

# DYFED PENSION FUND COMMITTEE

Tuesday, 18 September 2018

**PRESENT:** Councillor D.E. Williams (Chair)

**Councillors:**

T.J. Jones and J.G. Prosser

**The following Officers were in attendance:**

K. Gerard, Pensions Manager

B Jenkins, Accounts Technician

C. Moore, Director of Corporate Services

A. Parnell, Treasury & Pensions Investments Manager

K. Thomas, Democratic Services Officer

**Also in attendance:-**

Mr J. Garcia – Wales Audit Office

Mr E. Lambert – Independent Investment Adviser

**Democratic Services Committee Room, - County Hall, Carmarthen. SA31 1JP. - 2.00 - 2.40 pm**

**1. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**2. DECLARATIONS OF PERSONAL INTERESTS**

Councillor	Nature of Interest
D.E. Williams	Member of the Dyfed Pension Fund
T.J. Jones	Member of the Dyfed Pension Fund
J.G. Prosser	Member of the Dyfed Pension Fund

**3. MINUTES OF THE MEETING OF THE COMMITTEE HELD ON THE 20TH JUNE, 2018**

**RESOLVED** that the minutes of the meeting of the Committee held on the 20<sup>th</sup> June, 2018 be signed as a correct record.

**4. AUDIT OF FINANCIAL STATEMENTS REPORT 2017-18**

The Committee considered the Audit of Financial Statements Report for the Dyfed Pension Fund prepared by the Wales Audit Office detailing the matters arising from the audit which required reporting under ISA 260.

It was noted that the Auditor General was responsible for providing an opinion on whether the financial statements of the Dyfed Pension Fund gave a true and fair view of their financial position as at 31<sup>st</sup> March, 2018 and of its income and expenditure for the year end.

It was noted that it was the Auditor General's intention to issue an unqualified audit report on the financial statements following receipt from the Authority of its Letter of Representation, based on that set out in Appendix 1 to the report.

The Committee was advised that following its consideration, the report would be submitted to the Audit Committee on the 28<sup>th</sup> September for formal approval and authorisation for the Letter of Representation to be signed by the Chair of the Audit Committee and the Authority's Section 151 Officer.

The Director of Corporate Services referred to the staffing difficulties encountered within the unit during the account preparation and audit process, and expressed his appreciation to the staff for their significant efforts to deliver the accounts and to the Wales Audit Office for its flexibility during the audit process

**RESOLVED that the Audit of Financial Statement Report 2017-18 be received.**

## **5. STATEMENT OF ACCOUNTS 2017-18**

The Committee considered the Dyfed Pension Fund Statement of Accounts for 2017/18, produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18, detailing the financial position, performance and financial viability for the year 2017-18 together with the results of stewardship of management i.e. – accountability of management for the resources entrusted to it and the disposition of its assets at the period end.

It was noted that the position of the fund, as at 31<sup>st</sup> March, 2018 valued the total assets at £2.440bn, representing an increase in net assets of £97m from 2016/17 to 2017/18 with the increase mainly being attributed to an increase in the market value of the investment assets. With regard to Fund expenditure, benefits payable and transfers out had increased by £2.4m to £82.5m with contributions and Transfers In increasing by £1.6m to £73.4m. The £9m deficit between expenditure and income had been met from investment income

It was noted that total membership of the fund had increased by 555 from 49,959 in 2016/17 to 46,514 in 2017/18 representing an increase of 1.2%

**UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Statement of Accounts 2017/18 be received.**

## **6. BUDGET MONITORING 1 APRIL 2018 - 30 JUNE 2018**

The Committee received the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the 2018/19 financial year.

It was noted that the current position, as at the 30<sup>th</sup> June, 2018 forecast an under-spend of £1,869k in cash terms. With regard to expenditure, the net effect of benefits payable and Transfers out represented a £4.5m under-spend mainly influenced by the un-controllable nature of lump sum payments and transfers out of the Fund. Management expenses were also underspent by £0.3m.

With regard to income, that was recording an under-spend of £0.3m representing the net effect of contributions, Investment Income and Transfers In. Overall, total fund expenditure was forecasting to be £81.6m and total income £83.5m representing a positive cash flow position of £1.9m. However, it was anticipated those figures would vary as the year progressed.

**RESOLVED that the Dyfed Pension Fund Monitoring Report be received.**

## **7. BREACHES REPORT 2018-19**

The Committee received for consideration the Breaches Report in relation to the Dyfed Pension Fund.

The Committee noted that Section 70 of the Pension Act 2004 sets out the legal duty to report breaches of the law. In the Code of Practice No. 14, published by the Pensions Regulator in April 2015, paragraphs 241 to 275 provide guidance on reporting these breaches. The Dyfed Pension Fund Breaches Policy was approved by the Dyfed Pension Fund Panel in March 2016.

Under the policy, breaches of the law were required to be reported to the Pensions Regulator where there was a reasonable cause to believe that:-

- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with;
- the failure to comply was likely to be of material significance to the Regulator in the exercise of any of its functions.

The Committee noted that since the last meeting there had been a number of instances where employee/employer contributions had not been received on time, however, all contribution payments were now up to date and no report had been sent to the Pensions Regulator.

**UNANIMOUSLY RESOLVED that the Breaches Report in relation to the Dyfed Pension Fund be noted.**

## **8. FUNDING STRATEGY STATEMENT (FSS)**

The Committee considered a report on the adoption of a Funding Strategy Statement for the Dyfed Pension Fund setting out a clear and transparent funding strategy identifying how each of the Fund's employer's pension liabilities were to be met. It was noted that Carmarthenshire County Council's long term objective, as the Fund's Administering Authority, was to achieve a 100% solvency level over a reasonable time period and to maintain sufficient assets to pay for all benefits arising as they fell due.

The Committee's attention was specifically drawn to Appendix C to the report on the adoption of a termination policy to be applied on the cessation of an employer's participation in the fund.

**RESOLVED that the Funding Strategy Statement be approved.**

**9. ANY OTHER ITEMS OF BUSINESS THAT BY REASONS OF SPECIAL CIRCUMSTANCES THE CHAIR DECIDES SHOULD BE CONSIDERED AS A MATTER OF URGENCY PURSUANT TO SECTION 100B(4)(B) OF THE LOCAL GOVERNMENT ACT 1972**

There were no items of urgent business.

**10. EXCLUSION OF THE PUBLIC**

**UNANIMOUSLY RESOLVED**, pursuant to the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) (Wales) Order 2007, that the public be excluded from the meeting during consideration of the following items as the reports contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.

**11. NORTHERN TRUST PERFORMANCE REPORT 30 JUNE 2018**

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 10 above, to consider this matter in private, with the public excluded from the meeting as it would involve the disclosure of exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information).

The Committee considered the Northern Trust Performance report for the Dyfed Pension Fund as at 30<sup>th</sup> June, 2018 which provided performance analysis at a total fund level and by investment manager for the periods up to inception.

**UNANIMOUSLY RESOLVED** that the Northern Trust Performance report for the Dyfed Pension Fund as at 30<sup>th</sup> June, 2018 be received.

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**CHAIR**

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**DATE**