



2015

# PENSIONS

ANNUAL REPORT

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**RHONDDA CYNON TAF**  
TREFTADAETH GADARN | DYFODOL SICR

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■ Christopher Lee, C.P.F.A.  
Group Director Corporate and Frontline Services



# Introduction



Welcome to this year's Pension Fund Report, which provides an overview of the Fund's performance and key activities during the 2014/15 year.

I am pleased to report another successful year in respect of investment performance, with the RCT Fund achieving a return above the local authority average. The Fund achieved a return of 15.2% against a WM scheme specific benchmark of 13.2%. This saw the RCT Fund maintain its ranking within the top quarter of local authority pension funds over the last 3 years. Strong equity returns were key to this out-performance, however, equally strong gilt returns will have inflated the Fund's liability values over the same period.

Clearly the budgetary impact of austerity remains a significant concern to many of our Fund Employers. Given this backdrop, maintaining affordable employer contributions over the medium term and leading into the next valuation cycle continues to be at the forefront of our regular monitoring and dialogue with the Actuary.

The 1st April 2014 saw the introduction of the new Career Average Revalued Earnings (CARE) scheme. This brought about its own implementation challenges for both the Fund and Employers alike, particularly at a time of increased early retirement exercises. New scheme annual benefits statements were developed in collaboration with the other Welsh Pension Funds, and were successfully issued prior to the statutory deadline. The first year of 'CARE' experience did prove challenging for year-end data submissions, timely support from our Fund employers during the 2015/16 year-end process will be crucial to our valuation timeline.

In January 2015, Rhondda Cynon Taf Council as 'Scheme Manager' approved the establishment of a new local Pension Board, comprising of two 'employer' representatives and two 'member' representatives. I am pleased to report that the recruitment was concluded during May 2015, and the first meeting of the RCT Pension Fund Board was held in July 2015. The Board fully complies with all statutory requirements and it is anticipated that it will serve to support the ongoing development of governance arrangements for the Fund.

Looking ahead, Central Government continues to focus on the cost of public sector pensions, and the LGPS whilst a funded scheme is not excluded from its considerations. There have been a number of consultations issued, the most recent being a cap on the costs of public sector exit packages. Wider pension policy changes impacting our membership include annual reductions in pension tax relief to both annual and life time allowances, changes to the state pension with removal of contracting out, and 'freedom and choice' legislation.

The Welsh Pension Funds continue to make progress in assessing the potential for investment collaboration in Wales. Independent advisors were appointed to develop a business case for the establishment of a common investment vehicle, with an aim of making efficiencies in investment fees and delivering better returns. The Fund will continue to actively participate in this collaboration in line with its commitment to drive down costs and maintain a valuable, affordable and sustainable scheme.

Thank you for your continued support and I hope that the information contained in the report is helpful; if you feel it could be improved we would welcome your suggestions.

A handwritten signature in black ink, appearing to read 'C Lee'.

Christopher Lee, C.P.F.A., Group Director Corporate and Frontline Services



# Summary

## Participating Employers

Administering Authority
Rhondda Cynon Taf County Borough Council
Admitted Bodies
Agored Cymru
Capita Glamorgan Consultancy
Care Council for Wales
Careers Wales Association
Careers Wales - Mid Glamorgan and Powys Limited
Finance Wales Investment
Finance Wales Plc
Halo Leisure
Local Government Data Unit
Maesteg Town Hall
Merthyr Tydfil Institute for the Blind
Merthyr Valley Homes
Penywaun Enterprise Partnership
RCT Homes
Valleys to Coast Housing
VINCI Construction UK Limited
Welsh Government (former Welsh Development Agency)
Welsh Joint Education Committee (WJEC)

## Definition of Bodies

### Scheduled Bodies

These include County Councils, Police Authorities and the Environment Agency among many others.

### Designated Bodies

Designated bodies, such as Community Councils are required to pass a resolution stating whom within their employment can join the scheme.

### Admitted Bodies

Admitted Bodies can participate in the scheme by means of an admission agreement. These Admitted Bodies may state whether all or some of their employees can join the Scheme.

Scheduled & Designated Bodies
Amgen Cymru
Brackla Community Council
Bridgend College
Bridgend County Borough Council
Bridgend Town Council (no active members at present)
Central South Consortium
Chief Constable South Wales
Coleg Y Cymoedd
Coychurch Crematorium Joint Committee
Garw Valley Community Council
Gelligaer Community Council
Llanbradach Community Council (no active members at present)
Llanharry Community Council (no active members at present)
Llantrisant Community Council
Llantwit Fardre Community Council
Llwydcoed Crematorium Joint Committee
Maesteg Town Council
Merthyr College
Merthyr Tydfil County Borough Council
Police and Crime Commissioner for South Wales
Pontyclun Community Council
Pontypridd Town Council
Royal Welsh College of Music & Drama
South Wales Fire Authority
South Wales Valuation Tribunal
Tonyrefail Community Council
University of South Wales
Wales Probation Trust

# Contributors page (Who's Who)

## **Head of Service Pensions, Payroll & Payments** - Ian Traylor

Ian joined Local Government in 1990 with the former Mid Glamorgan County Council and transferred to Rhondda Cynon Taf during the 1996 re-organisation. Ian has a well-established background in financial control / risk management with a primary career spent in Internal Audit. More recently joined the Pensions Service in 2006 and is an active member of the Pension Fund Investment and Administration Panel.



## **Senior Accountant, Treasury and Pension Fund Investments** - Yvonne Keitch

With 33 years experience within local government, Yvonne is responsible for the administration of the pension fund investments. Yvonne has been the fund's Investment Manager since 1995.



## **Pension Fund Accountant** - Ryan Emmett

Ryan is responsible for the maintenance and closure of the Pension Fund accounts, having gained a BSC in Mathematics from Cardiff University; Ryan has 19 years experience with Rhondda Cynon Taf County Borough Council and has been in his current post since January 2003.



## **Communications** - Catherine Black

Catherine joined us in 2013. Previously she worked in an in-house pension administration department of a large multi-national retailer, where her role involved implementing regulatory changes, calculating member benefits and delivering presentations to scheme members.



# Pension Panel Members

## **Pension Panel Member** - Councillor Forey

Councillor Forey is the Cabinet Member for Health and Adult Services and is the representative for Aberdare East ward.



## **Pension Panel Member** - Councillor Webber

Councillor Webber is Cabinet Member for Council Business and is the representative for Rhydfelin Central electoral ward. Membership of Pension Panel ceased in May 2014.



## **Pension Panel Member** - Councillor Hopkins

Councillor Hopkins is Cabinet Member for Children's Social Services, Equalities and the Welsh Language and is the representative for Llanharan ward. Councillor Hopkins joined the Pension Panel in May 2014.



## **Group Director Corporate and Frontline Services & Section 151 Officer** - Christopher Lee C.P.F.A.

Chris gained a BSC (Honours) degree from Swansea University in 1990 and went on to qualify as a Public Sector Chartered Accountant (CIPFA) in 1995 whilst working as a Group Accountant at Merthyr Tydfil Borough Council.

He joined Rhondda Cynon Taf in 1997 as a Finance Manager and was promoted in 1999 to the post of Chief Accountant for the Council. Chris also gained experience with the Audit Commission in 2001 before rejoining Rhondda Cynon Taf in 2002 as Divisional Director - Finance. He was appointed to Group Director of Corporate Services in March 2014.



## **Director of Financial Services & Deputy Section 151 Officer** - Barrie Davies CIPFA/ACIS

Barrie joined Local Government with Mid Glamorgan County Council in 1985, moving to Rhondda Cynon Taf with re-organisation in 1996. Barrie is an active member of the Investment and Administration Panel and was appointed to his current role in March 2014.



## **Head of Service Pensions, Payroll & Payments** - Ian Traylor

Ian joined Local Government in 1990 with the former Mid Glamorgan County Council and transferred to Rhondda Cynon Taf during the 1996 re-organisation. Ian has a well-established background in financial control / risk management with a primary career spent in Internal Audit. More recently joined the Pensions Service in 2006 and is an active member of the Pensions Investment and Administration Panel.



**Senior Accountant, Treasury and Pension Fund Investments** - Yvonne Keitch

With 33 years experience within local government, Yvonne is responsible for the administration of the pension fund investments. Yvonne has been the fund's Investment Manager since 1995.



**Head of Education and Financial Reporting** - Stephanie Davies F.C.C.A.

Following a career in the private sector, Stephanie joined Rhondda Cynon Taf in 2000 as a Principal Accountant responsible for the production of the Council's statutory accounts. In her current role, one of Stephanie's responsibilities is the management of the Pension Fund Investment team and she became a member of the Pension Fund Panel during 2014.



**Pension Fund Accountant** - Ryan Emmett

Ryan is responsible for the maintenance and closure of the Pension Fund accounts, having gained a BSC in Mathematics from Cardiff University; Ryan has 19 years experience with Rhondda Cynon Taf County Borough Council and has been in his current post since January 2003.



**Carolyn Dobson**

Carolyn Dobson is an Independent Investment Adviser for a number of LGPS funds including the Environment Agency, Staffordshire County Council, Buckinghamshire County Council and the London Borough of Enfield. She is also a trustee of the Avon Pension Scheme. She was a Director of Abbey Asset Management and Murray Johnstone and has had over thirty years experience as a fund manager and investment adviser.



**David Cullinan**

David is a Vice President within WM Performance Services, part of State Street's investment analytics division. Based in Edinburgh, he has been with the organisation for over 30 years. For the last 25 years, David has primarily been concerned with managing client relationships.

He currently has relationships with a wide ranging portfolio of clients spanning public and private sector pension schemes, asset management organisations, life companies and charities.

Today he heads the Performance Consultancy team. This team has a very broad remit of supporting the client management population, governance of technical standards, market segment leadership, ad-hoc consultancy, independent advisorships and importantly, leading relationships with WM's largest and most complex clients.







■ Ian Traylor

Head of Service Pensions, Payroll & Payments



# Administration Report



## Introduction

The last year has been an extremely busy year for the Pension Administration Service, implementing the requirements of the new Career Average Revalued Earnings (CARE) scheme. This is the most significant change to scheme design in recent years. Whilst we prepared for the changes through providing member communication, staff training, etc, the delays in the issue of transitional regulations resulted in the pension benefit software not being fully functional. For the first half of the year, the team were required to produce manual calculations for some benefit types, which inevitably caused some delay.

The high demand on the Service has continued into 2015, with employers undertaking earlier retirement exercises or possible outsourcing options. The Service has endeavoured to meet the employers and scheme members' expectations in this regard, and it has proven to be particularly helpful when employers have provided advance notice.

The newly designed annual benefit statements which included the new first year of CARE benefits were issued successfully during August 2015.

## State Pensions Reform / End of Contracting Out

From 6 April 2016 the state pension system in the UK will change with the introduction of a new single-tier state pension. The new system will apply to individuals who reach their State Pension Age (SPA) on or after 6 April 2016. The Pensions Act 2014 now legislates for the acceleration of SPA from age 66 to 67 for both men and women between 6 April 2026 and 5 April 2028.

As previously communicated, the changes will also see the abolition of contracting out for Defined Benefit Schemes from April 2016. This significant change will result in higher Employer and Employee NI contributions on earnings from April 2016. Employers may wish to inform their employees on this matter, further details on the impact to 'Employee NI contributions' with worked examples can be found on a Factsheet on the Fund's website ([www.rctpensions.org.uk](http://www.rctpensions.org.uk)).

Following the end of contracting out, HMRC will be issuing a statement by December 2018, to all affected individuals stating that they have a Guaranteed Minimum Pension (GMP) liability and where that liability is held. However, prior to this, the Fund has to reconcile its records to those calculated by the HMRC. With around 18,000 pensioners and 20,000 deferred, the scale of this matching exercise is vast and clearly in addition to meeting the resource requirements of our existing key service standards.

## New Governance Arrangements

During the year, the Council as 'Scheme Manager' established a local Pension Board in accordance with legislation. Fund Administration and Investment updates are reported to the Board, who provide an additional layer of governance review.

From 1st April 2015 the LGPS Shadow Scheme Advisory Board, were formally constituted as Scheme Advisory Board. It is intended that this national Board's remit will include consideration of various aspects of investment and pension benefit issues, encourage best practice, increase transparency and coordinate technical and standards issues. Two key areas of work currently being considered by the Board are 'deficit management' and 'cost control', both essential to the sustainability of the scheme.

The Pensions Regulator (tPR) has launched a new section on their website on governance and administration of public service pension schemes. The Regulator has published a 'Code of Practice', which the Fund continually gauges compliance against.

## Actuarial Valuation

The next triennial valuation is 2016, which will set the contribution levels from April 2017. Due to the continued budget pressures faced by many of the Fund employers, together with limited pay growth from a reducing workforce, it is anticipated that the next valuation is likely to be challenging. It is therefore important that accurate year end data is provided in a timely manner to afford the Actuary sufficient opportunity to provide their results and support budget setting processes.

## Data Quality

With the increasing complexity of LGPS regulations, the importance of holding accurate and up to date information is greater than ever. During 2014/15, the Fund introduced a new third party electronic data upload system and trialled this with the largest employer. The Fund will continue working with Employers to ensure appropriate systems are in place to provide the necessary assurances.

## HMRC Pension Tax Changes

The Lifetime Allowance (LTA) is the maximum amount of pension savings that you can build up over your lifetime that benefit from UK tax relief. The level of the standard LTA reduced from £1.5m to £1.25m with effect from 6 April 2014 onwards and will reduce further to £1m with effect from April 2016.

There is still the opportunity to protect any pension savings built up before 6 April 2014 from the LTA charge (for savings over £1.25m to an overall maximum of £1.5m), if you meet the relevant HMRC criteria. Application for Individual Protection (IP2014) can be accessed at [www.hmrc.gov.uk/news/individual-protection.htm](http://www.hmrc.gov.uk/news/individual-protection.htm)

It is anticipated that a similar protection will be available for the further reduction in LTA from April 2016 savings over £1m up to £1.25m

There are also plans to further reduce the Annual Allowance tax relief on pension savings for high earners. The government announced in its Summer Budget 2015 the introduction of a tapered annual allowance for those individuals with an adjusted net income of over £150,000 from April 2016.

The Fund's Communications Team will contact individuals that exceed the tax limits, however this is actioned retrospectively i.e. letters were issued recently in respect of 2014/15 pension input period.

## Automatic Enrolment Guides

During 2015/16 the Fund's smaller Employers that have a PAYE employee base below 50 should be working towards their Auto Enrolment staging date. Further information can be found at the Pension Regulator at [www.thepensionsregulator.gov.uk/employers/what-is-automatic-enrolment.aspx](http://www.thepensionsregulator.gov.uk/employers/what-is-automatic-enrolment.aspx)

The LGA automatic enrolment guides and sample letters have been updated to reflect the latest amendments to the LGPS Regulations, further information can be found at [www.local.gov.uk/web/workforcelibrary/technical-guides](http://www.local.gov.uk/web/workforcelibrary/technical-guides)

The Fund has received two new requests from appropriate small bodies considering the possibility of applying to join the Fund to help meet this pension requirement.

## Freedom of Choice / Transfer Scams

There has been a great deal of information in the media and elsewhere about the Government's announcement in the 2014 Budget that reforms to workplace pensions would be made, effective from 6 April 2015. These reforms offer greater flexibility ('Freedom and Choice') in the way individuals aged 55 in Defined Contribution arrangements can access their pension savings.

Whilst these new freedoms are not applicable to the LGPS, the Fund has experienced more interest in the possibility of transferring out to Defined Contribution arrangements. The law around transfers has therefore been strengthened and requires the Fund to check that an individual has taken appropriate independent advice (who is authorised by the Financial Conduct Authority) prior to releasing a transfer value payment.

Along with such freedoms we have unfortunately seen an increase in pension transfer scams. The tactics used by pension scammers to encourage people to transfer their pension savings to them is constantly changing. Some of the tactics used by pension scammers include offering free pension reviews, health checks and promises of better returns on their savings, pension loans, upfront cash or other promotions to tempt them. Some scammers are also directing members to transfer their pension savings into small (often one or two member) occupational schemes in an attempt to escape scrutiny from regulators.

In response, the Government has setup a website 'Pension Wise' to help raise awareness and inform members of their options. <https://www.pensionwise.gov.uk/>



## Performance Information

The results of key performance indicators identified and agreed by the Pension Panel for the period up to 31st March 2015 are listed in the adjacent table.

## Service Standards

Many Fund employers have undertaken some rationalisation and internal restructuring over the last year and this has increased our workload for producing early retirement costs for employers, along with pension illustrations and retirement packs to members.

Providing this complex information in a timely and accurate manner has proved challenging but the demand has been met without a reduction in our published performance standards or to the detriment of other priority work.

This has been achieved by actively reallocating and targeting resources in line with our key objectives.

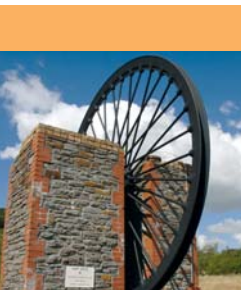
We participate in the Chartered Institute of Public Finance and Accountancy (CIPFA) Benchmarking Club which measures the service provided by Rhondda Cynon Taf Pension Fund against industry standards.

This table shows our actual performance against the benchmark standard.

## Disputes

In line with legislation the Pension Fund has an Internal Disputes Resolution Procedure (IDRP) which deals with formal complaints against the Scheme. During 2014/15 four complaints were received under the procedure, three of these were upheld.

Procedure Description	Performance Target	Intervention Target	Actual Performance	Number of cases Processed
Divorce Estimate (calculation for members)	10 days	95%	97.86%	140
Preserved Benefit (notification to leavers)	10 days	90%	72.03%	2524
Refund of Contributions (payment back to scheme members)	10 days	95%	97.72%	744
Employer Request for Retirement Estimate	5 days	95%	96.14%	1063
Retirement Payment (from active membership)	5 days	95%	95.03%	925
Preserved Benefit into Payment on Retirement	5 days	95%	93.57%	482
Transfer In (calculation from previous pension scheme including late transfer applications)	10 days	90%	78.49%	372
Transfer Out (payment to receiving pension scheme)	10 days	95%	94.79%	480



## Membership of the Fund

### Number of Employers

	Active	Ceased	Total
Scheduled Body	25	21	46
Admitted Body	18	8	26
Total	43	29	72

Fund membership at 31st March is as follows:-

### Number of Contributing Members

Years	2011	2012	2013	2014	2015
Numbers	23510	23669	24969	27432	25491

### Number of Deferred Beneficiaries

Years	2011	2012	2013	2014	2015
Numbers	14607	15966	17758	18831	20255

### Number of Pensioners and Dependants

Years	2011	2012	2013	2014	2015
Numbers	16421	17023	17354	17626	18043

### Number of Undecided Withdrawals

Years	2011	2012	2013	2014	2015
Numbers	2380	2408	2390	2421	2646

### Membership Trends

	2010/11	2011/12	2012/13	2013/14	2014/15	% Increase/ Decrease from 13/14
Active Employers	43	42	44	43	43	
Contributors	23510	23669	24969	27432	25491	-7.08%
Pensioners	13854	14391	14730	15005	15499	+3.29%
Dependants	2567	2632	2624	2621	2544	-2.94%
Deferred Beneficiaries	14607	15966	17758	18831	20255	+7.56%

### Fund Costs per Member

	Cost per member (£)	Cost per member (£)
	2013/2014	2014/2015
Administration	26.24	26.16
Investment Administration Expenses	3.98	3.52
Fund management expenses	85.52	90.89
TOTAL	115.74	120.57

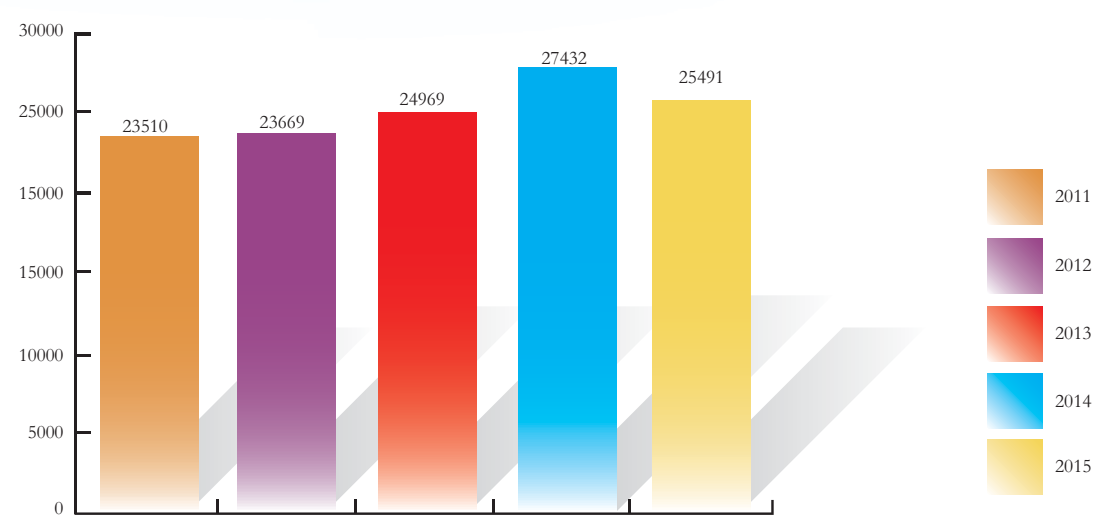
The Pension Fund currently employs 24 full time equivalent staff in administration and 2 in Pension Fund investments and accounts.



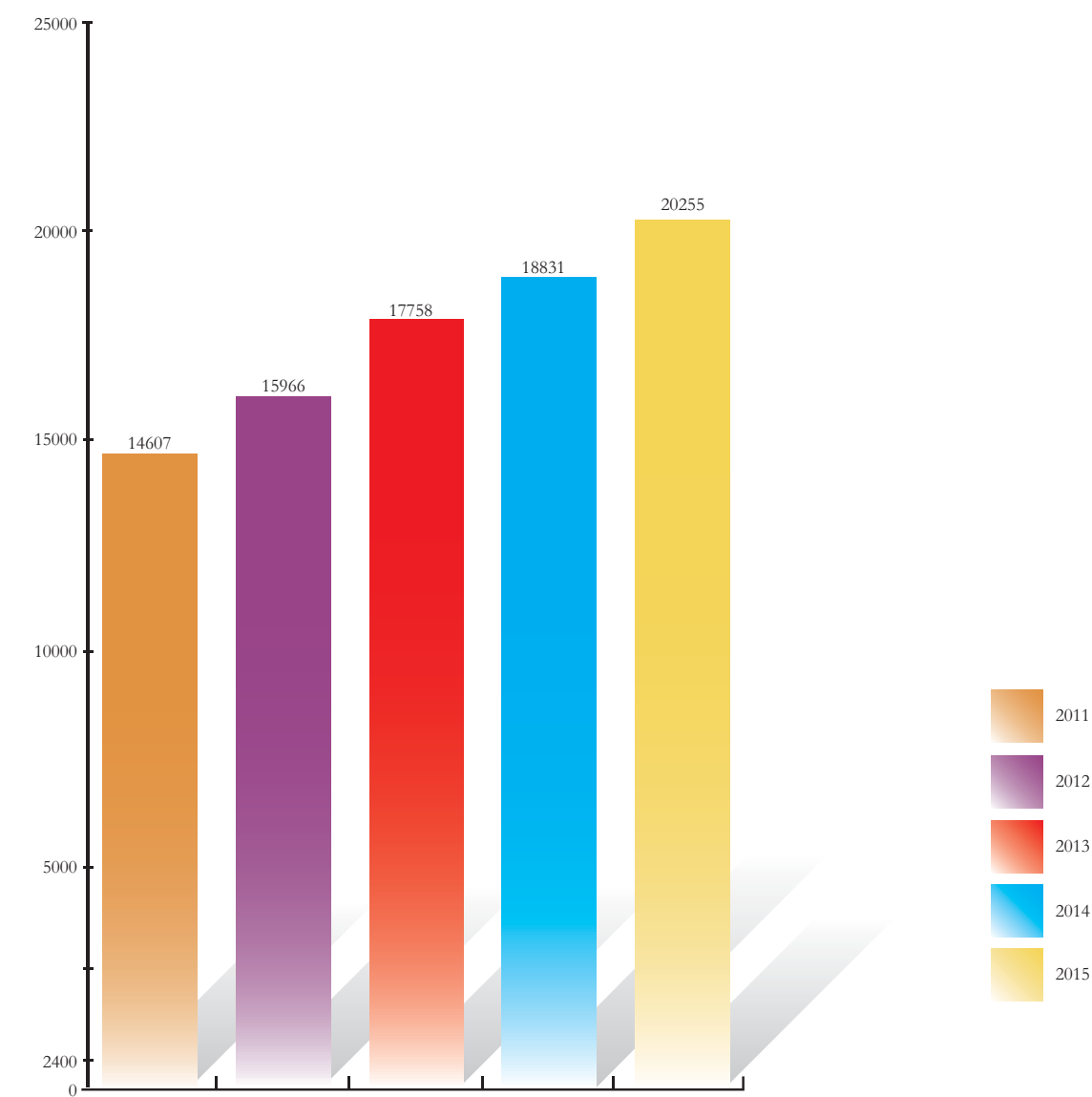
# Membership and Analysis of The Fund

Fund membership at 31st March is as follows: -

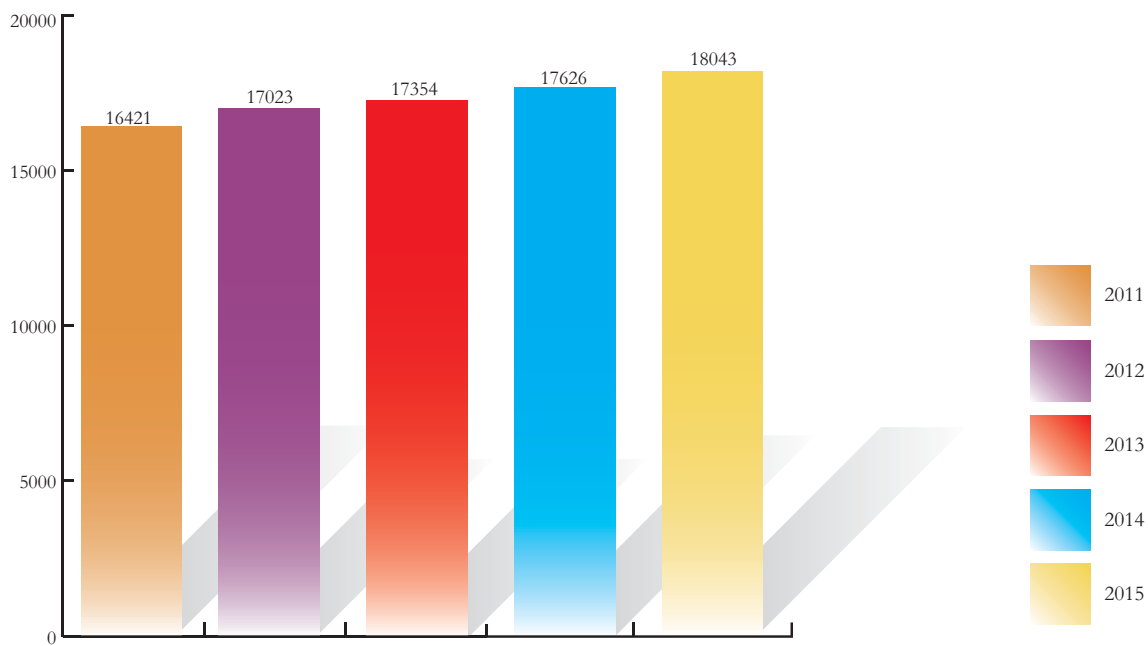
## Number of Contributing Members



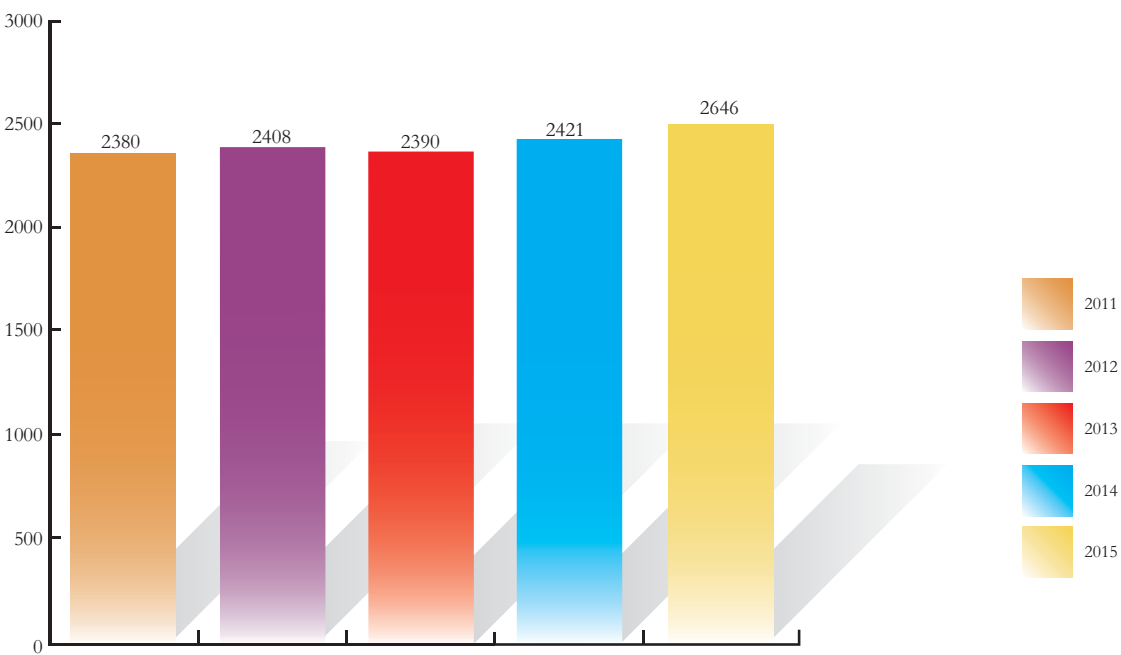
## Number of Deferred Beneficiaries



Number of Pensioners and Dependants



Number of Undecided Withdrawals



## Membership Analysis

### Leavers from active status

	2013	2014	2015
Refund of Contributions	71	110	366
Transfers to other Schemes	5	5	1020
Death in Service	16	28	24
Ill Health Retirements	43	38	32
Early / Normal Retirements	173	161	152
Redundancy / Efficiency Retirements	164	150	445
Flexible Retirements	35	33	28
Late Retirement	76	80	101
Opt Outs	-	577	324
Preserved Benefits	1410	1878	1529
Other Leavers	352	43	74
<b>Total</b>	<b>2345</b>	<b>3103</b>	<b>4095</b>



### Deferred Benefits – Exits

	2013	2014	2015
Transfer to other Schemes	156	165	633
Deaths	18	20	23
Ill Health Retirements	5	8	7
Early / Normal Retirements	294	320	227
Other Benefits	10	0	7
Number of Deferred Members Re-entering the Scheme	6	72	0
<b>Total</b>	<b>489</b>	<b>585</b>	<b>897</b>

■ Yvonne Keitch

Senior Accountant, Treasury and Pension Fund Investments



# Investment Report



## Investment Report

Market returns in 2014/15 were strong across many different asset classes. Equity performance in particular was strong, but varied considerably in different geographical markets. Japan (27.3%) and the US (24.8%) gave the best returns, while the domestic UK markets only managed 6.3%. Bond markets continued to surprise with the UK bond markets delivering 14.5%. Property had a 6th successive positive year, returning 15.8%

At the start of the financial year, the value of the Rhondda Cynon Taf Pension Fund investments was £2,221.4 million. By the 31st March 2015 the Fund had increased in value to £2,391.2 million.

Rhondda Cynon Taf Pension Fund produced a return of 15.2% in 2014/15, well ahead of the local authority average return of 13.2%, ranking in the 17th percentile. Most of the Fund's outperformance has been due to strong equity stock selection. RCT Pension Fund was well ahead of benchmark over 3, 5, and 10 years, ranking in 9th percentile over 3 years, 13th percentile over 5 years, and 11th percentile over 10 years.

## Investment Management

Investment strategy is considered and agreed by the Pension Fund Investment and Administration Panel, which is chaired by the Rhondda Cynon Taf Group Director, Corporate and Frontline Services and consists of two Rhondda Cynon Taf Council Cabinet Members, two independent advisors and other finance officers.

The Panel meets quarterly to determine policy in the light of market movements and to question and challenge the Investment Managers on their performance. The Fund managers carry out the actual day-to-day investment management of the Fund. There are currently eight separate investment mandates.

Baillie Gifford Traditional Equities, Newton High Alpha Equities, Baillie Gifford High Alpha Equities, BlackRock UK Equities, Invesco UK Equities, F & C Bonds, CBRE Real Estate and L & G Passive Equities.

## Investment Performance

For the year ending 31st March 2015, the Fund achieved a return of 15.2% against a WM scheme specific benchmark of 13.9%. The following analysis provides returns by asset class for 2014/15

	Benchmark 2014/15 %	RCT 2014/15 %
UK Equities	6.6	10.9
Overseas Equities		
US	25.1	23.8
Continental Europe	7.7	10.2
Other Intl Equities	13.2	18.7
UK Bonds	13.5	13.4
Overseas Bonds		11.4
Property	5.4	11.8
Cash	0.3	0.4
<b>Total Assets</b>	<b>13.9</b>	<b>15.2</b>



## Fund Manager Performance

The table below shows the relative performance of each manager against their respective benchmarks for the year ending 31st March 2015

	Benchmark %	Manager's Return %
F & C (Bonds)	13.5	13.0
Baillie Gifford (Traditional Equities)	12.2	12.3
Baillie Gifford (High Alpha Equities)	19.0	18.9
Newton (High Alpha Equities)	19.0	19.7
CBRE Real Estate	5.4	11.0
BlackRock (UK Equities)	6.6	11.5
Invesco (UK Equities)	6.6	15.7
Legal & General (Passive Equities)	19.2	19.0

All fund managers have customised benchmarks.



## Details of Fund Managers

The market values of investments held by the fund managers employed by the fund are detailed in the following table.

Fund Manager	Market Value		Proportion of Fund	
	31/03/14 £'000	31/03/15 £'000	31/03/14 %	31/03/15 %
Baillie Gifford (Traditional Equities)	445,289	500,376	20.1	20.9
Baillie Gifford (High Alpha Equities)	410,975	490,510	18.5	20.5
Newton (High Alpha Equities)	326,311	391,312	14.7	16.4
Invesco (UK Equities)	115,614	133,811	5.2	5.6
BlackRock (UK Equities)	105,847	118,218	4.8	5.0
Legal & General (Passive Equities)	196,619	60,230	8.9	2.5
F&C (Bonds)	460,541	521,906	20.7	21.9
CBRE (Property)	131,242	136,172	5.9	5.7
Internal	27,209	36,389	1.2	1.5
<b>Total</b>	<b>2,219,647</b>	<b>2,388,924</b>	<b>100.00</b>	<b>100.00</b>

No single investment accounted for more than 5% of the Fund's assets.

The market value of investments shown in this table includes short-term investments such as cash balances and money deposits, and so differs from the total of long-term investments only.

Investment risk is mitigated by employing a number of fund managers to diversify manager risk, with mandates covering a variety of assets including equities, bonds and property. Managers must maintain a diversified portfolio of investments and comply with the LGPS investment regulations, and any additional restrictions set by the Investment and Administration Panel. The underlying investments are further diversified by country and industry sector.

Each manager's performance is monitored quarterly by the Investment and Administration Panel against a target linked to an asset allocation benchmark, effectively constraining managers from deviating significantly from the intended approach, while still permitting some flexibility to enhance returns.

## Profits and Losses on Investments

For the year ending 31st March 2015, the Fund achieved a return of 15.2% against a WM Local Authority Average of 13.2%, which ranked in the 17th percentile. The Fund's three-year return was 12.7% p.a. against the WM average of 11.1%, ranking in the 9th percentile of Funds measured.

	2013/14 £'000	2014/15 £'000
Profits on sales	73,836	144,676
Losses on sales	(23,887)	(22,453)
<b>Net profit / (loss) on sales</b>	<b>49,949</b>	<b>122,223</b>
Change in market value	41,566	152,880
<b>Net increase/ (decrease) in value</b>	<b>91,515</b>	<b>275,103</b>

## Custodial Arrangements

Rhondda Cynon Taf Pension Fund has appointed State Street to act as custodian for the shares of the pension fund. Shares are held to the order of the custodian for the benefit of Rhondda Cynon Taf. State Street is regulated in the UK by the Financial Conduct Authority.

## Fund Manager and Advisor Fees

Fund manager fees are charged on a reducing scale based upon the market value of the fund. Some managers also have an additional performance fee element, if agreed outperformance targets are achieved.

The Fund's advisors receive a fixed annual fee for their services and attendance at quarterly meetings. Any additional meetings incur an extra charge.

## Analysis of Investments at Fair Value

	2013/14		2014/15	
	£'000	£'000	£'000	£'000
<b>Equities</b>				
UK	324,216		355,911	
Overseas	873,493		1,029,883	
		1,197,709		1,385,794
<b>Fixed interest</b>				
UK	417,446		466,233	
Overseas	18,378		44,115	
		435,824		510,348
<b>Index linked</b>				
UK	13,111		0	
Overseas	0		0	
		13,111		0
<b>Pooled investments</b>				
UK - property	114,103		123,525	
Overseas - property	16,098		10,486	
UK – other	138,599		145,027	
Overseas - other	239,203		117,844	
		508,003		396,882
<b>Total long-term investments</b>		<b>2,154,647</b>		<b>2,293,024</b>

The Pension Fund Investments & Administration Panel has decided that the Fund will not enter into any stock lending arrangements. All investments held are quoted investments, and no assets were reclassified. Carrying values of assets held in the balance sheet are the same as the Fair Values shown above.

All investments above are deemed to be Financial Instruments designated "Fair Value through Profit and Loss". All investment income, profits / losses on disposals of investments, and changes in the value of investments recognized in the Fund Account arise from Financial Instruments designated "Fair Value through Profit and Loss", with the exception of interest on Cash Deposits. Cash Deposits are deemed to be Financial Instruments designated "Loans and Receivables".

## Geographical Spread of the Fund

The Fund Managers invest in shares in a number of countries.

The table below shows the value of shares held by the Fund Managers as at 31st March 2015:

	£'000	%
UK Equities	500,938	21.0
European Equities	287,112	12.0
US and Canadian Equities	563,555	23.6
Japanese Equities	103,869	4.3
Pacific Equities	70,643	3.0
Other International Equities	122,549	5.1
Bonds	510,348	21.3
Property	134,011	5.6
Cash & Equivalents	98,180	4.1
<b>Total</b>	<b>2,391,205</b>	<b>100.0</b>

## Analysis of Investment Income accrued during 2014/15

	UK £'000	Non-UK £'000	Global £'000	Total £'000
Equities	4,806	0	25,655	30,460
Bonds	23,238	624	0	23,863
Property (Direct Holdings)	0	0	0	0
Alternatives	6,436	317	0	6,753
Cash and Cash Equivalents	89	0	0	89
Other	0	0	0	0
<b>Total</b>	<b>34,569</b>	<b>941</b>	<b>25,655</b>	<b>61,165</b>

## Analysis of Fund Assets as at 31st March 2015

	UK £'000	Non-UK £'000	Global £'000	Total £'000
Equities	309,225	0	1,339,441	1,648,666
Bonds	466,233	44,115	0	510,348
Property (Direct Holdings)	0	0	0	0
Alternatives	123,525	10,486	0	134,011
Cash and Cash Equivalents	55,423	0	42,757	98,180
Other	0	0	0	0
<b>Total</b>	<b>954,406</b>	<b>54,601</b>	<b>1,382,198</b>	<b>2,391,205</b>

## Largest Share Holding

The ten largest holdings of each active equity fund manager as at 31st March 2015 are

### Baillie Gifford's (Traditional Equities) Ten Largest Holdings

Share	£'000
St James Place	8,716
Svenska Handelsbanken	8,507
Investor	8,241
Prudential	7,932
Nestle	7,778
GBL	7,051
Atlas Copco	6,700
Ashtead	6,546
British American Tobacco	5,590
Legal & General	5,519

### Baillie Gifford's (High Alpha) Ten Largest holdings

Share	£'000
Royal Caribbean Cruises	18,607
Naspers	17,840
Prudential	16,879
TSMC	11,017
Anthem	10,991
Amazon	10,292
TD Ameritrade	9,886
Ryanair	9,734
Google	8,881
AIA Group	8,732

#### Newton's (High Alpha) Ten Largest holdings

Share	£'000
Apple	11,928
Microsoft	10,836
Express Scripts	10,512
Citigroup	9,489
Bayer	9,081
Novartis	8,642
Google	8,505
Dollar General	8,216
Accenture	8,117
Pfizer	8,166

#### BlackRock's (UK Equities) Ten Largest Holdings

Share	£'000
Compass	9,995
Next	9,800
Reed Elsevier	9,780
Wolseley	8,836
British American Tobacco	8,386
Sky	7,578
Easyjet	6,004
Shire	5,955
Johnson Matthey	4,921
Royal Dutch Shell	4,704





## Statement of Investment Principles

### 1. Overall Responsibility

Rhondda Cynon Taf County Borough Council is the designated statutory body responsible for administering the Rhondda Cynon Taf County Borough Council Pension Fund on behalf of the constituent Scheduled and Admitted Bodies. The Council is responsible for setting investment policy, appointing suitable persons to implement that policy and carrying out regular reviews and monitoring of investments.

The Council has appointed the Group Director - Corporate and Frontline Services with Section 151 responsibilities to exercise delegated powers to make decisions in respect of the Pension Fund investments and administration. An Investment and Administration Panel has been formed to advise him in this capacity. This is made up of:

- Two Councillors
- The Deputy Section 151 Officer
- Head of Education and Financial Reporting
- Head of Service (Pension, Payroll and Payments)
- Senior Accountant, Treasury and Pension Fund Investments
- Accountant, Treasury and Pension Fund Investments
- Independent Advisors

The Panel meets quarterly. The Council is not strictly a trustee (technically, this is the Department for Communities and Local Government) but acts in a quasi - trustee role.

### 2. Primary Objective

The Fund's objective is to provide for members' pension and lump sum benefits on their retirement or for the dependant's benefits on death before or after retirement, on a defined basis.

### 3. Funding Objectives

Rhondda Cynon Taf C.B.C should manage the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the actuarial value of the Fund's assets and that an appropriate level of contribution is agreed by the Authority to meet the cost of future benefits arising.

The assumptions used for this test correspond with the assumptions used in the latest Actuarial Valuation. This position will be reviewed at least at each triennial Actuarial Valuation.

### 4. Investment Objectives

The Fund's objective is to achieve a return on Fund assets which is sufficient, over the long-term, to meet the funding objectives on an ongoing basis.

The Investment and Administration Panel will ensure that one or more investment managers are appointed who are authorised under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 to manage the assets of the Fund.



Contracts / mandates will be in place giving instructions to the Managers as to how the investment portfolio is to be managed.

The Investment and Administration Panel may give specific directions as to the strategic asset allocations and will ensure the suitability of assets in relation to the needs of the Fund. The investment managers (each of which will have a benchmark and target to reflect their mandate) will be given full discretion over the choice of individual stocks and will be expected to maintain a diversified portfolio.

## 5. Kinds of Investments To Be Held

A management agreement is in place for each investment manager which sets out the relevant benchmark, performance target, asset allocation ranges and any restrictions as determined by the Investment and Administration Panel.

As at March 2015 the fund employs the following investment managers:

Traditional equity manager	21%
Global passive equity manager	3%
2 Global high alpha managers	37%
2 UK equity high alpha managers	11%
Fixed Interest Manager	22%
Property Manager	6%

The Investment and Administration Panel has agreed a benchmark which provides an effective balance between risk and return.

The Investment and Administration Panel has agreed not to invest in private equity at the present time.

The Investment and Administration Panel has agreed not to stock lend at the present time.

## 6. Policy on Risk

The adoption of an asset allocation benchmark and the monitoring of performance relative to a performance target constrains the investment managers from deviating significantly from the intended approach, while permitting flexibility to manage the Fund in such a way to enhance returns.

The appointment of more than one investment manager introduces diversification of manager risk.

Each manager is expected to maintain a diversified portfolio of investments and adhere to restrictions imposed within their agreement.

## 7. Expected Return on Investments

The overall investment objective is to maximise investment returns and to minimise employer contributions over the long term within agreed risk tolerances.

The requirement is to move towards 100% funding over a period of time. This is agreed with the Actuary as the average expected future working lifetime of the scheme membership. The funding level is computed triennially, following an actuarial review.

The Fund's assets are managed on an active basis (except the 3% Global Passive Equity mandate) and are expected to outperform their benchmarks over the long term. In this way the investment performance achieved by the Fund is expected to exceed the rate of return assumed by the Actuary in funding the Fund on an ongoing basis.

The Fund's investment managers have been given weighted average benchmarks and targets to reflect their mandates. Both asset allocation and stock selection is monitored. The current targets for each mandate are as follows:-

Portfolio	Portfolio Benchmark Index	Portfolio Target
Traditional equity manager	UK - FTSE All Share US – FTSE All World Europe – FTSE All World Europe Far East – FTSE All World Dev Asia Other Intl – MSCI Emerging Index	Composite Index +1% pa over rolling 3 year period
Global passive equity manager	FTSE A W All World	Index
Global high alpha managers	MSCI All Countries World Index	Index + 2% over rolling 3 year period
UK equity high alpha managers	FTSE All Share Index	Index +2% over rolling 3 year period
Fixed Interest Manager	UK Govn Bonds – FTS UK Govn All Stocks UK Corporate – IBoxx GBP Non Gilts	Composite Index +0.5% pa over rolling 3 year period
Property Manager	RPI	Index +4.5%

Review of the investment managers is ongoing based on the quarterly and annual performance data supplied to the Panel by the WM Company.

## 8. Realisation Of Investments

Fund Managers are required to invest only assets that are readily realisable. Any investment within a pooled fund that is not readily tradeable requires specific approval.

## 9. Socially Responsible Investments

The overriding principle of the Fund's investment policy is to obtain the best possible return using the full range of investments authorised under the Local Government Pension Scheme regulations.

However, the Investment and Administration Panel expects the Fund's investment managers to consider environmental, social and governance issues when assessing investment opportunities.

The incorporation of these factors into investment managers' stock selection decisions should serve to enhance the process, rather than restrict choice in any way. The Fund does not negatively screen stocks from the investment universe available to managers.

The Panel also expects the Fund's active investment managers to proactively engage with the companies that they invest in to encourage good corporate governance.

The Pension Fund is a member of the Local Authority Pension Fund Forum (LAPFF). LAPFF exists to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders while promoting corporate social responsibility and high standards of corporate governance among the companies in which they invest.

## 10. Exercise Of Voting Rights

All the Fund's active equity investment managers are expected to exercise their voting rights to promote good corporate governance and social and environmental responsibility.

The Investment and Administration Panel has agreed a voting template which incorporates best practice governance guidelines. An independent voting agency is employed to monitor and compare the voting records of the managers against this template.

## 11. Custody

Rhondda Cynon Taf C.B.C has appointed a global custodian. All the investments are held by the custodian to the account of the Pension Fund. The Council holds an appropriate working cash balance.

## 12. Advisors

Rhondda Cynon Taf C.B.C has appointed two independent advisors. The Advisors are employed to give strategic advice to the Panel on investment matters.

## 13. Actuary

Rhondda Cynon Taf C.B.C has appointed an independent actuary. The main purpose of the actuary is to ascertain the Fund's financial position.

## 14. Administration

On behalf of Rhondda Cynon Taf County Borough Council, the Group Director, Corporate and Frontline Services exercises continual monitoring of the fund managers' investment related actions and administration. This includes:

- maintaining the investment ledger and suitable accounting procedures for the Fund's assets
- preparing a quarterly report to the Investment and Administration Panel
- preparing an audited annual report and accounts
- maintaining an up to date record of in-house managed cash balances to ensure surplus cash is invested promptly or that resources are available to cover benefit payments

## 15. Pensions Board

Rhondda Cynon Taf C.B.C. has appointed a Pensions Board. The function of the Pensions Board is to assist the Council as 'Scheme Manager' in :-

- Securing compliance with the principal regulations and any other legislation related to the governance and administration of the Local Government Pension Scheme;
- Securing compliance with the requirements imposed in relation to the Local Government Pension Scheme by the Pensions Regulator; and
- Ensuring the effective and efficient governance and administration of the Local Government Pension Scheme by the Scheme manager.

## 16. Fees Of Advisors And Fund Managers

Fund Managers fees are charged on a reducing scale basis based on the market value of the Fund. Some managers have performance related fees. Fees are paid quarterly.

Advisors fees are fixed and are paid quarterly.

## 17. Review Of Structure

The Investment and Administration Panel reviews its structure and composition on a three - yearly basis.

## 18. Annual Business Plan

Rhondda Cynon Taf C.B.C produces annual business plans covering all areas of service including Pensions Administration and Fund Investment.

## Myners Investment Principles - Compliance Statement

### Principle 1. Effective Decision Making

Administering authorities should ensure that:

- Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and
- Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.

Full compliance

### Principle 2. Clear Objectives

An overall investment objective(s) should be set out for the fund that takes account of the scheme's liabilities and the potential impact on local taxpayers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be clearly communicated to advisors and investment managers.

Full compliance

### Principle 3. Risk and liabilities

In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities. These include the implications for local taxpayers, the strength of the covenant for participating employers, the risk of their default and longevity risk.

Full compliance

### Principle 4. Performance assessment

Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisors. Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to scheme members.

Full compliance

### Principle 5. Responsible ownership

Administering authorities should:

- Adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents.
- Include a statement of their policy on responsible ownership in the statement of investment principles
- Report periodically to scheme members on the discharge of such responsibilities.

Full compliance

### Principle 6. Transparency and reporting

Administering authorities should:

- Act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives.
- Provide regular communication to scheme members in the form they consider most appropriate.

Full compliance





■ Ryan Emmett  
Pension Fund Accountant



# Accounts Report



## Fund Account

2013/14		2014/15	
£'000		£'000	£'000
	<b>Dealings with members, employers and others directly involved with the fund</b>		
	<b>Contributions</b>		
(85,906)	Employer contributions	(95,017)	
(27,122)	Member contributions	(26,834)	
<b>(113,028)</b>			<b>(121,851)</b>
(15,216)	<b>Transfers in from other pension funds</b>	(4,068)	
(5,467)	<b>Other income</b>	(8,050)	
<b>(20,683)</b>			<b>(12,118)</b>
	<b>Benefits</b>		
89,430	Pensions	91,700	
17,248	Commutation of pensions and lump sum retirement benefits	25,886	
2,409	Lump sum death benefits	2,855	
<b>109,087</b>			<b>120,441</b>
	<b>Payments to and on account of leavers</b>		
6,805	Transfers out to other pension funds	169,078	
11	Other payments	220	
<b>6,816</b>			<b>169,298</b>
<b>7,675</b>	<b>Management expenses</b>		<b>8,010</b>
<b>(10,133)</b>			<b>163,780</b>
	<b>Returns on investments</b>		
	<b>Investment income</b>		
(23,557)	Income from fixed interest securities	(23,865)	
(25,795)	Dividends from equities	(28,935)	
(470)	Income from index-linked securities	2	
(7,519)	Income from pooled investment vehicles	(8,278)	
(126)	Interest on cash deposits	(89)	
<b>(57,467)</b>			<b>(61,165)</b>
(91,515)	<b>(Profits) and losses on disposal of investments and changes in the value of investments</b>	(275,103)	
			<b>(275,103)</b>
1,339	<b>Taxes On Income</b>		<b>1,363</b>
<b>(147,643)</b>	<b>Net Returns On Investments</b>		<b>(334,905)</b>
<b>(157,776)</b>	<b>Net (increase)/decrease in net assets available for benefits during the year</b>		<b>(171,125)</b>
<b>(2,079,336)</b>	<b>Opening net assets</b>		<b>(2,237,112)</b>
<b>(2,237,112)</b>	<b>Closing net assets</b>		<b>(2,408,237)</b>

## Net Asset Statement

31/03/14		31/03/15	
£'000		£'000	£'000
	<b>Investment Assets</b>		
	Fixed interest securities		
176,791	Public Sector	230,670	
259,033	Corporate Bonds	279,678	
			<b>510,348</b>
1,197,709	Equities		<b>1,385,794</b>
	Index Linked Securities		
13,111	Public sector	0	
	Pooled Investment Vehicles		0
65,569	Open Ended Investment Companies	68,830	
312,233	Managed Funds	194,041	
130,201	Property	134,011	
			<b>396,882</b>
71,969	Cash Deposits		<b>99,024</b>
	Other Investment Balances		
6,236	Accrued interest	6,140	
13,917	Investment debtors	6,338	
1,431	Tax recoverable	2,192	
			<b>14,670</b>
<b>2,248,200</b>			<b>2,406,718</b>
	<b>Investment Liabilities</b>		
(17,355)	Investment Creditors		<b>(5,297)</b>
<b>2,230,845</b>	Net Investment Assets		<b>2,401,421</b>
	<b>Current Assets</b>		
5,618	Contributions Due from Employers	5,489	
1,780	Cash Balances	2,281	
556	Amount owed from RCT	0	
2,215	Other current assets	3,041	
			<b>10,811</b>
	<b>Current Liabilities</b>		
(3,902)	Current liabilities	(3,731)	
0	Amount owed to RCT	(264)	
			<b>(3,995)</b>
<b>2,237,112</b>	<b>Net assets of the scheme available to fund benefits at the period end</b>		<b>2,408,237</b>

The accounts summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year.

A summary of the actuarial position of the scheme, which takes account of these obligations, is included. These accounts should be read in conjunction with that report.

There have been no significant post balance sheet events.



Christopher Lee C.P.F.A

**Group Director Corporate and Frontline Services**

A full and comprehensive report of the Pension Fund Accounts can be obtained on request from Ryan Emmett on 01443 680734.



## Notes to the Pension Fund Accounts

### Introduction

These accounts have been prepared in accordance with the requirements of the CIPFA Code of Practice on Local Authority Accounting 2014/15 which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector. A more detailed Pension Fund Annual Report is available on request from the Group Director Corporate and Frontline Services.

### Accounting Policies

#### Accruals Concept

Where material, accruals are made for employee and employer fund contributions, investment income, benefits paid, administration costs, investment management fees and advisors fees. Transfer values are accounted for on a cash basis, with the exception of material group transfers.

#### Investment Valuation of Financial Instruments

In terms of "Fair Value" all investments have quoted prices in active markets, with the exception of Pooled Property Funds. Listed securities are valued in accordance with IAS 39 – Financial Instruments, using bid prices as at 31st March 2015 obtained from recognised Stock Exchanges. Fixed interest securities are valued "clean", excluding accrued interest. Sterling valuations of securities denominated in foreign currencies are based on closing exchange rates as at 31st March 2015.

Pooled Property Funds are valued using reliable valuation techniques to determine Fair Value. Property valuations are represented by unit prices, based on underlying independent professional valuations. No assets require significant judgements or assumptions to determine Fair Value.

#### Additional Voluntary Contributions (AVC's)

Scheme members may elect to make additional voluntary pension contributions from their salaries. These AVCs are not included in the Pension Fund Accounts in accordance with regulation 5(2)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 1998.

The amount of AVC contributions paid during the year amounted to £1,200k (£1,069k in 2013/14) and the market value of separately invested AVCs at the Balance Sheet date was £6,909k (£6,324k in 2013/14).

#### Acquisition and Disposal Costs

Transaction costs incurred in acquiring or disposing of investments are included as part of the purchase cost or netted off against sales proceeds, as appropriate.

Transaction costs include fees, commissions and duties. Transaction costs incurred during 2014/15 amounted to £0.6m (£0.6m in 2013/14).

In addition to the direct costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the scheme.



## Contributions

### Employers' Contributions

Employers' contribution rates are determined by the Fund's actuary so as to maintain the fund in a state of solvency, having regard to existing and prospective liabilities. Valuations of the Fund's assets and liabilities for this purpose are carried out every three years. The latest valuation was carried out as at 31st March 2013 and the results were implemented from 1st April 2014.

### Employees' Contributions

Employee contributions are tiered, so that higher earners pay a greater percentage of their salary into the scheme. The bands for the year 2014/15 were:

Full Time Equivalent Pay	Contribution Rate
Up to £13,500	5.5%
More than £13,500, up to £21,000	5.8%
More than £21,000, up to £34,000	6.5%
More than £34,000, up to £43,000	6.8%
More than £43,000, up to £60,000	8.5%
More than £60,000, up to £85,000	9.9%
More than £85,000, up to £100,000	10.5%
More than £100,000, up to £150,000	11.4%
More than £150,000	12.5%



From 1st April 2014 there is a 50/50 option which allows members to pay half the normal rate of contributions shown above, and build up pension at half the normal rate.

## Contributions Receivable and Benefits Payable

Contributions received and benefits paid are shown in the table below.

Type of Body	Employee Contributions		Employer Contributions		Pensions, Lump Sums and Death Benefits	
	2013/14 £'000	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000	2014/15 £'000
Administering	8,596	8,541	28,966	29,046	24,444	33,142
Admitted	2,828	3,091	12,417	13,437	10,465	12,258
Scheduled	15,698	15,202	44,523	52,534	74,178	75,041
<b>Total</b>	<b>27,122</b>	<b>26,834</b>	<b>85,906</b>	<b>95,017</b>	<b>109,087</b>	<b>120,441</b>

Included in employer contributions are £16,811k of deficit funding contributions (£9,099k in 2013/14) and £262k of augmented contributions (£27k in 2013/14).



## Contributions Received From Employers

	Employer Contributions (£)	Employee Contributions (£)
Agored Cymru	16,683	4,223
Amgen Cymru (Cynon)	199,492	71,338
Brackla Community Council	8,378	3,172
Bridgend County Borough Council	16,278,054	4,843,889
Bridgend College	860,497	324,791
Capita Glamorgan Consultancy	210,493	72,043
Care Council For Wales	641,785	180,359
Careers Wales Association	35,363	13,219
Careers Wales Mid Glam & Powys	953,784	174,471
Chief Constable South Wales	17,208,246	3,628,687
Coleg Y Cymoedd	1,146,027	448,154
Coychurch Crematorium	54,508	13,917
Finance Wales Investment	405,809	171,940
Finance Wales Plc	286,325	112,306
Garw Valley Community Council	4,316	1,690
Gelligaer Community Council	2,571	915
Halo Leisure Services Ltd	265,612	93,907
Joint Education Service	522,777	267,965
Llantrisant Community Council	12,227	2,869
Llantwit Fardre Community Council	16,634	4,754
Llwydcoed Crematorium	30,935	9,229
Local Govt Data Unit	89,179	46,216
Maesteg Town Council	46,211	1,900
Maesteg Town Hall	12,197	777
Merthyr Blind Institute	28,509	5,087
Merthyr College	326,865	144,934
Merthyr Tydfil County Borough Council	8,137,289	2,122,505
Merthyr Valley Homes	423,429	271,322
Penywaun Enterprise Council	36,081	6,494
Police & Crime Commissioner South Wales	82,309	50,164
Pontypridd Town Council	49,599	12,964
Pontyclun Community Council	8,930	2,657
RCT Homes	880,575	496,275
Rhondda Cynon Taff County Borough Council	29,045,635	8,540,974
Royal Welsh College Of Music & Drama	295,936	183,672
S Wales Valuation Tribunal	27,361	7,118
South Wales Fire Authority	1,477,906	493,951
Tonyrefail Community Council	20,976	6,118
University Of South Wales	4,954,842	2,248,891
Valleys To Coast Housing	430,394	198,830
Vinci Construction UK Ltd	15,692	5,012
Wales Probation Trust	761,627	305,308
Welsh Gov (Former WDA)	6,233,674	722,169
WJEC	2,471,353	516,775
<b>Total</b>	<b>95,017,085</b>	<b>26,833,951</b>

Over 98.4% of contributions, in monetary terms, were received on time. Contributions were received late on 36 occasions. Contributions received are monitored on a monthly basis and employers contacted if statutory deadlines are missed.

## Taxation

As a registered public service scheme the pension fund is exempt from UK income tax and capital gains tax. Overseas investment income incurs withholding tax in the country of origin unless exemption is granted.

Irrecoverable tax is accounted for as an expense in the Fund Account, with any recoverable tax shown as an asset in the Net Assets Statement.

There is a small liability to income tax on refunds of contributions and compounded pensions (small pensions converted into lump sums). These amounts are paid to HMRC on a quarterly basis.

VAT is recoverable on all activities, so the accounts are shown exclusive of VAT

## Management Expenses

The management expenses borne by the Fund in 2014/15 are set out below:

	2013/14 £'000	2014/15 £'000
Fund Management Expenses	5,671	6,038
Investment Administration Expenses	264	234
Pension Administration Expenses	1,740	1,738
<b>Total</b>	<b>7,675</b>	<b>8,010</b>

This represents 0.33% (0.34% in 2013/14) of the value of the Pension Fund as at 31st March 2015.

## Transactions with Related Parties

In the course of fulfilling its role as administering authority to the Fund, Rhondda Cynon Taf CBC provided services to the Fund for which it charged £1.4m (£1.3m in 2013/14). These costs are mainly in respect of those staff employed in ensuring that the pension service is delivered.

At the year-end, contributions outstanding from the Employing Bodies in the Fund amounted to £5.5m (£5.6m in 2013/14), of which £4.1m related to employer contributions and £1.4m to employee contributions.

There are members of the Pension Fund Administration and Investment Panel and the Pension Fund Board that are also members of the Rhondda Cynon Taf Pension Fund.

## Contingencies

There is a contingent liability of £348k (£350k in 2013/14) in respect of refundable contributions for leavers who have not yet claimed refunds.

## Other Income

Fund Account 'Other Income' comprises of the following:

	2013/14 £'000	2014/15 £'000
Capital charge for early access to retirement benefits	3,317	7,736
Closing Valuation Deficit Payments	1,998	177
Reimbursements re former Glamorgan CC	150	131
Other	2	6
<b>Total</b>	<b>5,467</b>	<b>8,050</b>

## Other Payments

	2013/14 £'000	2014/15 £'000
Refunds of contributions	11	173
State scheme premiums	0	47
<b>Total</b>	<b>11</b>	<b>220</b>

## Group Transfers

The Fund transferred £164m of equity investment assets to the Greater Manchester Pension Fund in respect of the Probation Service.

The Fund received £624k from the Welsh Government in respect of the South Wales Sea Fisheries.

## **Audit Opinion**

### **Auditor General for Wales Statement to the Members of Rhondda Cynon Taf County Borough Council**

I have examined the pension fund accounts and related notes contained in the 2015 Annual Report of Rhondda CynonTaf Pension Fund to establish whether they are consistent with the pension fund accounts and related notes included in the Statement of Accounts produced by Report of Rhondda Cynon Taf County Borough Council for the year ended 31 March 2015, which were authorised for issue on 30 September 2015. The pension fund accounts comprise the Fund Account and the Net Assets Statement.

### **Respective responsibilities of the Administering Authority and the Independent Auditor**

The Administering Authority, Rhondda Cynon Taf County Borough Council, is responsible for preparing the Annual Report. My responsibility is to report my opinion on the consistency of the pension fund accounts and related notes contained in the Annual Report with the pension fund accounts and related notes included in the Statement of Accounts of the Administering Authority. I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any misstatements or material inconsistencies with the pension fund accounts. This other information comprises Administration Report, Investment Report, Accounts Report, Actuary's Report and Communication Report. I conducted my work based on the requirements of Bulletin 2008/3 issued by the Financial Reporting Council. My report on the pension fund accounts and related notes included in the Statement of Accounts produced by Rhondda Cynon Taf County Borough Council describes the basis of my opinion on those accounts.

## **Opinion**

In my opinion the pension fund accounts and related notes included in the Annual Report of Rhondda Cynon Taf Pension Fund are consistent with the pension fund accounts and related notes included in the Statement of Accounts produced by Rhondda Cynon Taf County Borough Council for the year ended 31 March 2015, which were authorised for issue on 30 September 2015 on which I issued an unqualified opinion.

I have not considered the effects of any events between the date on which I issued my opinion on the pension fund accounts included in the authority's Statement of Accounts, 30 September 2015 and the date of this statement.

For and on behalf of  
Huw Vaughan Thomas  
Auditor General for Wales  
24 Cathedral Road  
Cardiff  
CF11 9LJ

# Actuary's Report



## Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Rhondda Cynon Taf County Borough Council Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial review into the financial position of the Fund was completed as at 31 March 2013 by Aon Hewitt Limited, in accordance with Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008.

## Actuarial Position

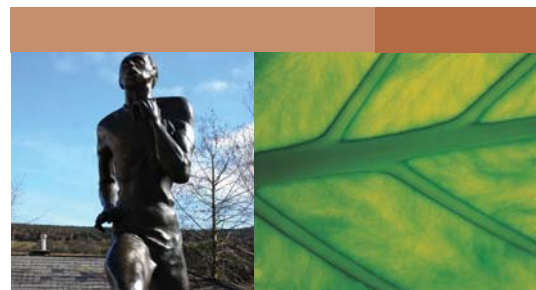
1. The valuation as at 31 March 2013 showed that the funding ratio of the Fund had increased since the previous valuation with the market value of the Fund's assets (of £2,080.4M) covering 78% of the liabilities allowing, in the case of current contributors to the Fund, for future increases in pensionable remuneration.
2. The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2014 is:
  - 13.8% of pensionable pay p.a. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date.

Plus

- Monetary amounts to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 25 years from 1 April 2014, amounting to £29.4M in 2014/2015, and increasing by 3.9% p.a. thereafter.

This would imply an average employer contribution rate of about 20.6% of pensionable pay in total, if the membership remains broadly stable and pay increases are in line with the rate assumed at the valuation of 3.9% p.a.

3. In practice, each individual employer's position is assessed separately and contributions are set out in Aon Hewitt Limited's report dated 31 March 2014 (the "actuarial valuation report"). In addition to the contribution rate shown, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.
4. The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement. The approach adopted, and the recovery period used for each employer, is set out in the actuarial valuation report.





5. The valuation was carried out using the projected unit actuarial method for most employers and the main actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in Service	
In service	
Scheduled Bodies	5.6% p.a.
Admission Bodies	5.2% p.a.
Discount rate for periods after leaving service	
Scheduled Bodies	5.6% p.a.
Admission Bodies	3.6% p.a.
Rate of long term pay increases *:	3.9% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension):	2.4%p.a.

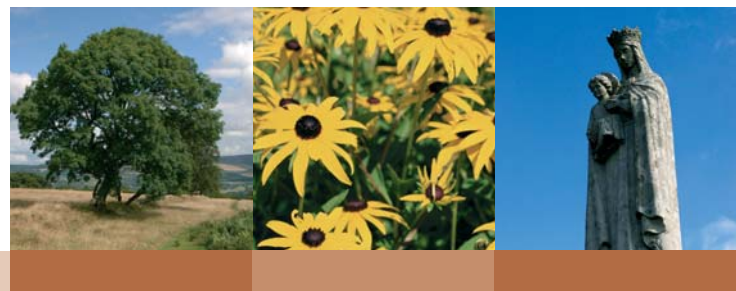
\* A short term Pensionable Pay increase assumption was adopted for scheduled bodies of 1.0% p.a. for the three year period after the valuation date.

The assets were valued at market value.

Further details of the assumptions adopted for the valuation were set out in the actuarial valuation report

6. The valuation results summarised above are based on the financial position and market levels at the valuation date, 31 March 2013. As such the results do not make allowance for changes which have occurred subsequent to the valuation date.

7. The formal actuarial valuation report and the Rates and Adjustments certificate setting out the employer contribution rates for the period from 1 April 2014 to 31 March 2017 were signed off on 31 March 2014. Contribution rates will be reviewed at the next actuarial valuation of the Fund due at 31 March 2016 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.



8. This Statement has been prepared by the current Actuary to the Fund, Aon Hewitt Limited, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2013. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon Hewitt Limited does not accept any responsibility or liability to any party other than our client, Rhondda Cynon Taf County Borough Council, the Administering Authority of the Fund, in respect of this statement.

**Aon Hewitt Limited**

21 August 2015

9. The actuarial valuation report is available on the Fund's website at the following address:

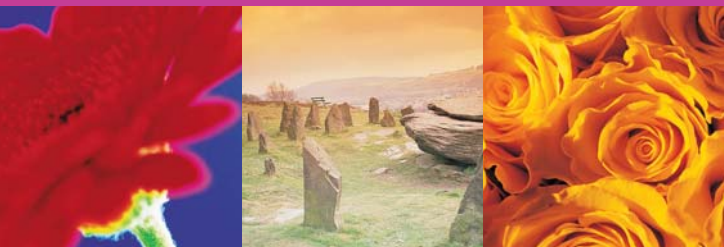
<http://www.rctpensions.org.uk/EN/RelatedDocuments/Governance--Investments/2013-Valuation-Report.pdf>



■ Catherine Black  
Communications



# Communication Report



## Annual Meetings

The 2014 Annual General Meeting was held in November with representatives from our major fund employers attending. Presentations covered Legislative Updates and Pension Fund Performance.

## Helpdesk

Our Helpdesk continues to assist with pension queries and calls can be made between the hours of 9 a.m. to 5 p.m. Monday to Friday.

You can contact the Helpdesk on **01443 680 611**

## Website

The Pension Fund website has proved to be a useful tool to communicate with members. It contains information for existing and previous members as well as pensioners. All pension fund literature is up-loaded to the site and content is kept up to date with changes. Commonly used forms are available to download. The Helpdesk regularly refers members to the web-site to download forms or to get information.

The website can be viewed at [www.rctpensions.org.uk](http://www.rctpensions.org.uk)

## Presentations

The Communications Team is happy to provide seminars based on the following lifestyle changes: -

- Induction
- Mid Life Planning
- Pre Retirement

## Prudential

Our Regional Prudential Workplace Consultant has links to a number of the larger Fund employers and runs annual seminars which explains the LGPS and the importance of planning for retirement and the benefits of paying AVC's.

## Annual Benefit Statements

In line with regulations the Fund issues Annual Benefit Statements to all active and deferred members. The statements for the 2014/2015 scheme year were issued within the deadline required by the scheme regulations and complied with Shadow Advisory Board Guidance.

Both deferred and active statements were re-designed on an All Wales basis to reflect the introduction of LGPS2014. A Notes of Guidance booklet accompanied each statement. The active member statements include details of the pension built up, both in the final salary section and CARE section, and projections to Normal Pension Age.

## Home Visits

In cases of Serious Ill Health, a representative of the Pension Section will attend a home visit in conjunction with Human Resource representatives if appropriate.

## Electronic Communications

The RCT Fund website has been updated during the year with updates on the new Freedom and Choice legislation which came into affect on 1st April 2015.

The LGA regularly produces Factsheets covering different topics and these are available via the RCT Fund website.

Email continues to be a popular method of communicating with the department

The introduction of Member Self Service continues to be investigated which will allow members to update certain information and be able to run retirement projections. The facility also offers the opportunity to send communications, such as newsletters or Annual Benefit Statements to members.

The System Administration team is looking into improving the way that we receive information from employers using existing and new software.

## LGPS 2014

The Local Government Pension Scheme Regulations 2013 were laid before Parliament on 19th September 2013 which outlined the structure of the LGPS from 1st April 2014.

- Benefits are based on Career Average Re-valued Earnings (CARE)
- Accrual rate of 1/49th
- Definition of pensionable pay to include non-contractual overtime
- Introduction of a new 50/50 option where members can pay less for short periods of time and build up pension at half the rate they would normally
- Increased contribution rates for higher earners
- Normal Pension Age linked to State Pension Age

Benefits from membership in the scheme prior to April 2014 will maintain a final salary link with a members final salary (based on the pensionable pay definition in force before April 2014) being determined when they leave the scheme.

The RCT Pension Fund website includes a link to [www.LGPS2014.org](http://www.LGPS2014.org) which has been set up and maintained by the Local Government Association as a central source of information. This central website includes calculators which members can use to calculate the cost and benefits of moving to the new 50/50 section and the cost of buying additional pension.

The Communication and Administration Teams continually review our processes and correspondence to ensure that the Fund is compliant with the regulations, that the details we receive from employers when members join or leave the fund include the information required and that our members fully understand how their benefits are calculated.

We have maintained our communications with our contributing employers so that they are kept up to date with changes to the LGPS and any other relevant technical changes. During the year the Communications Manager ran training sessions with a number of employers so that they were aware of the changes to the scheme and the subsequent impact on their administration and payroll processes. In preparation for the first End of Year submission training sessions were run for employers to help them understand their reporting requirements.

## Cost of Living Increases

Pensions payable to members who retire on health grounds and to members' spouses and children are increased annually in line with the Consumer Price Index (CPI).

Pensions payable to other members who have reached the age of 55 also benefit from annual inflation proofing. Where a pensioner has an entitlement to a Guaranteed Minimum Pension (relating to membership up to 5 April 1997), some or all of the statutory inflation proofing may be provided by the Department of Work and Pensions.

**The 2014/2015 increase was 1.2%**

# Pension Fund Governance

Administering authorities must ensure that existing governance arrangements are maintained and developed to help support the decision making process.

The Governance arrangements for the Rhondda Cynon Taf Pension Fund are summarised and clarified in a number of key documents that relate to the effective stewardship of the Fund.

- An overarching Governance Statement of Compliance that indicates the Fund's position against the Government's best practice standards
- A Governance Policy Statement which provides an overview of the management structure, decision making and employer engagements within the scheme
- We are committed to providing a comprehensive communication and information service to participating employers and members of the pension scheme and services we provide can be found in our Communications Policy Statement.

- A Pension Administration Strategy which seeks to improve efficiency in the delivery of agreed standards of quality and to ensure compliance with statutory requirements
- The Statement of Investment Principles which shows, in detail how we manage the Fund's investments.
- The Funding Strategy Statement which provides a summary of how we will fund our pension liabilities and includes an overview of how any risks to the fund are identified, managed and reviewed.
- The 2013 Valuation Report which explains the assumptions, data and the results of the latest valuation exercise

**All of these documents can be found under the Governance & Investment section of our pension website, or alternatively, please contact our helpdesk for a copy.**



# Local Pension Board

In accordance with the Public Services Pensions Act 2013 the Pension Fund is required to appoint, by 1st April 2015, a Local Pension Board to assist Rhondda Cynon Taf County Borough Council Administering Authority as 'Scheme Manger' in -

- Securing compliance with the Principal Regulations and any other legislation relating to the governance and administration of the LGPS;
- Securing compliance with the requirements imposed, in relation to the LGPS, by the Pensions Regulator; and
- Ensuring the effective and efficient governance and administration of the LGPS by the Scheme Manager

## Membership of the Pension Board

The Pension Board consists of 4 members and is constituted as two employer representatives and two member representatives:

### Employer Representatives:

Responsible for representing all the Fund Employers (Scheduled, Designated, and Admitted Bodies)

- Mr Hugh Coombes (Chair), University of South Wales
- Mr Gwyn William, South Wales Police Authority

### Member Representatives:

Responsible for representing all Scheme Members (Active, Deferred, and Pensioner Members)

- Mr Rob Whiles, Pensioner
- Mrs Angela Pring, Active Member and Trade Union (Unison) representative

## Role of the Pension Board

The first core function of the Board is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme. Within this extent, the Board will consider areas including, but not restricted to:

- Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.
- Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Pension Regulators Code of Practice.
- Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Pension Regulators Code of Practice.

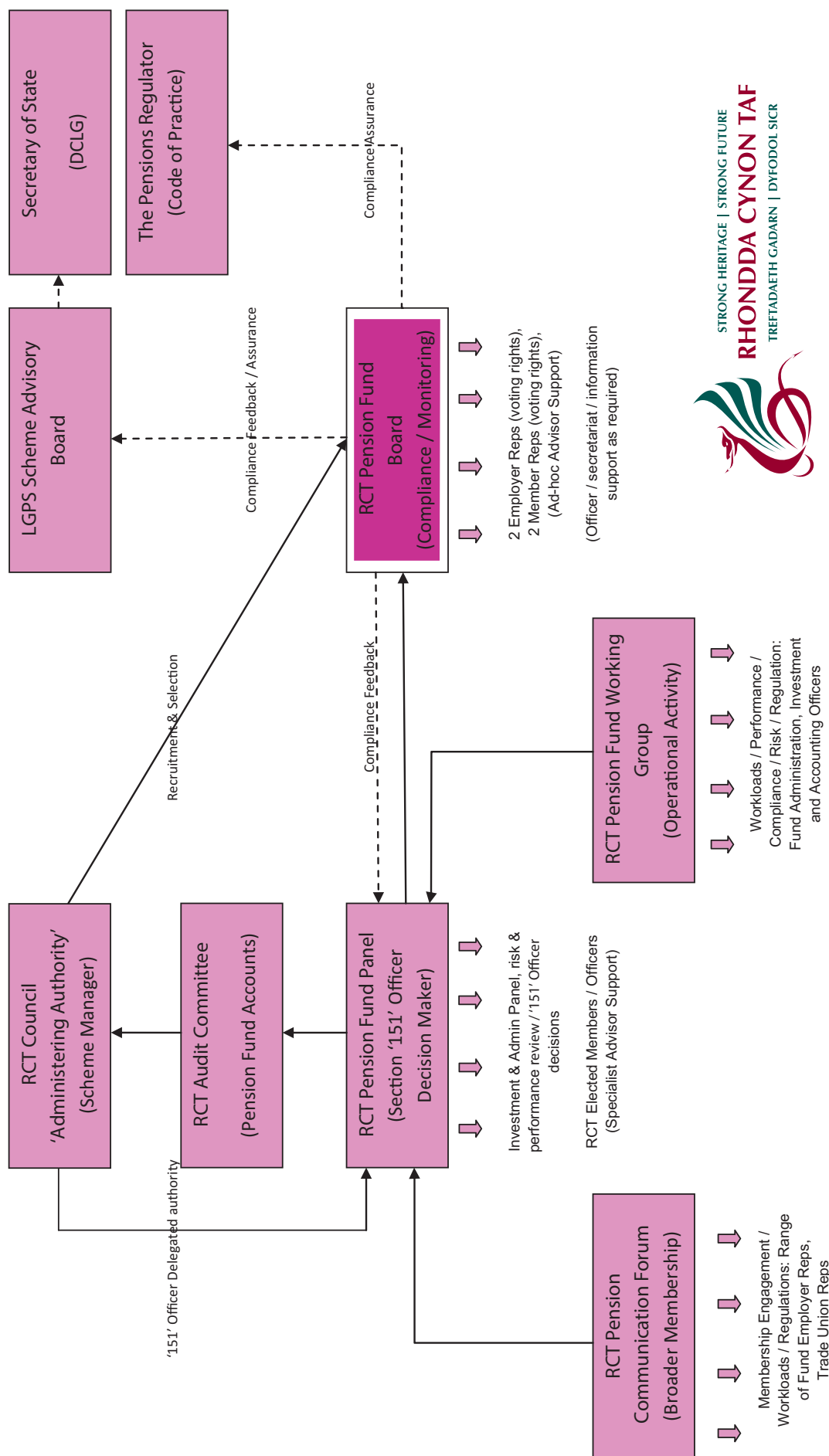
The second core function of the Board is to ensure the effective and efficient governance and administration of the Scheme. Within this extent, the Board will consider areas including but not restricted to:

- Assist with the development of improved customer services.
- Monitor performance of administration, governance and investments against key performance targets and indicators.
- Monitor internal and external audit reports.
- Review the outcome of actuarial reporting and valuations.



## Rhondda Cynon Taf Pension Fund Governance Structure

Including the New Pension Board from 01<sup>st</sup> April 2015



## Pension Panel Attendance 2014/15

This table shows the attendance at meetings during the year

	Investment and Administration Panel (Total meetings held = 4)	Pension Fund Working Group (Total meetings held = 4)	Pension Fund Communications Forum (Total meetings held = 2)	Pension Fund Discretion Panel (Total meetings held =1)
Cllr Forey	4	-	-	-
Cllr Cllr Hopkins	2	-	-	-
Chris Lee	4	-	-	-
Barrie Davies	4	4	2	-
Nick Jones	-	4	1	1
Ian Traylor	4	4	2	1
Stephanie Davies	4	4	0	1
Yvonne Keitch	4	4	2	-
Ryan Emmett	4	4	-	-
Denise Stone	-	4	2	-
Catherine Black	-	4	2	-

## Knowledge and Skills

To identify the skills required by decision makers for the Local Government Pension Scheme CIPFA have developed a knowledge and skills framework which the Fund have adopted to ensure all panel and working group members have the required level of knowledge. The core requirements are

- Pensions legislative and governance context
- Pensions accounting and auditing standards
- Financial services procurement and relationship management
- Investment performance and risk management
- Financial markets and products knowledge
- Actuarial methods, standards and practices

Members of panels and working groups for the Rhondda Cynon Taf Fund regularly attend training sessions to ensure a full understanding of the Local Government Pension Scheme, including legislation, scheme benefits, investment strategy, actuarial methods and pensions accounting.



The table below outlines the training received during the year

Audience	Area of Framework	Delivered by	Date
Senior Accountant Pension Fund & Treasury Management and Accountant Pension Fund & Treasury Management	Financial Markets and Products Knowledge	Finance Wales Group covering local infrastructure	3rd June 2014
Members of Pension Administration and Investment Panel	Investment Performance and Risk Management Financial Markets and Products Knowledge Pensions Legislative and Governance Context	Fund Managers	23rd June 2014
Members of Pension Administration and Investment Panel	Investment Performance and Risk Management	WM (performance management company)	23rd June 2014
Pensions Team Manager	Pensions Legislative and Governance Context	Heywood Governance Webinar	27th June 2014
Head of Financial Reporting	Pensions Legislative and Governance Context	Pension regulation changes	June 2014
Pensions Administration Manager and Pensions Team Manager	LGA training on the 2014 Regulations Pensions Legislative and Governance Context	Chair of All Wales Pensions Officer Group	Quarterly
Members of Pension Administration and Investment Panel	Pensions Legislative and Governance Context	DCLG consultation paper review	July 2014
Pensions Team Manager and Pensions Communications Manager	Pensions Legislative and Governance Context	Heywood AGM	1st and 2nd July 2014
Senior Accountant Pension Fund & Treasury Management and Accountant Pension Fund & Treasury Management	Financial Markets and Products Knowledge	Albion Community Power	7th July 2014
Senior Accountant Pension Fund & Treasury Management and Accountant Pension Fund & Treasury Management	Financial Markets and Products Knowledge	Riscura meeting covering Emerging Markets & Africa	17th July 2014
Group Director of Corporate Services and Director of Financial Services	'Investing for Growth' Pensions Legislative and Governance Economic & Market Outlook, Financial Markets and Products	LGC Investment Summit	9-10 September 2014
Members of Pension Administration and Investment Panel	Investment Performance and Risk Management Financial Markets and Products Knowledge Pensions Legislative and Governance Context	Fund Managers	29th September 2014
Head of Financial Reporting, Councillors of Panel	Investment Performance and Risk Management Financial Markets and Products Knowledge Pensions Legislative and Governance Context	Local Government Association	21 October 2014, 18th November 2014, 9th December 2014
Head of Education & Financial Reporting and Head of Service Pensions, Payments and Payroll	Pensions Legislative and Governance Context	Literature on draft regulations and guidance relating to governance together with advice from RCT's Legal Department.	December 2014 to March 2015
Group Director, Corporate Services, Director of Financial Services, Head of Education & Financial Reporting and Head of Service, Pensions Payroll and Payment	Actuarial Methods, Standards and Practices Pensions Legislative and Governance Context	Aon Hewitt	3rd December 2014

Audience	Area of Framework	Delivered by	Date
Pensions Administration Manager and Pensions Team Manager	Pensions Legislative and Governance Context Actuarial Methods, Standards and Practices	South Wales POG	16th December 2014
Head of Service, Pensions, Payroll and Payment, Pensions Administration Manager, and Pensions Communications Manager	Pensions Legislative and Governance Context	Western Union	6th January 2015
Head of Education & Financial Reporting, Senior Accountant Pension Fund & Treasury Management and Accountant Pension Fund & Treasury Management	Financial Markets and Products Knowledge	Arlingclose Treasury Management Consultants	2nd February 2015
Director of Financial Services	Pensions Legislative and Governance Context Financial Markets and Products Knowledge Actuarial Methods, Standards and Practices	LGC Conference	26th February 2015
Members of Pension Administration and Investment Panel	Investment Performance and Risk Management Financial Markets and Products Knowledge Pensions Legislative and Governance Context	Fund Managers	2nd March 2015

## Risk

The primary objective of the Fund is to ensure that there are sufficient assets to match pension scheme liabilities, accrued in accordance with past and present LGPS scheme design. In evaluating the risks associated with this objective, the Fund through its governance arrangements and discussion with the appointed Actuary, produce a Statement of Investment Principles, a Funding Strategy Statement and agree prudent valuation assumptions on a triennial basis. Whilst recognising that scheme contributions, investment and liability discharge are by nature, long term, the 'Funding' position is nevertheless reviewed and progress monitored throughout each valuation cycle.

A robust approach to 'Risk Management' is a fundamental principle within the Fund's governance framework. To help discharge this responsibility, risks are identified, monitored and control measures

implemented to help mitigate the likelihood or impact of such risks materialising. The Fund's Risk Register captures all risks, under the following categories; Funding, Investment, Governance, Operational and Regulatory. A copy of the RCT Fund's Risk Register can be obtained from the Fund website.

The Fund operations are subject to annual audit by both external and internal audit parties, where the robustness of our control mechanisms, procedures and accounting are independently scrutinised and reported to audit committee.

The Fund also participates in the National Fraud Initiative (NFI), where substantial data matching exercises are conducted across government data sources, identifying items requiring further investigation.

# Partners

## Scheme Actuary - Aon Hewitt Limited

The primary role of the actuary is to provide the fund with information about the fund's liabilities and the best way of meeting these liabilities. A valuation of the fund takes place every three years that enables the actuary to calculate liabilities versus the fund's assets. The actuary will then recommend appropriate contribution rates for employers to help prevent any future shortfalls.

Hewitt were appointed as the scheme's actuary in October 2003.



## Fund Managers

The investment of the Pension Fund's assets is the responsibility of external Fund Managers appointed by the Fund. These Fund Managers are given specific mandates and performance targets, which are monitored by the Rhondda Cynon Taf Investments Panel at quarterly meetings.

## Baillie Gifford Asset Management

Baillie Gifford is an Edinburgh based investment management partnership founded in 1908. They were appointed by the fund to manage global equities in 2005, and now have two separate equity mandates.



## BlackRock Investment Management

BlackRock is one of the largest asset management firms in the world, across a broad range of investment assets. They were appointed to a UK equity mandate by the fund in 2010.



## F & C Management

F&C is a major asset management company and a leading authority on responsible investments. Their relationship with the fund originally dates from 1994, and they currently manage a global bond mandate.



## CBRE

CBRE is the world's leading commercial real estate advisor. They have managed a property portfolio for the fund since they acquired the previous manager ING in October 2011.



## Invesco Perpetual

Invesco Perpetual is an investment company based in Henley-on-Thames. They were appointed in 2010 to manage a UK equity mandate for the fund.



## Legal & General Investment Management

Legal & General Investment Management is a major investment manager, and one of the largest index-tracking managers in the world. They were appointed by the fund to manage a global passive equity/bond mandate in 2010.



## Newton Investment Management

Newton is a major investment house, best known for its distinctive thematic investment approach. They have managed a high-performance global equity mandate for the fund since 2008.



## State Street

State Street is a leading U.S. based provider of financial services to institutional investors. State Street provides a custody and performance measurement service for the RCT Pension Fund



## Wales Audit Office

The Wales Audit Office is independent of government and is responsible for the annual audit of some £20 billion of annual public expenditure. Its mission is to promote improvement, so that people in Wales benefit from accountable, well-managed public services that offer the best possible value for money.



## AVC Provider - Prudential

Prudential were appointed as the fund's Additional Voluntary Contributions (AVC) provider in 2002, and as a leading Local Government AVC provider, they work closely with our Pensions Section in ensuring members are aware of their options in topping up their existing pension provision.



# Partners

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Fund Legal Advisors - Eversheds



Bankers to the Fund - Barclays



## Further information

More information about the Scheme can be found in the Members Guide available from any of the participating employers or from the Pensions Section.

## Contributors' Contact Information

**For information about the Local Government Pension Scheme and pension matters in general please contact:**

### **The Pensions Helpdesk**

Tel: 01443 680611 Fax: 01443 680717 or write to:-Group Director Corporate Services, Pension Section,  
Rhondda Cynon Taf County Borough Council, Bronwydd, Porth, CF39 9DL.  
Email: [pensions@rhondda-cynon-taff.gov.uk](mailto:pensions@rhondda-cynon-taff.gov.uk)

### **Pensions Administration Policy**

Mr Ian Traylor – Head of Service for Pensions, Payroll & Payments  
Tel: 01443 680611  
Email: [ian.d.traylor@rhondda-cynon-taff.gov.uk](mailto:ian.d.traylor@rhondda-cynon-taff.gov.uk)

### **Fund Investments**

Miss Yvonne Keitch - Investment Officer  
Tel: 01443 680563  
Email: [yvonne.keitch@rhondda-cynon-taff.gov.uk](mailto:yvonne.keitch@rhondda-cynon-taff.gov.uk)

### **Pension Fund Accounts**

Mr Ryan Emmett - Pensions Fund Accountant  
Tel: 01443 680734  
Email: [ryan.emmett@rhondda-cynon-taff.gov.uk](mailto:ryan.emmett@rhondda-cynon-taff.gov.uk)

### **Pensions Presentations or Training Sessions**

Mrs Catherine Black - Communications Manager  
Tel: 01443 680646  
Email: [catherine.black@rhondda-cynon-taff.gov.uk](mailto:catherine.black@rhondda-cynon-taff.gov.uk)