



**CARDIFF & VALE OF GLAMORGAN PENSION FUND
LOCAL PENSION BOARD
6 JULY 2021**

Present: Mr Michael Prior (Independent Chair)

Employers Representatives:
David Llewellyn (Finance Director, Cardiff Met)

Scheme Member Representatives:
Ms H Williams (Unison Nominee)
Ms Sheelagh Doolan-Pitt (GMD Nominee)

In Attendance: Chris Lee, Corporate Director Resources
Marc Falconer, Pensions Manager
Karen O'Donoghue-Harris, Principal Pensions Officer
Jayne Newton, Communications and Training Officer
Andrea Redmond, Democratic Services Officer

1: Apologies and Declarations of Interest

Apologies had been received from Carys Lord and Mark Simms. There were no declarations of interest.

2: Minutes of previous meeting and Matters arising

The minutes of the meeting held on 27 April 2021 were agreed as a correct record, subject to the inclusion of Sheelagh Doolan-Pitt's apologies being noted.

Matters arising: All matters arising were included on the Agenda for the meeting.

3: Administration Update

This report updated the Board on work being carried out by the Pensions Section. The report was outlined in detail by Officers after which the Chairperson invited questions and comments from Board Members.

Officers outlined the report to Board Members after which the Chairperson invited questions and comments.

Members asked if the opt-outs were linked to auto or re-enrolment. Officers explained that they were not, they were old opt-outs whereby a scheme member had not requested a refund.

Members were interested to know Cardiff Council's position on homeworking going forward. Officers explained that it was unlikely that all people would be back in the office full time and that Hybrid working would be the normal in the future.

Members were pleased to see the additional six full time posts in the pension section and were assured that there would still be enough work for them when Member Self Service was fully rolled out.

Member asked that a report on GMP reconciliation be brought to the next meeting.

A discussion took place around scams and Members this considered this could be picked up as training and also in the employer/employee forums.

Member asked about the Transfer Guidance and were advised that a link to the guidance could be sent to them and it was also available on the LGPS regulations page on the LGA website.

Officers advised TU representatives that they would be advised in advance of the MSS roll-out so that they could communicate with their members.

A discussion took place around Cyber Security and it was noted that this posed a significant risk to all businesses. Members were assured that all Cardiff Council staff have to complete mandatory Cyber Security training modules, in addition Pensions staff have additional training on pension specific cyber security; Cyber Security is also on the Corporate Risk Register with strong governance around it and there was also Annual compliance.

Members noted that CIPFA had asked if Boards were receiving reports on attacks/alerts. Officers stated that there had not been any in relation to Pensions but the Board would be kept updated.

RESOLVED:

1. To note the work being undertaken by the Pension Administration Section and the progress in the areas covered by the report.
2. To request that a report on GMP reconciliation be brought to the next Local Pension Board meeting.

4. Pension Resolution Project Historical Over and Under Payments

To update the Board on project work undertaken and progress made to correct historical cases of over and under payments of pensions. In addition, as part of this project to detail additional measures introduced to ensure current processes are robust and ensure any risks are properly mitigated.

The Chairperson stressed the sensitive and confidential nature of this item.

Officers outlined the report to Board Members after which the Chairperson invited questions and comments.

Members noted the amount, although large, is material in the context of the fund. Officers explained that there was no significance or impact in terms of the valuation of the fund.

It was noted that all over and under payments had been corrected and these were all historical payments.

Members discussed the Risk Register and Officers explained that one of the key risks was the accuracy of payments so this would be identified.

It was noted that all scheme members had been contacted and the majority had been dealt with.

The importance of having a robust system in place going forward was noted and the Board requested that updates are reported in the future.

Members discussed audit and Officers explained that internal audit have reviewed the controls and were satisfied. Officers have spoken to the Audit Manager and suggested building this into the fundamental audit going forward and reporting back to the Board, as well as programming in an Annual Review.

Members referred to the Medium -Term timescale for reconciliation and asked how long this would take. Officers explained that they don't have a definite timescale a yet as it would depend on new IT systems etc, but it would be over the next 2/3 years.

RESOLVED: To

1. Note the report and consider any further requirements;
2. Receive an update annually on the reconciliation between systems to ensure that controls are in place to mitigate the potential for errors, and any exceptions are reported to the Board.

5. Climate Change Policy update

This item was to present to the Board an update on recent and future developments for the Fund's Investments with regard to mitigating Climate Change Risk and a reduction in the Carbon footprint of the assets the Fund holds.

Officers outlined the report to Board Members after which the Chairperson invited questions and comments.

The Chairperson considered that the report was a useful update on policies and investment switches.

Members asked if there were opportunities for training and Officers advised that training was available for Local Pension Board members and Pension Committee Members, they were usually held in the afternoons and lasted 2 hours.

Members discussed the companies that remain in fossil fuels and asked if the LPB ad Investment Panel recognise the initiatives being taken by the companies to move

away from Fossil fuels. Officers explained that Robeco are advocates of the engagement and voter process it was an emotive subject but there needed to be a move to divestment. It was noted that some large fossil fuel companies are also the biggest investors in alternatives and that more and more providers are now Carbon Neutral, there is a balance to be struck. Officers explained that research has shown that companies that take ESG seriously, deliver better returns in the longer term.

Board members stated that while they are concerned with Policy and Implementation, they are pleased to see the direction of travel.

RESOLVED: To note the Funds initiatives in mitigating Climate Change risk and reducing its Carbon footprint and to receiving periodic updates on progress in tackling these issues.

6: 2020/21 Statement of Accounts – for information

This item was to present to the Board for their information the Fund's draft Unaudited Statement of Accounts for 2021/22.

Officers outlined the report to Board Members after which the Chairperson invited questions and comments.

Members were pleased to receive the report, they considered it contained detailed information which was good in terms of training and knowledge.

RESOLVED: To note the report.

7: 2021/22 Business Plan

This item was to present to the Board, for their information, the Fund's final Business Plan for 2021/22 following its approval by the Pension Committee at its meeting on 17 May 2021.

Officers outlined the report to Board Members after which the Chairperson invited questions and comments.

Board members spotted a typographical error on page 4 and Officers were asked to amend this.

Board members asked that items suggested for reconciliation be included in the business plan, including Cyber Security, GMP.

RESOLVED: That the Board note the additional resources for the Pension Section following the approval of the Business Plan for 2021/22 by the Pension Committee.

8: Review of Risk Register

This item enabled Local Pension Board to review the current Risk Register for the Pension Fund before it is submitted to the Pension Committee.

Officers outlined the report to Board Members after which the Chairperson invited questions and comments.

Board members were pleased to see this item being reported regularly to the Board and suggested that once or twice per year the Board could review each Risk individually and the ratings. Officers would discuss when it would be appropriate to do so and to bring back to the Board and Pensions Committee.

It was noted that all risks previously discussed were included on the register as well as ESG which had been added in since the last meeting.

RESOLVED: To note the Risk Register and keep under review.

9: Wales Pension Partnership and Investment Update

This item was to update the Board concerning recent Wales Pension Partnership (WPP) and investment matters for the Cardiff & Vale of Glamorgan Pension Fund (Fund).

Officers outlined the report to Board Members after which the Chairperson invited questions and comments.

It was noted that by the end of the year a significant proportion of the fund would be with the WPP. Officers agreed and explained that less than 15% would remain.

The Chairperson referenced training from Partner funds and Officers stated that work was on going with Hymens Robertson on this.

RESOLVED:

1. That the Board note the developments with the WPP and the Fund's Investments;
2. To note the switch to overseas investments that are inherent and are pleased with the direction of travel.

10: Any Other Business

The Chair reminded Board Members of a number of training opportunities that were available and if they wished to take these up they should contact Jayne Newton.

Date of next meeting

Joint Meeting with LPB and Pensions Committee 23rd November 2021.