

DYFED PENSION FUND PENSION BOARD

Tuesday, 9 November 2021

PRESENT: John Jones (Chair)

Committee Members:-

Cllr Philip Hughes – Employer Member Representative
Cllr Gareth Lloyd – Employer Member Representative
Mr Tommy Bowler – Union Member Representative
Mr Gwyn Jones – Member Representative
Mr Paul Ashley-Jones – Employer Member Representative

Also present as an observer:-

Cllr D.E. Williams – Chair of the Dyfed Pension Fund Committee
Mr A. Brown – Independent Investment Advisor

The following Officers were in attendance:

R. Hemingway, Head of Financial Services
A. Parnell, Treasury & Pension Investments Manager
K. Gerard, Pensions Manager
S. Rees, Simultaneous Translator
M. Owens, Pension Investment Officer
E. Bryer, Democratic Services Officer
K. Thomas, Democratic Services Officer

Virtual Meeting - 2.00 - 3.30 pm

1. APOLOGIES FOR ABSENCE

An Apology for absence was received from Mr Mike Rogers – Pensioner Member Representative.

The Chair referred to the meeting that day being Mr Gwyn Jones' last meeting and, on behalf of the board, expressed his appreciation for his valued and professional contribution to the Board's work during his term of office.

2. DECLARATIONS OF PERSONAL INTEREST

There were no declarations of personal interest made at the meeting.

3. MINUTES OF THE PENSION BOARD MEETING HELD ON THE 20TH JULY 2021

AGREED that the minutes of the meeting for the Pension Board held on the 20th July 2021 be confirmed as a correct record.

4. DYFED PENSION FUND COMMITTEE 8TH OCTOBER 2021

Reference was made to the Director of Corporate Services comment within minute 8 of the meeting of the Dyfed Pension Fund Committee relating to the Draft Investment Strategy Statement 2021 and to a meeting to be arranged with representatives of Divest Dyfed. It was noted the meeting would be held in

December 2021 and a reported back to a future Dyfed Pension Fund Committee meeting.

AGREED that the draft minutes of the meeting of the Dyfed Pension Fund Committee held on the 8th October 2021 be noted.

4.1. AUDIT OF FINANCIAL STATEMENTS REPORT 2020-21 (ISA 260)

The Board received the Audit of Financial Statements Report for the Dyfed Pension Fund prepared by Audit Wales 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 March 2021 and of its income and expenditure for the year end. An unqualified audit report on the financial statements had been issued and the finalised report had been considered by the Audit and Governance Committee on 12 October 2021.

Audit Wales had found that there were no misstatements identified in the financial statements which remained uncorrected. A number of minor presentational errors in the draft financial statements had been corrected by management.

The Head of Financial Services advised that at the time of the Audit one outstanding issue relating to Additional Voluntary Contributions (AVC's), which was a national issue, had now been resolved

AGREED that the Audit of Financial Statement Report 2020/21 be received.

4.2. STATEMENT OF ACCOUNTS 2020-21

The Board considered the Dyfed Pension Fund Draft Statement of Accounts for 2020/21, produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21, detailing the financial position, performance and financial viability for the year 2020-21 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.

In response to a question, it was confirmed that the increased management expenses had occurred as a result of transitions between different funds and were reported in accordance with the Code of Transparency

AGREED that the report be noted.

4.3. DYFED PENSION FUND PENSION BOARD MINUTES 16 APRIL 2021

The Board noted the minutes of the Dyfed Pension Board meeting held on 16th April, 2021 had been received by the Dyfed Pension Fund Committee.

4.4. BUDGET MONITORING 1 APRIL 2021 - 30 JUNE 2021

The Board considered the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the period 1st

April 2021 – 30th June 2021.

Overall total expenditure was estimated at £102.8m and total income was estimated at £104.8m resulting in a positive cash flow position of £2m.

Reference was made to the report covering the period April – June 2021 and to the confirmation some of the data detailed therein had been updated to the end of September 2021. It was suggested that if updated information was provided within future reports an explanatory note to that effect be included for clarity.

AGREED that the report be noted.

1. that the report be noted.
2. That, for clarity, if updated information was provided within future budget monitoring reports an explanatory note be added to that effect.

4.5. CASH RECONCILIATION AS AT 30 JUNE 2021

The Board considered the Cash Reconciliation report which provided an update on the cash position in respect of the Dyfed Pension Fund. It was noted that, as at 30 June 2021, £11m cash was being held by Carmarthenshire County Council on behalf of the Fund for immediate cash flow requirements to pay pensions, lump sums and investment management costs.

AGREED that the report be noted.

4.6. DRAFT INVESTMENT STRATEGY STATEMENT 2021

The Board received a report which provided the 2021 Draft Investment Strategy Statement for approval. The Statement of the Dyfed Pension Fund which was required by regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, detailed the current investment strategy of the Fund, provided transparency in relation to how the Fund's investments were managed, acted as a high-level risk register, and had been designed to be informative for all stakeholders. It was also noted that the Strategy replaced the Fund's Statement of Investment Principles.

AGREED that the Draft Investment Strategy Statement 2021 be noted.

4.7. UPDATED FUNDING STRATEGY STATEMENT

The Board received a report which provided an updated Funding Strategy Statement from that originally approved by the Pension Committee on the 2nd March 2020, and reflected the new employer flexibilities of Debt Spreading Arrangements and Deferred Debt Agreements

The Statement detailed a clear and transparent funding strategy that identified how each Fund employer's pension liabilities would be met going forward.

AGREED that the Updated Funding Strategy Statement be noted.

4.8. PENSIONS ADMINISTRATION REPORT

The Board received a report providing an update on Pensions Administration. The

report included updates on the activities within the Pensions Administration service and included regulatory matters, new employer, breaches register, i-Connect, GMP reconciliation and workflows.

AGREED that the Pension Administration Report in relation to the Dyfed Pension Fund be noted.

4.9. BREACHES REPORT 2021-22

The Board received for consideration the Breaches Report in relation to the Dyfed Pension Fund. It was 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.

AGREED that the Breaches Report in relation to the Dyfed Pension Fund be noted.

4.10. RISK REGISTER 2021-22

The Board was advised that the Risk Register highlighted all the risks identified in relation to the functions of the Dyfed Pension Fund. It was advised that the risk register for 2021-2022 had been reviewed and there had been no changes since the previous meeting.

The risks would continue to be reviewed on a quarterly basis and any amendments would be drawn to the Board's attention.

Agreed that the risk register report for 2021-2022 be noted.

4.11. OPERATOR UPDATE

The Board received an update on the progress of the Wales Pension Partnership in relation to the Sub Funds together with the current fund holdings, fund launch progress and Link / Russell Investments Corporate Update and Engagement, as presented to the Joint Governance Committee on the 22nd September 2021.

In addition the Board considered the Corporate and Engagement update including the engagement protocol and key meeting dates.

AGREED that the Operator Update report be received and the milestones and progress of the Wales Pension Partnership be noted.

4.12. TRAINING PLAN 2021-22

The Board received the Dyfed Pension Fund Training Plan for the period 2021-2022 detailing meetings, training events and the members and officers anticipated to attend the events.

AGREED that the Dyfed Pension Fund Training Plan for the period 2021-22 be noted.

5. PENSION BOARD WORK PLAN 2022

The Board considered the Pension Board Workplan for 2022 which outlined the work of the Pension Board throughout 2022 and the items to be presented at each meeting.

AGREED to note the workplan for 2022.

6. PENSION BOARD BUDGET MONITORING 1 APRIL 2021 - 30 SEPTEMBER 2021

The Board received the final Pension Board Budget Monitoring report and considered the budgetary position as at 30 September 2021. The final position as at 30 September 2021 was an under spend compared to budget of £4.6k.

AGREED to receive Pension Board Budget Monitoring 1 April 2021 – 30 September 2021.

7. EXCLUSION OF THE PUBLIC

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.

8. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 30 JUNE 2021

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute Item 7 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund by putting investment performance at risk.

The Board received the Independent Investment Adviser Performance and Risk Report that provided information in relation to the investment managers' performance for the quarterly, 12 month and rolling 3-year period ending 30 June 2021 together with the global market background and issues for consideration.

AGREED to note the Independent Investment Adviser Report as at 30 June 2021.

9. EQUITY RESTRUCTURE - PHASE II

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute Item 7 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund by putting investment performance at risk.

The Board received a report on the Equity Restructure Phase II which provided proposals regarding the second phase of the Fund's proposed actions aimed at reducing carbon footprint and improving the cashflow generated from the portfolio.

The report had been approved by the Dyfed Pension Fund Committee on the 8th October 2021.

AGREED that the proposals as set out in the Equity Restructure Phase II report be noted.

10. NORTHERN TRUST PERFORMANCE REPORT TO 30 JUNE 2021

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 7 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund by putting investment performance at risk.

The Board received the Northern Trust Performance report for the Dyfed Pension Fund as at 30 June 2021, which provided performance analysis at a total fund level and by investment manager for the periods up to inception.

AGREED to note the Northern Trust Performance report for the Dyfed Pension Fund as at 30 June 2021.

11. INVESTMENT MANAGER REPORTS TO 30 JUNE 2021

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 7 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund by putting investment performance at risk.

The Board received for consideration reports provided by the Investment Managers which set out the performance of each manager as at 30 June 2021:

- BlackRock – Quarterly Report 30 June 2021;
- Schroders – Q2 2021 Investment Report 30 June 2021;
- Partners Group – Quarterly Report 30 June 2021;
- Wales Pension Partnership Global Growth Fund – 30 June 2021;
- Wales Pension Partnership Global Credit Fund – 30 June 2021.

AGREED to note the Investment Manager reports for the Dyfed Pension Fund.

CHAIR

DATE