category as small employers did not always return data by the deadlines. Mitigating controls were in place for tracking and actioning that which would reduce the risk.

RESOLVED – That the update to the Risk Register was noted

9: Any Other Business

- (a) Membership – the Pension team would manage the process for the extension of membership of Carys Lord and Christine Priday on the Panel to 4 years.
- (b) Christine Salter – this was the last meeting for Christine Salter, Corporate Director Resources and Section 151 Officer and all those present thanked her for her exceptional service and wished her all the very best for her retirement.

10: Date of next meeting: to be confirmed for June 2019