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TUESDAY, 15 NOVEMBER 2022

TO: ALL MEMBERS OF THE DYFED PENSION FUND COMMITTEE

I HEREBY SUMMON YOU TO ATTEND A MEETING OF THE **DYFED PENSION FUND COMMITTEE** WHICH WILL BE HELD IN THE **CHAMBER, COUNTY HALL, CARMARTHEN, SA31 1JP AND REMOTELY AT 10.00 AM ON WEDNESDAY, 23RD NOVEMBER, 2022** FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED AGENDA

Wendy Walters

CHIEF EXECUTIVE

Democratic Officer:	Janine Owen
Telephone (direct line):	01267 224030
E-Mail:	janineowen@carmarthenshire.gov.uk

This is a multi-location meeting. Committee members can attend in person at the venue detailed above or remotely via the Zoom link which is provided separately.

The meeting can be viewed on the Authority's website via the following link:-
<https://carmarthenshire.public-i.tv/core/portal/home>

Wendy Walters Prif Weithredwr, *Chief Executive*,
Neuadd y Sir, Caerfyrddin. SA31 1JP
County Hall, Carmarthen. SA31 1JP

DYFED PENSION FUND COMMITTEE

PLAID CYMRU GROUP - 2 Members

Cllr. Elwyn Williams (Chair)
Cllr. Dai Thomas (Committee Member)

LABOUR GROUP - 1 Members

Cllr. Rob James (Committee Member)

NOMINATED SUBSTITUTE (1)

Cllr. Denise Owen

A G E N D A

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF PERSONAL INTERESTS**
- 3. MINUTES OF THE MEETING OF THE COMMITTEE HELD ON THE**
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- 12. TRAINING PLAN 2022-2023** 121 - 126
- 13. EXCLUSION OF THE PUBLIC**

THE REPORTS RELATING TO THE FOLLOWING ITEMS ARE NOT FOR PUBLICATION AS THEY CONTAIN EXEMPT INFORMATION AS DEFINED IN PARAGRAPH 14 OF PART 4 OF SCHEDULE 12A TO THE LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) (WALES) ORDER 2007. IF, FOLLOWING THE APPLICATION OF THE PUBLIC INTEREST TEST, THE COMMITTEE RESOLVES PURSUANT TO THE ACT TO CONSIDER THESE ITEMS IN PRIVATE, THE PUBLIC WILL BE EXCLUDED FROM THE MEETING DURING SUCH CONSIDERATION.
- 14. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 30 SEPTEMBER 2022** 127 - 138
- 15. NORTHERN TRUST PERFORMANCE REPORT TO 30 SEPTEMBER 2022** 139 - 150
- 16. INVESTMENT MANAGER REPORTS AT 30 SEPTEMBER 2022** 151 - 240

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Agenda Item 3.1

Dyfed Pension Fund Committee

Thursday, 29 September 2022

PRESENT: Councillor D.E. Williams (Chair)

Councillors:

D.E. Williams and R. James

The following Officers were in attendance:

C. Moore, Director of Corporate Services

A. Parnell, Treasury & Pension Investments Manager

K. Gerard, Pensions Manager

S. Rees, Simultaneous Translator

K. Thomas, Democratic Services Officer

Chamber - County Hall, Carmarthen. SA31 1JP and remotely - 2.00 - 2.01 pm

QUORUM – CANCELLATION OF MEETING

The Chair advised that as the membership of the Committee was not quorate, the meeting would have to be cancelled and arrangements made for its reconvening at a future date.

CHAIR

DATE

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TUESDAY, 11 OCTOBER 2022

PRESENT (In Person): Councillor D.E. Williams (Chair);

Councillors (Virtually):

D. Thomas

R. James

Also in attendance (Virtually):

A. Brown – Independent Investment Advisor;

Also Present (In Person):

C. Moore, Director of Corporate Services;

A. Parnell, Treasury & Pension Investments Manager;

K. Gerard, Pensions Manager;

M. Owens, Pension Investment Officer;

S. Rees, Simultaneous Translator;

M.S. Davies, Democratic Services Officer.

Chamber, County Hall, Carmarthen and remotely: 3.20pm - 4.30pm

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF PERSONAL INTERESTS

There were no declarations of personal interest.

3. MINUTES OF THE MEETING OF THE COMMITTEE HELD ON THE 28TH JUNE 2022

UNANIMOUSLY RESOLVED that the minutes of the meeting of the Committee held on the 28th June, 2022 be signed as a correct record.

4. DYFED PENSION FUND PENSION BOARD MINUTES 3 MAY 2022

UNANIMOUSLY RESOLVED that the minutes of the Dyfed Pension Fund Pension Board meeting held on the 3rd May, 2022 be received.

5. BUDGET MONITORING 1 APRIL 2022 - 30 JUNE 2022

The Committee received the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the 2022/23 financial year. It was noted that the current position, as at 30 June 2022, forecasted an under-spend of £3.9m in cash terms.

With regard to expenditure there was an under spend of £612K due to lower than budgeted management expenses being forecast.

In terms of income, the net effect of contributions and investment income was an increase of £3.3m, due mainly to higher than budgeted investment income forecast.

Overall total expenditure was estimated at £107.2m and total income estimated at £111.1m resulting in a positive cash flow position of £3.9m.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Budget Monitoring Report for the period 1st April 2022 to 30th June 2022 be received.

6. CASH RECONCILIATION AS AT 30 JUNE 2022

The Committee 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, 2022, £11.4m 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.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Cash Reconciliation report be received.

7. PENSIONS ADMINISTRATION REPORT

The Committee 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, valuation, annual benefits statements, breaches register, i-Connect, GMP reconciliation and workflows.

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

8. BREACHES REPORT 2022-2023

The Committee 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 provided guidance on reporting these breaches.

The Dyfed Pension Fund Breaches Policy had been 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 few instances where employee/employer contributions had not been received on time. No report had been sent to the Pensions Regulator as there had been no implications of those breaches.

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

9. RISK REGISTER

The Committee was advised that the Risk Register was a working document that highlighted all the risks identified in relation to the functions of the Dyfed Pension Fund. It was advised that the risk register had been reviewed and no changes to individual risks had been identified since the previous Committee meeting. The document had been revised to highlight the risks as operational and strategic. The risks would continue to be reviewed on a quarterly basis and any amendments would be drawn to the Committee's attention.

UNANIMOUSLY RESOLVED that the risk register report be approved.

10. TRAINING PLAN 2022-2023

The Committee received for consideration the Training Plan for the period 2022-2023 detailing meetings, training events and the members and officers anticipated to attend the events.

UNANIMOUSLY RESOLVED that the Training Plan for the period 2022-23 be approved.

11. WALES PENSION PARTNERSHIP - OPERATOR UPDATE

The Committee received an update report on the milestones and progress of Wales Pension Partnership (WPP) including the following Sub Funds:-

- Tranche 1 – Global Equity
- Tranche 2 – UK Equity
- Tranche 3 – Fixed Income
- Tranche 4 – Emerging Markets

UNANIMOUSLY RESOLVED that the Wales Pension Partnership Link and Russell Update be received.

12. EQUITY RESTRUCTURE PHASE III

Consideration was given to the Equity Restructure Phase III report. The Committee had previously agreed restructures of the equity portfolio in March and December 2021 (incorporating the BlackRock low-Carbon global equity portfolio, the transition of WPP's Baillie Gifford Global Growth investments to Baillie Gifford's Global Alpha Paris Aligned strategy, and the reduction in equity to increase allocations to Schroders (Property) and BlackRock (Strategic Alternative Income Fund).

The third phase of the equity restructure aimed to rationalise the legacy regional equity portfolios, reducing the carbon footprint and continuing the progress on pooling.

UNANIMOUSLY RESOLVED that the allocation of 5% of the Fund to the Wales Pension Partnership Sustainable Equity Sub Fund be approved.

13. 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.

14. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 30 JUNE 2022

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 13 above, to consider this matter in private, with the public excluded from the meeting as disclosure would be likely to cause financial harm to the Pension Fund by prejudicing ongoing and future negotiations.

The Committee received the Independent Investment Adviser Report which provided information in relation to the investment managers' performance for the quarterly, 12 month and rolling 3 year periods ending 30 June, 2022.

The report also included the global market background and issues for consideration.

UNANIMOUSLY RESOLVED that the Independent Investment Adviser Report as at 30 June 2022 be noted.

15. NORTHERN TRUST PERFORMANCE REPORT TO 30 JUNE 2022

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 13 above, to consider this matter in private, with the public excluded from the meeting as disclosure would be likely to cause financial harm to the Pension Fund by prejudicing ongoing and future negotiations.

The Committee considered the Northern Trust Performance report for the Dyfed Pension Fund as at 30 June 2022, which provided performance analysis at a total fund level and by investment manager for the periods since inception.

UNANIMOUSLY RESOLVED that the Northern Trust Performance report for the Dyfed Pension Fund as at 30 June 2022 be received.

16. INVESTMENT MANAGER REPORTS AT 30 JUNE 2022

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 13 above, to consider this matter in private, with the public excluded from the meeting as disclosure would be likely to cause financial harm to the Pension Fund by prejudicing ongoing and future negotiations.

The Committee considered the investment managers reports which set out the performance of each manager as at 30 June 2022.

- BlackRock – Quarterly Report 30 June 2022
- Schroders – Q2 2022 Investment Report
- Partners Group – Quarterly Financials Q2 2022
- WPP Global Growth Fund – 30 June 2022
- WPP Global Credit Fund – 30 June 2022

UNANIMOUSLY RESOLVED that the investment manager reports for the Dyfed Pension Fund be received.

CHAIR

DATE

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DYFED PENSION FUND COMMITTEE

23RD NOVEMBER 2022

DYFED PENSION FUND PENSION BOARD MINUTES 20 JULY 2022		
Purpose To inform the Committee of the meeting of the Pension Board that was held on 20 July 2022		
Recommendations / key decisions required: The Committee to note the minutes of the Dyfed Pension Fund Pension Board meeting held on 20 July 2022.		
Reasons: To inform the Committee of the meeting of the Pension Board that was held on 20 July 2022.		
Cabinet Decision Required N/A Council Decision Required N/A		
CABINET MEMBER PORTFOLIO HOLDER:- N/A		
Directorate: Corporate Services Name of Director: Chris Moore Report Author: Chris Moore	Designations: Director of Corporate Services, Carmarthenshire County Council	Tel Nos. 01267 224120 E Mail Address: CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY

DYFED PENSION FUND COMMITTEE 23RD NOVEMBER 2022

Dyfed Pension Fund Pension Board Minutes 20 July 2022

A meeting of the Dyfed Pension Fund Pension Board took place on 20 July 2022. The following items were considered:

- Draft Minutes of the Pension Fund Committee meeting 28 June 2022
- 2022 Audit Plan
- Final Budgetary Position 2021-22
- EOY Cash reconciliation as at 31 March 2022
- Pensions Administration Report
- Breaches Report 2021-2022
- Risk Register
- Training Plan 2022-2023
- Carbon Footprint Update
- Pension Board Work Plan 2022
- Pension Board Budget Monitoring 1 April 2021 – 30 June 2022
- Independent Advisor Performance & Risk Report to 31 March 2022
- Northern Trust Performance Report to 31 March 2022
- Investment Manager Reports to 31 March 2022

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **C Moore**

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
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2. Local Member(s) - N/A

3. Community / Town Council - N/A

4. Relevant Partners - N/A

5. Staff Side Representatives and other Organisations - N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

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Dyfed Pension Fund Pension Board

Wednesday, 20 July 2022

PRESENT: J. Jones (Chair)

Committee Members:

P. Ashley-Jones - Employer Member Representative;

T. Bowler - Union Member Representative

M. Evans - Member Representative;

Councillor A. Lenny – Employer Member Representative

Also present as an observer:

Councillor. D.E. Williams – Chair of the Dyfed Pension Fund Committee.

The following Officers were in attendance:

A. Parnell, Treasury & Pension Investments Manager

R. Hemingway, Head of Financial Services

J. Williams, Assistant Accountant

K. Gerard, Pensions Manager

E. Evans, Principal Democratic Services Officer

S. Rees, Simultaneous Translator

M.S. Davies, Democratic Services Officer

E. Bryer, Democratic Services Officer

Virtual Meeting - 10.00 - 11.55 am

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Gareth Lloyd, Employer Representative and Mr Mike Rogers, Pensioner Member Representative.

The Chair welcomed Councillor Alun Lenny, Employer Representative who had replaced Councillor Philip Hughes on the Board. The Board noted their thanks to Councillor Hughes.

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 3RD MAY 2022

AGREED that the minutes of the meeting for the Pension Board held on the 3rd May 2022 be confirmed as a correct record.

4. DYFED PENSION FUND COMMITTEE MEETING 28TH JUNE 2022

4.1. 2022 AUDIT PLAN

The Board considered the Dyfed Pension Fund Budget Audit Plan which detailed the work proposed by the Auditor General, when it would be undertaken, cost and responsibilities.

In response to a question regarding potential resourcing issues within Audit Wales, the Treasury and Pension Investments Manager stated that there had been resource issues but this had not impacted the Dyfed Pension Fund.

AGREED that the report be noted.

4.2. DYFED PENSION FUND PENSION BOARD MINUTES 25TH JANUARY 2022

The Board noted that the minutes of the Dyfed Pension Fund Pension Board meeting held on 25th January, 2022 had been received by the Dyfed Pension Fund Committee on the 28th June 2022.

4.3. FINAL BUDGETARY POSITION 2021-22

The Board received the final Dyfed Pension Fund Budgetary position for 2021-22 as at 31st March 2022.

In response to clarification requested regarding Indirect Transactional Management Fees, the Treasury and Pension Investments Manager advised that this was a non cash item in relation to transaction fees that were embedded in the portfolio. The Treasury and Pension Investments Manager advised that he would circulate further details to clarify.

AGREED that the report be noted.

4.4. EOY CASH RECONCILIATION AS AT 31ST MARCH 2022

The Board considered the End-of-Year Cash Reconciliation report which provided an update on the cash position in respect of the Dyfed Pension Fund. It was noted that, as at 31 March 2022, £4.5m 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.

The Treasury and Pension Investments Manager stated that a two-year cash flow forecast was undertaken. The Board was advised that the triennial valuation was in progress with the Actuary and the outcome of the review would be available in the Autumn with the main considerations being the high inflation rate and the current funding level.

AGREED that the report be noted.

4.5. PENSIONS ADMINISTRATION UPDATES

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.

In response to concerns regarding the use of i-Connect the Pensions Manager advised that they continued to provide encouragement to those scheme employers that are yet to become active on i-connect.

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

4.6. BREACHES REPORT 2022-23

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.

As there were no implications of the breaches no report had been sent to the Pensions Regulator.

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

4.7. RISK REGISTER

The Board was advised that the Risk Register was a working document that highlighted all the risks identified in relation to the functions of the Dyfed Pension Fund. It was advised that the risk register was regularly monitored and reviewed to ensure risks had been identified and assessed. It was reported that there had been no changes since the previous committee meeting.

A concern previously raised regarding the structure of the report was raised again. The Treasury and Pension Investments Manager re-iterated that as this was a software package used corporately by the Authority there were limitations on how the data could be extracted and presented. It was agreed to have further discussions with the Board to establish how best to address this request.

Agreed that the risk register report be noted.

4.8. TRAINING PLAN 2022-2023

The Board received the Dyfed Pension Fund Training Plan for the period 2022-2023 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 2022-23 be noted.

4.9. CARBON FOOTPRINT UPDATE

The Board received an update on the activity and progress in terms of the Dyfed Pension Fund Carbon Footprint position.

The Treasury and Pension Investments Manager confirmed that the Carbon Footprint Update will be included within the Dyfed Pension Fund Annual Report.

AGREED that Carbon Footprint Update in relation to the Dyfed Pension Fund be noted.

4.10. DRAFT MINUTES OF THE PENSION COMMITTEE MEETING 28TH JUNE 2022

It was questioned why only three of the Councillors present at the Pension Committee on the 28th June had declared an interest. The Treasury and Pension Investments Manager advised that Councillor Owen was in attendance as an observer and therefore did not have to declare an interest as she was not attending as a voting member. Pension Board Members did not have to declare an interest as they undertook a scrutiny role and were not decision making function.

AGREED that the draft minutes of the meeting of the Dyfed Pension Fund Committee held on the 28th June 2022 be noted.

5. PENSION BOARD WORK PLAN 2022-2023

The Board considered the Pension Board Workplan for 2022-23 which outlined the work of the Pension Board throughout 2022 and the items to be presented at each meeting.

The Treasury and Pension Investments Manager advised that a training needs analysis would be undertaken jointly with the Board to agree the development requirements of Board members.

AGREED to note the Pension Board Workplan for 2022-2022.

6. PENSION BOARD BUDGET MONITORING 1ST APRIL 2022 - 30TH JUNE 2022

The Board received the Pension Board Budget Monitoring report as at 30th June 2022. Total actual expenditure incurred was £9.1k. The forecasted expenditure for the year was a £3k underspend compared to budget.

AGREED that the report be noted.

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 31ST MARCH 2022

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 31st March 2022 together with the global market background and issues for consideration.

AGREED to note the Independent Investment Adviser Report as at 31st March 2022.

9. NORTHERN TRUST PERFORMANCE REPORT TO 31ST MARCH 2022

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 31st March 2022, 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 31st March 2022.

10. INVESTMENT MANAGER REPORTS TO 31ST MARCH 2022

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 31st March 2022:

- BlackRock – Quarterly Report 31 March 2022;
- Schrodgers – Q1 2022 Investment Report;
- Partners Group – Quarterly Financials March 2022;
- WPP Global Growth Fund – 31 March 2022;
- WPP Global Credit Fund – 31 March 2022.

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

CHAIR

DATE

DYFED PENSION FUND COMMITTEE

23RD NOVEMBER 2022

AUDIT OF FINANCIAL STATEMENTS REPORT 2021-22		
Recommendations / key decisions required: The Committee to receive the Audit of Financial Statements Report (ISA260) 2021-22.		
Reasons: The Dyfed Pension Fund Committee reviews and comments on the Audit of Financial Statements Report (ISA260) 2021-22 before it is presented for approval to the Audit Committee who are charged with governance to accept the Report.		
Cabinet Decision Required N/A Council Decision Required N/A		
CABINET MEMBER PORTFOLIO HOLDER:- N/A		
Directorate: Corporate Services Name of Director: Chris Moore Report Author: Chris Moore	Designations: Director of Corporate Services, Carmarthenshire County Council	Tel Nos. 01267 224120 E Mail Address: CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY

DYFED PENSION FUND COMMITTEE 23RD NOVEMBER 2022

AUDIT OF FINANCIAL STATEMENTS REPORT 2021-22

The Auditor General is responsible for providing an opinion on whether the financial statements of the Dyfed Pension Fund give a true and fair view of their financial position at 31 March 2022 and of its income and expenditure for the year ended 31 March 2022.

This report sets out for consideration the matters arising from the audit of the financial statements of Dyfed Pension Fund for 2021-22, that require reporting under ISA 260.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	YES	NONE	NONE	NONE	NONE	NONE

Legal

This report is for review and comment by the Pension Committee. The Governance & Audit Committee is charged with the responsibility of approving the ISA 260

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **C Moore**

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
2. Local Member(s) N/A	
3. Community / Town Council N/A	
4. Relevant Partners N/A	
5. Staff Side Representatives and other Organisations N/A	
CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

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Audit of Accounts Report – Dyfed Pension Fund

Audit year: 2021-22

Date issued: October 2022

Document reference: 3190A2022

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Contents

We intend to issue an unqualified audit report on your Accounts There are some issues to report to you prior to their approval.

Audit of Accounts Report

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2021-22 accounts in this report.
- 2 We have already discussed these issues with the Director of Corporate Services and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £32.3 million for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Key Management Personnel Disclosures – £1,000
 - Related Party disclosures – £10,000
- 6 We have now substantially completed this year's audit but at the time of drafting this report, the following work is outstanding:
 - the final review of our audit file; and
 - our final review of the revised 2021-22 financial statements.
- 7 We will provide a verbal update on these outstanding items at the Audit and Governance Committee at its meeting on 21 October 2022.
- 8 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of COVID-19 on this year's audit

- 9 The COVID-19 pandemic has had a continuing impact on how our audit has been conducted. We summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

Exhibit 1 – impact of COVID-19 on this year’s audit

Timetable	<ul style="list-style-type: none">• We received the draft accounts on 9 August 2022.• The statutory deadline for completion of the 2021-22 audited accounts was 30 November 2022.• The Auditor General will sign the Audit Opinion on 1 November 2022 following receipt of the signed approved accounts.
Audit evidence	<p>We received the majority of audit evidence in electronic format and have used various techniques to ensure its validity. Where we have been unable to obtain certain audit evidence due to it not being available electronically, we have devised alternative audit methodologies to obtain sufficient audit evidence. Specifically:</p> <ul style="list-style-type: none">• officers provided electronic working papers in accordance with our agreed working paper schedule;• officers provided audit evidence to the audit team via email; and• officers were available by video conferencing for discussions, and for the sharing of on-screen information/evidence.
Electronic signatures	<p>The current plan is for the Governance and Audit Committee to approve the 2021-22 financial statements at its meeting on 21 October 2022. If still necessary at the time of approval and signing, we will accept electronic signatures. We anticipate that your audit report will be signed electronically.</p>

Proposed audit opinion

- 10 We intend to issue an unqualified audit opinion on this year’s accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 11 We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 12 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 13 Our proposed audit report is set out in **Appendix 2**.

Significant issues arising from the audit

Uncorrected misstatements

14 There are no misstatements identified in the accounts, which remain uncorrected.

Corrected misstatements

15 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

Other significant issues arising from the audit

16 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were no significant issues arising in these areas this year.

Appendix 1

Final letter of representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

28 July 2022

Representations regarding the 2021-22 financial statements

This letter is provided in connection with your audit of the financial statements of Dyfed Pension Fund for the year ended 31 March 2022 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2021-22; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Dyfed Pension Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There are no uncorrected misstatements in the financial statements.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Governance and Audit Committee on 21 October 2022.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Director of Corporate Services

Date:

Signed by:

Chair of the Governance and Audit Committee

Date:

Appendix 2

Proposed audit report

The independent auditor's report of the Auditor General for Wales to the members of Carmarthenshire County Council as administering authority for Dyfed Pension Fund

Opinion on financial statements

I have audited the financial statements of Dyfed Pension Fund for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004. Dyfed Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

In my opinion the financial statements:

- give a true and fair view of the financial position of Dyfed Pension Fund as at 31 March 2022 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements. The Responsible Financial Officer is responsible for the other information contained within the annual statement of accounts. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and the annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013.

Matters on which I report by exception

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the annual report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 61-62, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the pension fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- enquiring of management, the pension fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Dyfed Pension Fund's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals.
- obtaining an understanding of Dyfed Pension Fund's framework of authority as well as other legal and regulatory frameworks that Dyfed Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Dyfed Pension Fund.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the pension committee; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Dyfed Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Dyfed Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
1 November 2022

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of corrections made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 2: summary of corrections made

Value of correction	Nature of correction	Reason for correction
Reclassification of Balance of £1.8 million (No overall effect on the primary statements)	Note 11.2 The draft financial statements combined investment income due and tax reclaims due onto a single line. These have been disaggregated in the revised financial statements, with a closing balance of £1.798 million for investment income due and £0.057 million for tax reclaims due. There is no impact on the total fair value shown in the note, or the primary statements	To provide greater accuracy on the classification of movements in investment value.
Inclusion of Comparative Figures (No overall effect on the primary statements)	Notes 12, 13.6 and 21 The financial statements were amended to include comparative figures for Notes 12, 13.6 and 21.	To ensure that the financial statements comply with the relevant standards and to provide sufficient information for the reader of the accounts.
Explanation of delays to Prudential Figures	Note 17 Figures for Prudential have not yet been received for 2020-21 or 2021-22 for Note 17 (Additional Voluntary Contributions). Narrative has been added to Note 17 to clarify this, and to confirm that the value of £6,276k is as at 31/03/2020.	To ensure that users of the financial statements are provided with sufficient information to understand the disclosures.

Value of correction	Nature of correction	Reason for correction
Various (No overall effect on the primary statements)	A number of minor amendments were made to the financial statements relating to either revisions to disclosures of information or narrative changes.	To ensure the accuracy of the financial statements.



Audit Wales
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Textphone: 029 2032 0660

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Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

DYFED PENSION FUND COMMITTEE

23RD NOVEMBER 2022

BUDGET MONITORING 1 APRIL 2022 – 30 SEPTEMBER 2022

Recommendations / key decisions required:

The Committee to receive the latest Dyfed Pension Fund Budget Monitoring report and consider the budgetary position.

Reasons:

To provide the Dyfed Pension Fund Committee with an update on the latest budgetary position as at 30 September 2022.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate Services,
Carmarthenshire County Council

Tel Nos.
01267 224120

E Mail Address:
CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY

DYFED PENSION FUND COMMITTEE 23RD NOVEMBER 2022

BUDGET MONITORING 1 APRIL 2022 – 30 SEPTEMBER 2022

The position as at 30 September 2022 was an under spend compared to budget of £3.8m on cash items.

Expenditure

Expenditure is projected to be underspent by £196k. Benefits payable are forecast to be £384k more than budget and management expenses are forecast to be £580k lower than budget.

Income

The net effect of Contributions and Investment Income is an increase of £3.6m over budget. This is mainly due to higher than budgeted investment income being forecast.

Total expenditure is estimated at £107.6m and total income estimated at £111.4m resulting in a positive cash flow position of £3.8m.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	YES	NONE	NONE	NONE	NONE

Finance

Overall, the Fund needs to maintain a positive cash flow balance to meet its obligations. The cash flow projection was positive by £3.8m as at 30 September 2022.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **C Moore**

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
2. Local Member(s) N/A	
3. Community / Town Council N/A	
4. Relevant Partners N/A	
5. Staff Side Representatives and other Organisations N/A	

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED

N/A

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

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Dyfed Pension Fund									
Budget Monitoring									
1st April 2022 - 30th September 2022									
	Budget Type	Actual 2021-2022	Budget 2022-2023	Total income/ expenditure to date	Forecast Commitments	Forecast 2022-2023	End of year variance		Assumptions/Comments
	Controllable / Non Controllable	£ '000 (a)	£ '000 (b)	£ '000 (c)	£ '000 (d)	£ '000 (e)	£ '000 (f)	%	
Expenditure									
Benefits Payable	Both	92,402	93,908	47,425	46,867	94,292	384	0.4	
Pensions Payable	Controllable	77,006	80,408	40,230	40,562	80,792	384		
Commutation and lump sum retirement benefits	Non Controllable	14,169	12,000	6,587	5,413	12,000	0		
Lump sum death benefits	Non Controllable	1,227	1,500	608	892	1,500	0		
Payments to and account of leavers	Non Controllable	3,534	3,120	1,425	1,695	3,120	0	0.0	
Management Expenses		9,262	10,754	3,605	6,569	10,174	-580	-5.4	
Computer Software	Controllable	443	534	150	384	534	0		
Printing charges	Controllable	11	20	6	14	20	0		
Subscriptions, Legal fees, Conf Exps, Med Exps	Controllable	46	70	26	44	70	0		
Fund Managers									
BlackRock	Controllable	1,756	2,850	641	1,750	2,391	-459		SAIF fees projected to be lower than budgeted due to less transaction costs
Schroders	Controllable	659	749	188	565	753	4		
Wales Pension Partnership	Controllable	4,245	4,200	1,001	3,130	4,131	-69		Market values lower than budgeted
Partners Group	Controllable	721	700	145	495	640	-60		Administration and other fees lower than budgeted
Custodian									
Northern Trust	Controllable	31	31	8	23	31	0		
Actuary									
Mercer	Controllable	99	175	71	104	175	0		
Performance Manager									
Northern Trust / PIRC / CEM	Controllable	23	26	2	24	26	0		
Independent Advisor	Controllable	28	30	14	16	30	0		
Other									
Euraplan, LSE, Pension Board	Controllable	26	27	25	2	27	0		
Central recharges	Non Controllable	1,145	1,314	1,314	0	1,314	0		
Audit fees	Controllable	29	28	14	18	32	4		Audit fee not available at budget setting
Controllable Expenditure		85,122	89,848	42,521	47,131	89,652	-196		
Non Controllable Expenditure		20,076	17,934	9,934	8,000	17,934	0		
Total Expenditure		105,198	107,782	52,455	55,131	107,586	-196		
Income									
Contributions									
Employer	Controllable	-66,168	-68,339	-45,252	-23,594	-68,846	-507	0.7	Advance payments made resulting in discounted contributions; Carmarthen CC, Ceredigion CC, Pembrokeshire CC and Dyfed Powys Police in 2022-23.
Member	Controllable	-22,890	-23,045	-4,103	-19,275	-23,378	-333	1.4	Employee pensionable pay higher than anticipated at budget setting.
Investment Income	Controllable	-18,436	-13,398	-7,988	-8,212	-16,200	-2,802	20.9	Includes higher SAIF and Schroders dividend income than budgeted.
Other Income	Controllable	0	0	0	0	0	0	0.0	
Transfers in from other pension funds	Non Controllable	-4,154	-3,000	-2,099	-901	-3,000	0	0.0	
Controllable Income		-107,494	-104,782	-57,343	-51,081	-108,424	-3,642		
Non Controllable Income		-4,154	-3,000	-2,099	-901	-3,000	0		
Total Income		-111,648	-107,782	-59,442	-51,982	-111,424	-3,642		
Controllable Total		-22,372	-14,934	-14,824	-3,951	-18,772	-3,838		
Non Controllable Total		15,922	14,934	7,835	7,099	14,934	0		
Total		-6,450	0	-6,989	3,148	-3,838	-3,838		
Cash Transfer to Fund Managers	Cash	14,078	0	25,000	-10,000	15,000	15,000		
Net Total of Cash Related Items		7,628	0	18,011	-6,852	11,162	11,162		
Indirect Transactional Management Fees (fees deducted from NAV)	Non Cash	5,150	3,500	0	3,500	3,500	0	0.0	CIPFA Management cost guidance issued to show indirect transactional fees indirectly paid by the funds
Investment Income (fees deducted from NAV)	Non Cash	-5,150	-3,500	0	-3,500	-3,500	0	0.0	Contra entry to the Indirect transactional fees
Realised gain/loss	Non Cash	-55,268	-50,000	4,545	0	4,545	54,545	-109.1	Non Controllable. No impact to cash.
Net Total of Non-Cash Related Items		-55,268	-50,000	4,545	0	4,545	54,545		

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DYFED PENSION FUND COMMITTEE

23RD NOVEMBER 2022

CASH RECONCILIATION AS AT 30 SEPTEMBER 2022

Recommendations / key decisions required:

The Committee to receive the latest Dyfed Pension Fund cash reconciliation report and consider the cash position.

Reasons:

To provide the Dyfed Pension Fund Committee with an update on the cash position as at 30 September 2022.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate Services,
Carmarthenshire County Council

Tel Nos.
01267 224120

E Mail Address:
CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY

DYFED PENSION FUND COMMITTEE 23RD NOVEMBER 2022

CASH RECONCILIATION AS AT 30 SEPTEMBER 2022

The position as at 30 September 2022 reports £1.3m cash held by Carmarthenshire County Council on behalf of the Fund for immediate cash flow requirements to pay pensions, lump sums and investment management costs.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	YES	NONE	NONE	NONE	NONE

Finance

A sufficient cash balance is required to be held by Carmarthenshire to ensure the Fund can meet its immediate cash flow requirements.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **C Moore**

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
2. Local Member(s) N/A	
3. Community / Town Council N/A	
4. Relevant Partners N/A	
5. Staff Side Representatives and other Organisations N/A	

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
---	-----

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

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Dyfed Pension Fund Cash Reconciliation**September 2022**

Balance b/f 1st April 2022 £5,927,558.47

Investment trades

Sales	19,933,754.85	
Purchases	-49,414,289.75	
		<hr/>
		-£29,480,534.90

Contributions received £59,031,865.74

Payments made -£49,163,802.43

Dividend Income £14,171,704.62 £24,039,767.93

£486,791.50**Total Available for Investment** **£486,791.50*****Represented by :***

Cash at Carmarthenshire £1,254,957.87

Cash due to be received/deducted £0.00

CCC Debtors £246,601.88

CCC Creditors -£1,014,768.25

£486,791.50

£0.00

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DYFED PENSION FUND COMMITTEE

23RD NOVEMBER 2022

PENSIONS ADMINISTRATION REPORT

Recommendations / key decisions required:

The Committee to note the Pensions Administration Report.

Reasons:

To provide the Dyfed Pension Fund Committee with an update on Pensions Administration.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate
Services,
Carmarthenshire County
Council

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EXECUTIVE SUMMARY

DYFED PENSION FUND COMMITTEE 23RD NOVEMBER 2022

PENSIONS ADMINISTRATION REPORT

The attached report has been prepared by the Pensions Manager to provide an update to the Pension Committee on activity within the Pensions Administration service. The report includes updates on:

- Regulatory matters
- Breaches register
- i-Connect
- GMP reconciliation
- Workflows

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **C Moore**

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
--	-----

2. Local Member(s) N/A

3. Community / Town Council N/A

4. Relevant Partners N/A

5. Staff Side Representatives and other Organisations N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED

N/A

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

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PENSIONS ADMINISTRATION REPORT – 23rd November 2022

This report provides a progress update on a number of projects being simultaneously undertaken, along with providing information on relevant issues in the administration of scheme benefits.

1. Regulatory update –

- a. McCloud/Sargeant update – You will recall from the previous report that the remedy would require the recalculation all pensions (including dependants pensions), death grants, and deferred benefits calculated since 1st April 2014 for those that were active on 31st March 2012. This will require all employers to provide the hours each part time scheme member, including any changes, they have worked between 1st April 2014 to 31st March 2022. All Employers have also been provided with data extracts to undertake data comparisons and identify any issues. Data reconciliation and validation is progressing well and query resolution is underway. Once amending regulations are issued our software supplier will be in a position to reflect the changes in the pensions system. Regulatory clarity is also required to deal with data discrepancies and cases where the employer no longer exists or is not able to provide data.
- b. Pru – It was identified at the UK Technical Group that there had been a deterioration in service levels experienced by funds nationally. This was raised at the both the Local Government Pensions Committee and the National Scheme Advisory Board who met with representatives from Pru. Pru have acknowledged the issues experienced by funds and detailed the actions they are taking to improve the quality of service by the end of November 2022 when their system will be fully implemented. UK Technical Group representatives will meet directly with PRU in February 2023 to review service levels during the intervening period.

2. Breaches Register

Regulation 18(5) of the LGPS Regulations 2013 prescribes that there is a time limit for payment of a refund of pension contributions:

“An administering authority shall refund contributions to a person entitled under paragraph (1) when the person requests payment, or on the expiry of a period of five years beginning with the date the person’s active membership ceased if no request is made before then or, if the person attains age 75 before then, on the day before attaining age 75.”

The National Technical Group recommend to SAB, to change the regulations concerning the payment of a refund to reflect the position prior to 1 April 2014 i.e. to remove the prescription that requires an administering authority to pay a refund on the expiry of a period of five years beginning with the date the person's active membership ceased if no request is made before then.

In making this recommendation the group acknowledged that interest would be added up to the date of payment, as opposed to on the expiry of 5 years and if a fully completed mandate is not returned by the member, no further action would take place i.e. the group agreed not to waste time or money on using Tracing services in respect of members who have been contacted repeatedly and do not reply. The SAB have made recommendations to MHCLG.

The refunds scheduled to be automatically paid in September 2022 and October 2022 have been included on the breaches register as the scheme members have not replied in order for the refund to be paid.

3. I-connect

In order to improve the timeliness of data flow from scheme employers to the administration section, a monthly update system called 'i-connect' has been implemented.

Further development work has continued with employers to 'on board' them in order that data can be transferred electronically. The table below shows the employers who are active on i-connect. In order to expedite the transition to electronic transmission of data, Pembrokeshire College, Coleg Ceredigion and Coleg Sir Gar have all be provided with a spreadsheet template to provide updates similar to i-connect. This process is known colloquially as 'Monthly Updates'. Many of the other smaller employers already utilise 'Monthly Updates'.

Coleg Ceredigion and Coleg Sir Gar are continuing to work with their payroll provider to ensure the data required is extracted and inputted into the correct fields on the spreadsheet. Pembrokeshire College have provided test extracts and are working on resolving the outstanding queries identified with their payroll provider.

Employer	i-Connect status
ABERYSTWYTH TOWN COUNCIL	Active
ADAPT	Active
BURRY PORT MARINA LTD	Active
CAREERS WALES WEST	Active
CARMARTHEN TOWN COUNCIL	Active
CARMARTHENSHIRE AVS	Active
CARMARTHENSHIRE C C	Active
COLEG SIR GAR	

CARMARTHENSHIRE FED OF YFC	Active
CEREDIGION AVO	Active
CEREDIGION C C	Active
COLEG CEREDIGION	
COOMB CHESHIRE HOME	Active
CWARTER BACH COMMUNITY COUNCIL	Active
CWMAMMAN TOWN COUNCIL	Active
DYFED-POWYS POLICE	
GORSLAS COMMUNITY COUNCIL	Active
GRWP GWALIA	Active
IAITH CYFYNGEDIG	Active
KIDWELLY TOWN COUNCIL	Active
LLANBADARN FAWR COUMMUNITY	Active
LLANEDI COMMUNITY COUNCIL	Active
LLANELLI RURAL COUNCIL	Active
LLANELLI TOWN COUNCIL	Active
LLANGENNECH COMMUNITY COUNCIL	Active
LLANNON COMMUNITY COUNCIL	Active
LLESIANT DELTA WELLBEING LTD	Active
MENTER BRO DINEFWR	Active
MENTER CASTELL NEDD PT	Active
MENTER CWM GWENDRAETH	Active
MENTER GORLLEWIN SIR GAR	Active
MID & WEST WALES FIRE	
NARBERTH AND DISTRICT SPORTS ASSOC	Active
PEMBREY AND BURRY PORT TOWN COUNCIL	Active
PEMBROKE DOCK TOWN COUNCIL	Active
PEMBROKE TOWN COUNCIL	Active
PEMBROKESHIRE AVS	Active
PEMBROKESHIRE C C	Active
PEMBROKESHIRE COAST NAT PARK	Active
PEMBROKESHIRE COLLEGE	
PLANED	Active
TAI CEREDIGION	Active
TENBY TOWN COUNCIL	Active
TRINITY COLLEGE	Active
UNIVERSITY COLLEGE OF WALES	Active
WELSH BOOKS COUNCIL	Active
WEST WALES ACTION FOR MENTAL HEALTH	Active
VALUATION TRIBUNAL FOR WALES	Active
VISIT PEMBROKESHIRE	Active

4. GMP Reconciliation

When a scheme member attains State Pension Age, they will be advised of the amount of Guaranteed Minimum Pension (GMP) which is included in their pension. The GMP relates to the part of the pension for the period between April 1978 and April 1997 for which they were 'contracted-out'. For this period, the Scheme has to guarantee that their pension will be at least the same as it

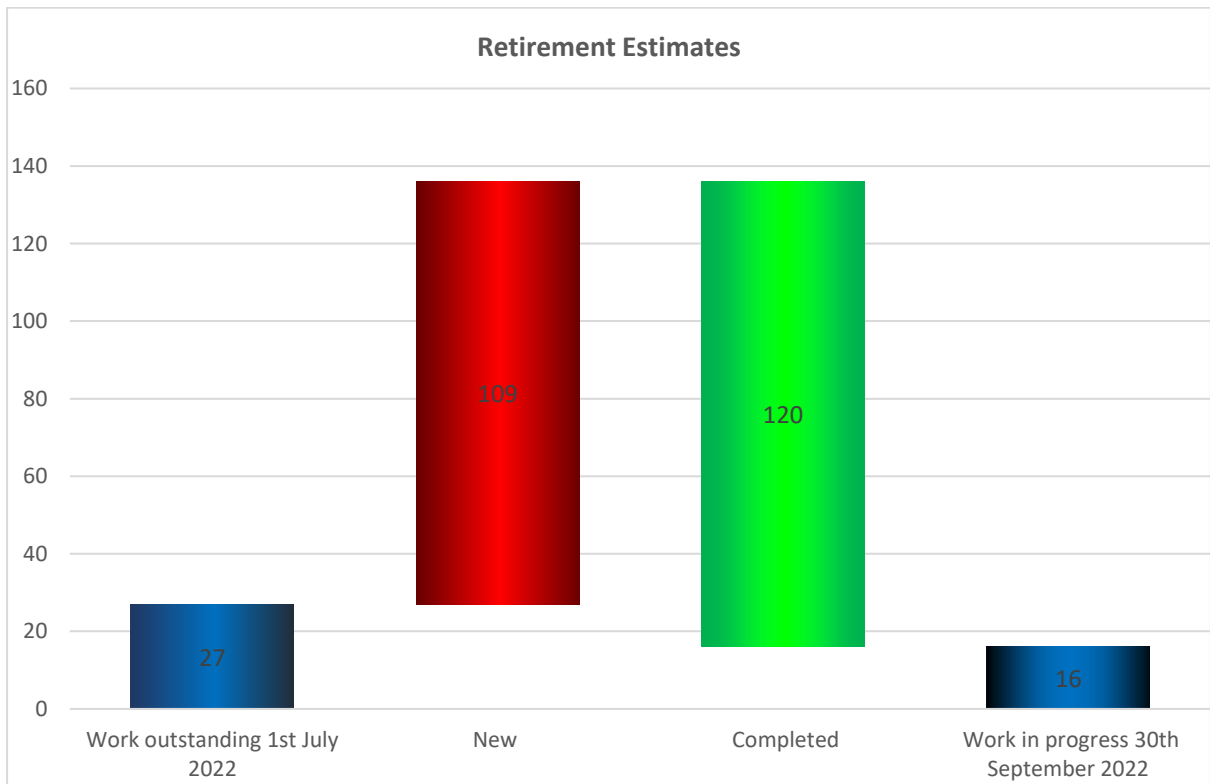
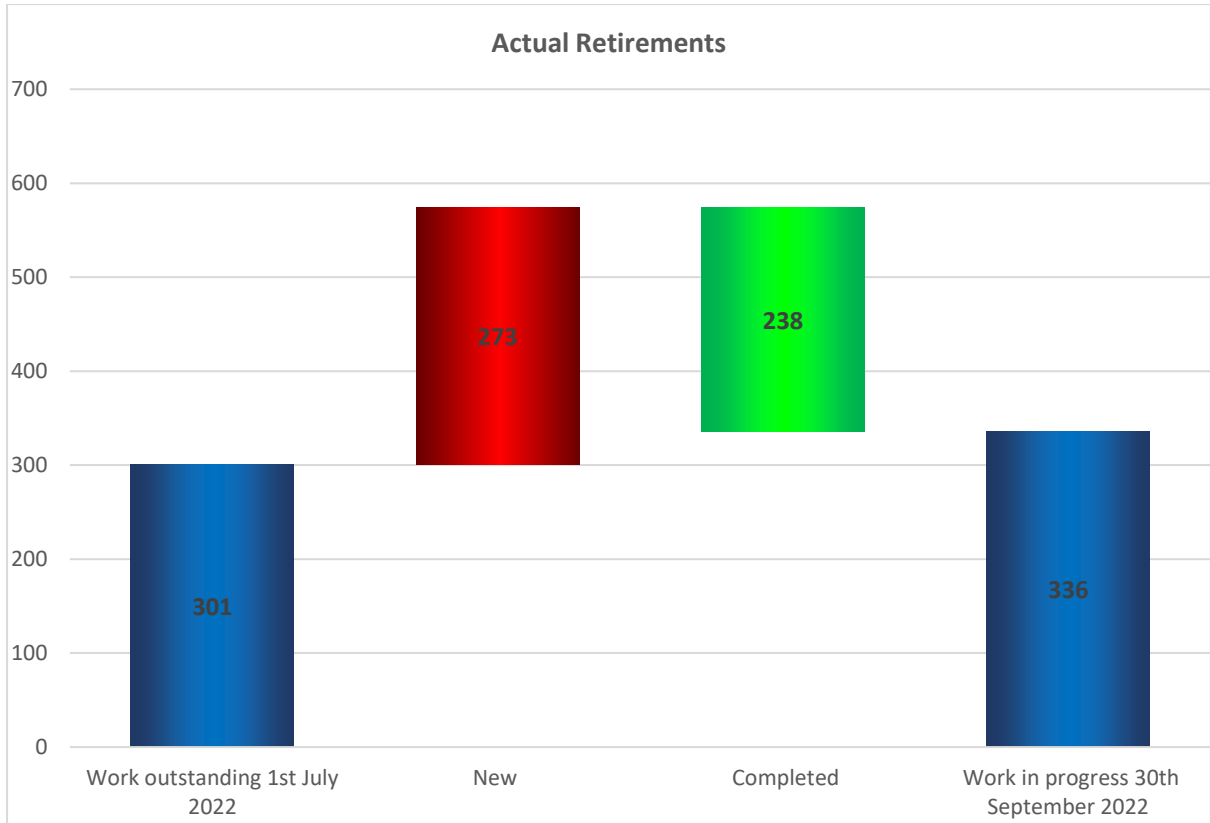
would have been, had they not been 'contracted-out'. Contracting out ceased in April 2016. HMRC have now stated that they will not be sending a statement to all individuals affected specifying who is responsible for paying their Guaranteed Minimum Pension (GMP). The pensions section will continue to reconcile the GMP values it holds for members with those calculated by HMRC. It ensures that all individuals recorded by HMRC against the fund are correct. The pensions section has reconciled 99.76% of the records held. Further information has also been issued to HMRC in order that they can amend their records, unfortunately, a response remains outstanding. Reconciliation work has also been undertaken in respect of active scheme members and 99.40% have been reconciled. Unfortunately HMRC have not responded to all the outstanding queries and therefore the reconciled data remains the same as the previous report.

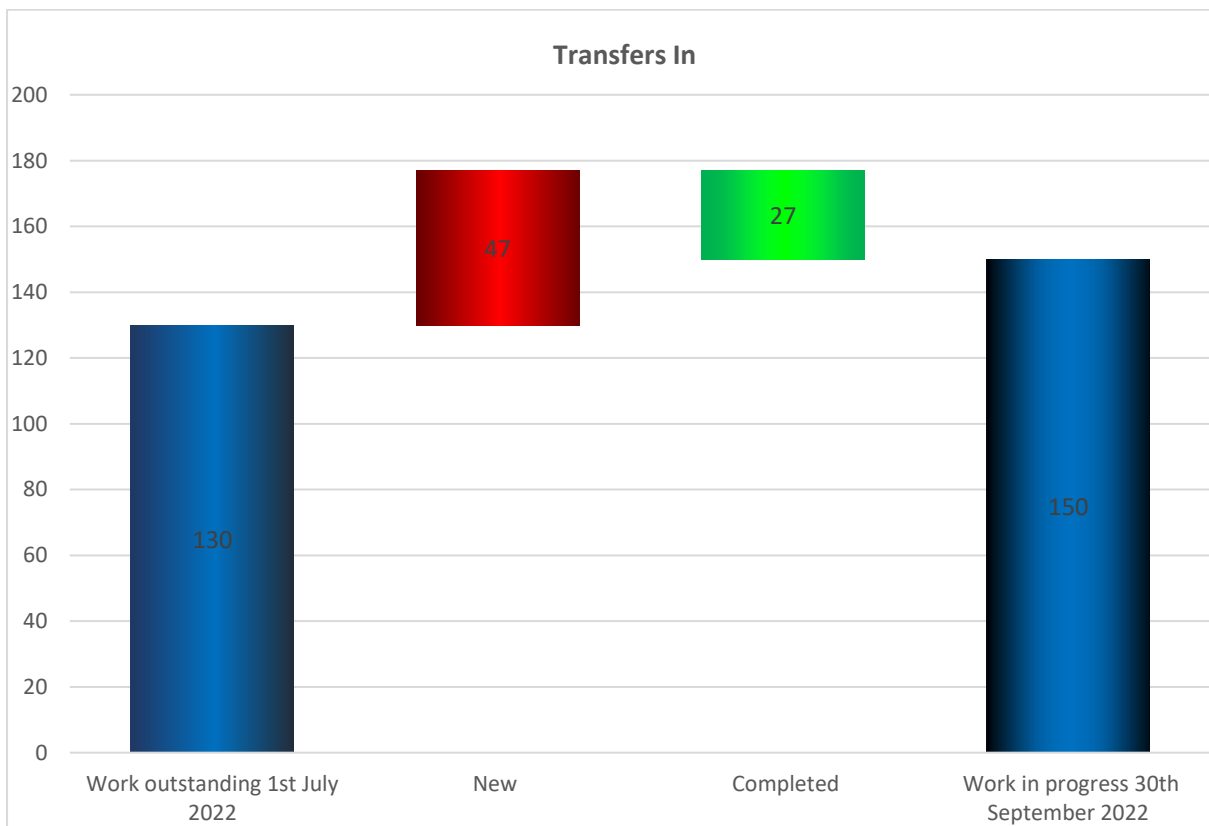
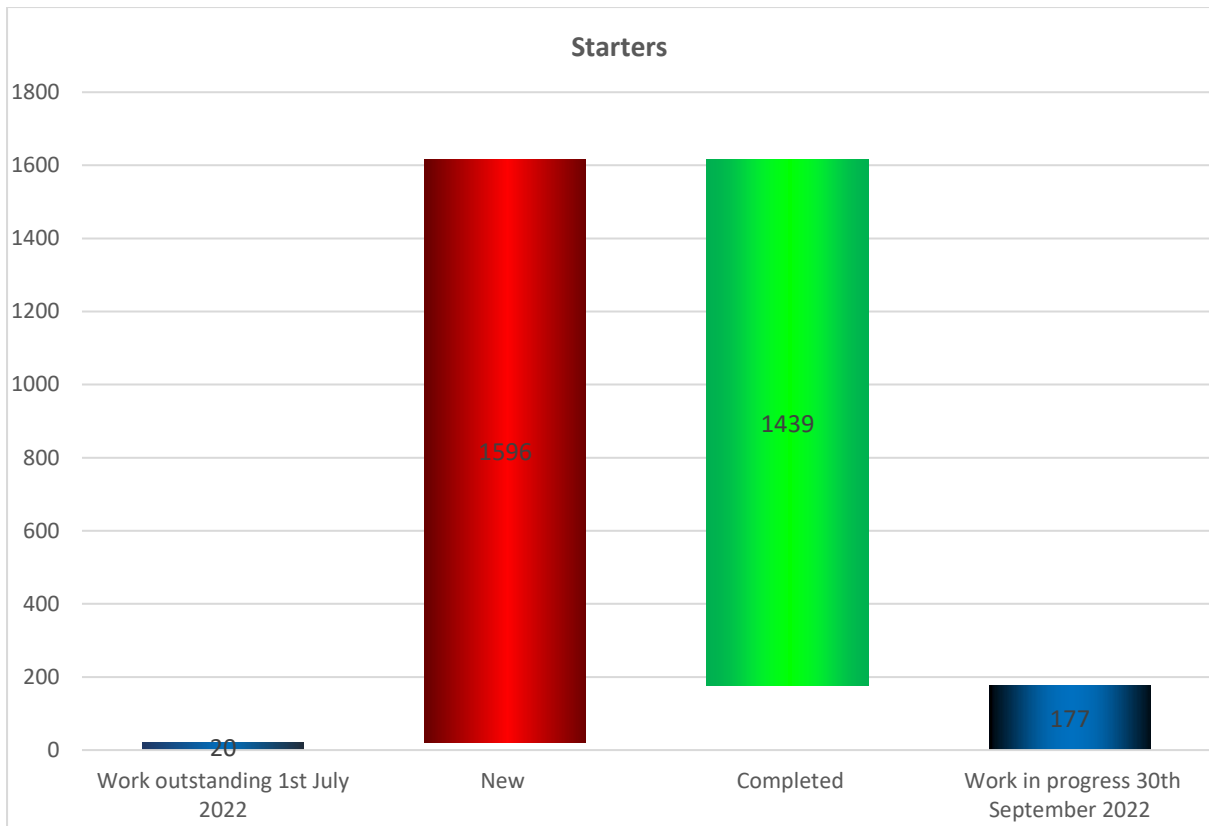
5. Workflow

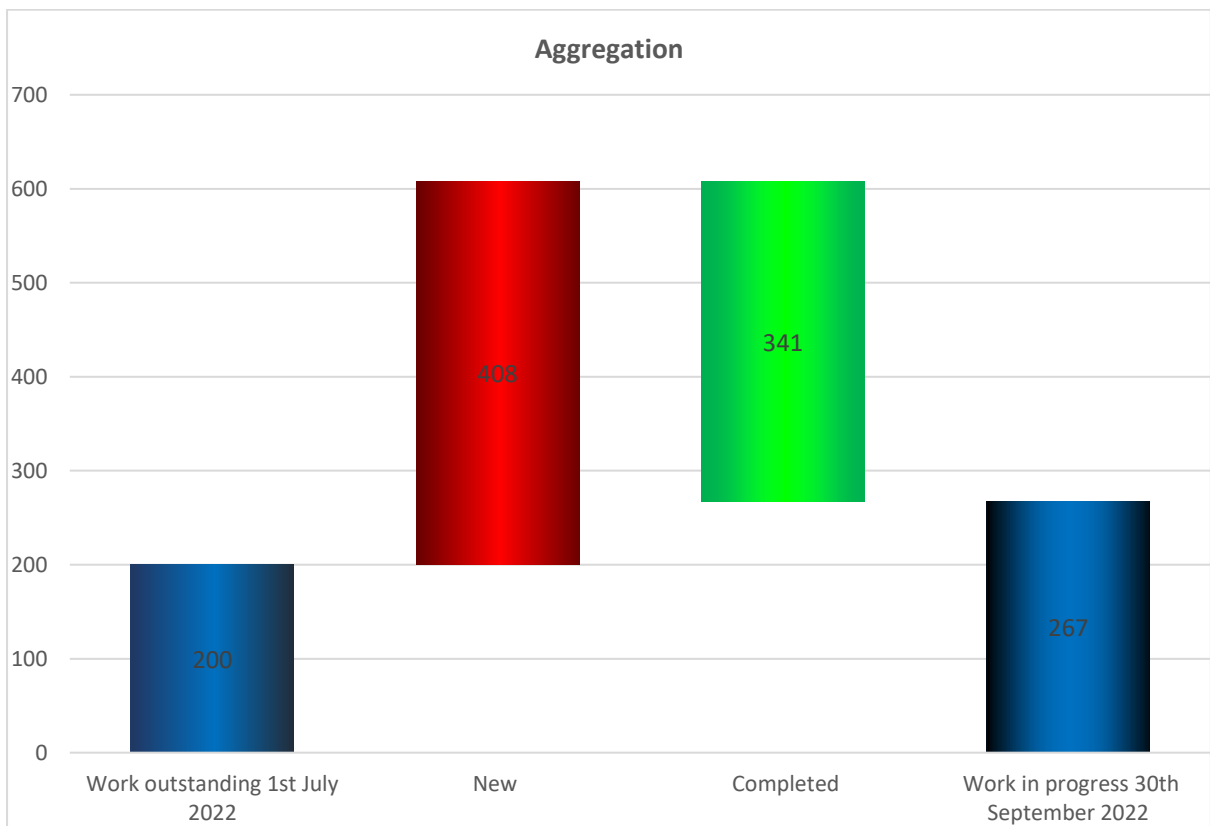
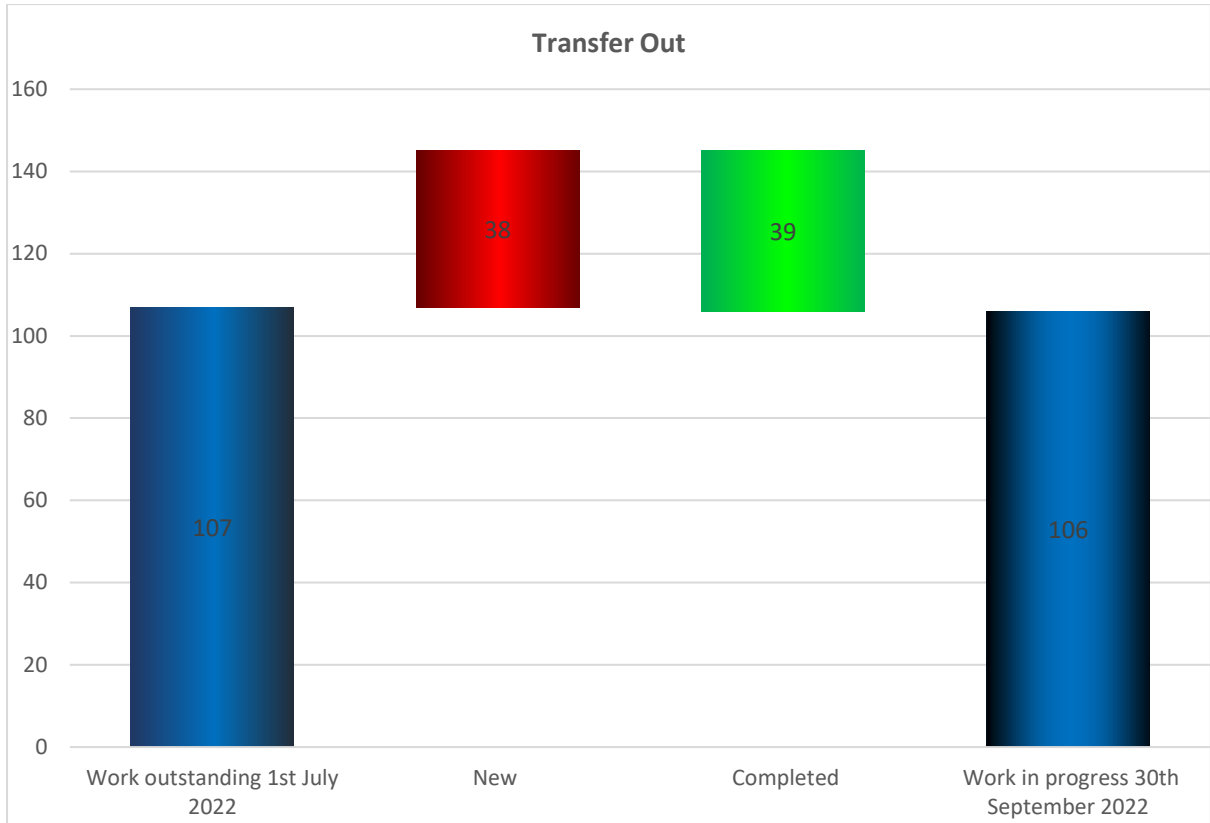
The tables overleaf detail the workflow statistics for the key tasks undertaken in the section for the period 1st July 2022 to 30th September 2022 in respect of the LGPS only. Please note that in circumstances where multiple iterations for the same calculation date have been undertaken, this is recorded as a single estimate. The workflow statistics are recorded on a quarterly basis.

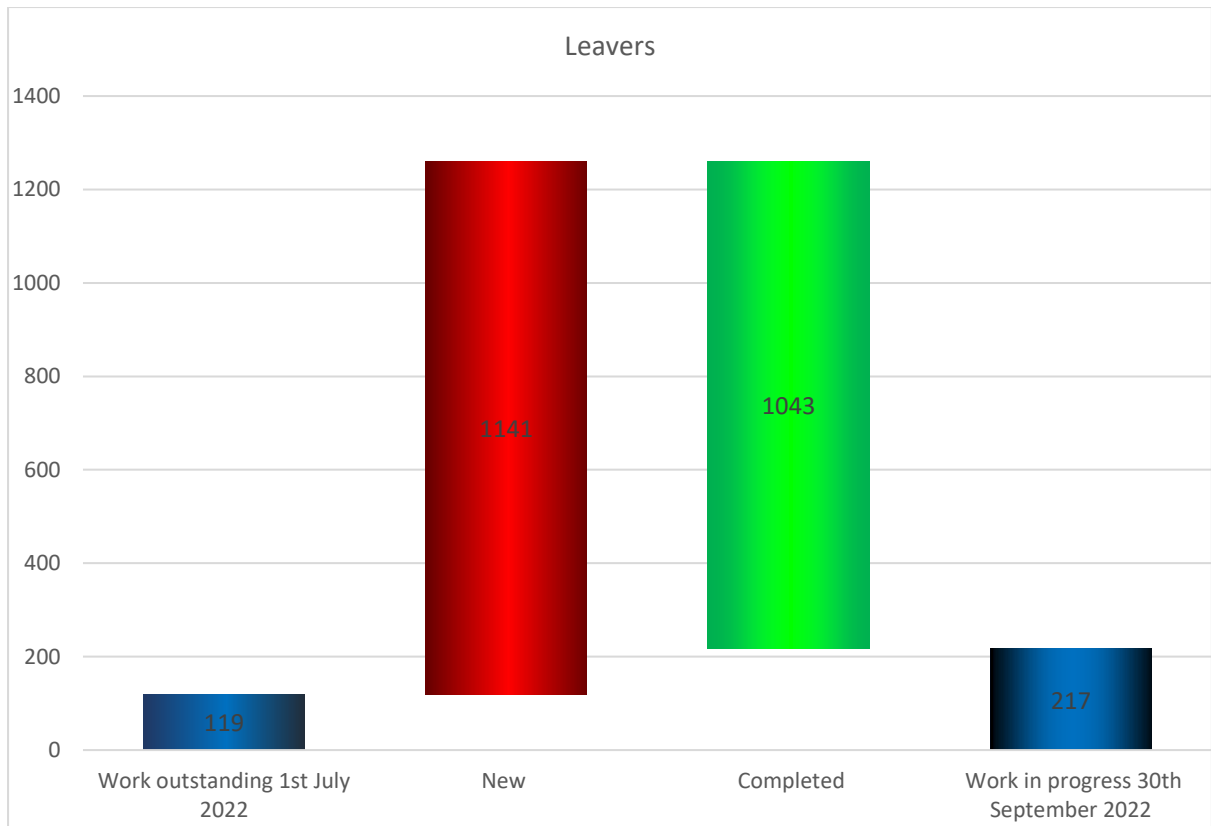
Kevin Gerard

Pensions Manager









DYFED PENSION FUND COMMITTEE

23RD NOVEMBER 2022

BREACHES REPORT 2022-2023		
<p>Recommendations / key decisions required: To note any breaches that have occurred in the Dyfed Pension Fund in 2022-2023.</p>		
<p>Reasons: In accordance with the Dyfed Pension Fund Breaches Policy.</p>		
<p>Cabinet Decision Required N/A Council Decision Required N/A</p>		
<p>CABINET MEMBER PORTFOLIO HOLDER:- N/A</p>		
<p>Directorate: Corporate Services</p> <p>Name of Director: Chris Moore</p> <p>Report Author: Chris Moore</p>	<p>Designations: Director of Corporate Services, Carmarthenshire County Council</p>	<p>Tel Nos. 01267 224120</p> <p>E Mail Address: CMoore@carmarthenshire.gov.uk</p>

EXECUTIVE SUMMARY

DYFED PENSION FUND COMMITTEE 23RD NOVEMBER 2022

BREACHES REPORT 2022-2023

Introduction

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 provides guidance on reporting these breaches. The Dyfed Pension Fund Breaches Policy was approved by the Dyfed Pension Fund Committee in March 2016.

Under the policy, breaches of the law are required to reported to the Pensions Regulator where there is 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 is likely to be of material significance to the regulator in the exercise of any of its functions.

The up to date breaches report is attached. Since the last Committee meeting there have been a few instances where employee/employer contributions have not been received on time. No report has been sent to the Pensions Regulator as there are no implications of these breaches.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **C Moore**

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
2. Local Member(s) N/A	
3. Community / Town Council N/A	
4. Relevant Partners N/A	
5. Staff Side Representatives and other Organisations N/A	

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

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Breaches Report

Breach Number	Year	Date of Breach / Likely Breach	Failure Type	A description of the breach (including relevant dates), its cause and effect, including the reasons it is, or is not, believed to be of material significance	Been reported to tPR before	RAG Status	Report to tPR	Actions taken to rectify the breach. A brief descriptions of any longer term implications and actions required to prevent similar types of breaches recurring in the future
117	2022-23	22/4/22	Contributions	March payment of £693.45 not yet received. Finance Manager has been contacted by email.	No	Amber	No Report	Payment received 26.9.22
118	2022-23	22/4/22	Contributions	March qtr payment & paperwork not received yet. Clerk (only contributor) passed away in February 2022. Pensions Admin in contact with new clerk regarding paperwork.	No	Amber	No Report	There are no long term implications associated with this breach. Payment received 28.10.22
119	2022-23	April 2022, May 2022, June 2022	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. April - 16 members & total refunds = £4374.47, May - 10 members & total refunds = £1821.48, June - 11 members & total refunds = £1883.03	No	Amber	No Report	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.
120	2022-23	22/5/22	Contributions	April payment & remittance not yet received. Finance Manager has been contacted by email.	No	Amber	No Report	Payment received 1.9.22
121	2022-23	22/6/22	Contributions	May payment & remittance not yet received.	No	Amber	No Report	Payment received 1.9.22
122	2022-23	22/7/22	Contributions	Remittance advices dated April-July have now been received. No payments received but are expected to be made by 19 August.	No	Amber	No Report	Payment received 1.9.22
123	2022-23	July 2022, August 2022	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. July - 21 members & total refunds = £2948.40, August - 27 members & total refunds = £8464.63	No	Amber	No Report	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.
124	2022-23	22/7/22	Contributions	June contributions of £185.54 received 8 days late. New Clerk in post, slight delay due to payment issues. Future payments will be made by Standing Order	No	Amber	No Report	There are no long term implications associated with this breach.
125	2022-23	22/8/22	Contributions	July contributions of £802.17 received 10 days late. April, May and June payments that were outstanding were received on the same date (1.9.22). March 22 payment still outstanding, email sent requesting that payment be made immediately.	No	Amber	No Report	Payment received 1.9.22
126	2022-23	22/9/22	Contributions	August contributions of £802.17 received 4 days late. March 22 payment received on the 26 September.	No	Amber	No Report	Payment received 26.9.22
127	2022-23	22/9/22	Contributions	August contributions of £4,725.38 received 6 days late. Finance person had IT issue with emails which resulted in the payment being made late.	No	Amber	No Report	There are no long term implications associated with this breach.
128	2022-23	22/10/22	Contributions	No paperwork or payment received for September contributions. Email has been sent to Finance Manager	No	Amber	No Report	Ongoing discussions taking place.
129	2022-23	September 2022, October 2022	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. September - 11 members & total refunds = £2190.02, October - 22 members & total refunds = £7315.25	No	Amber	No Report	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.

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DYFED PENSION FUND COMMITTEE

23RD NOVEMBER 2022

RISK REGISTER		
Recommendations / key decisions required: To advise the Committee that the risk register has been reviewed to ensure risks are identified and assessed.		
Reasons: To ensure all risks are correctly identified and assessed.		
Cabinet Decision Required N/A Council Decision Required N/A		
CABINET MEMBER PORTFOLIO HOLDER:- N/A		
Directorate: Corporate Services Name of Director: Chris Moore Report Author: Chris Moore	Designations: Director of Corporate Services, Carmarthenshire County Council	Tel Nos. 01267 224120 E Mail Address: CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY

DYFED PENSION FUND COMMITTEE 23RD NOVEMBER 2022

RISK REGISTER

The Risk Register is a working document that highlights all the risks identified in relation to the functions of the Dyfed Pension Fund. This is regularly monitored and reviewed.

The register includes:

- Details of all identified risks
- Assessment of the potential impact, probability and risk rating
- The risk control measures that are in place
- The responsible officer
- Target Date (if applicable)

The document identifies the risks as operational and strategic.

The Risk Register has been reviewed and no changes have been made since the previous Committee meeting.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	YES	NONE	NONE

Risk Management Issues

The register is used to identify any risks relating to the functions of the Dyfed Pension Fund and highlights what measures are in place to mitigate these risks. Failure to manage the risks correctly could result in the Fund not meeting its objectives.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **C Moore**

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
2. Local Member(s) N/A	
3. Community / Town Council N/A	
4. Relevant Partners N/A	
5. Staff Side Representatives and other Organisations N/A	

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED

N/A

Section 100D Local Government Act, 1972 – Access to Information List of Background Papers used in the preparation of this report:

THERE ARE NONE

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Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **9 November, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
DPFOP0001 - Failure to process accurate pension benefits payments, including lump sum payments, in a timely manner	Significant 3	Unlikely 2	Medium 6	<ul style="list-style-type: none"> • Segregation of duties and authorisation of benefits following calculation by Senior Pensions Officer <i>Implemented</i> • Altair Development Officer is responsible for regular system checks regarding calculations <i>Implemented</i> • Communication & Training Officer liaises closely with all employing authorities to ensure timely submission of information to DPF <i>Implemented</i> • Payroll deadline procedures in place <i>Implemented</i> • Item in Business Continuity/Disaster Recovery Plan <i>Implemented</i> 	Pensions Manager Pensions Manager Pensions Manager Pensions Manager Pensions Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **9 November, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> Participate in National Fraud Initiative (NFI) <i>Implemented</i> Life Certificates exercise carried out for all cheque payments <i>Implemented</i> Undertake reviews of monthly performance to ensure service standards are maintained <i>Implemented</i> IT Contingency/Resilience Plan in place <i>Implemented</i> 	<p>Pensions Manager</p> <p>Pensions Manager</p> <p>Pensions Manager</p> <p>Pensions Manager</p>				
<p>DPFOP0002 - Failure to collect and account for full receipt of contributions from employers and employees on time</p> <p>Failure to collect full receipt of pension contributions from employees and employers in line with Regulation guidelines.</p>	<p>Substantial</p> <p>4</p>	<p>Possible</p> <p>3</p>	<p>High</p> <p>12</p>	<ul style="list-style-type: none"> Contributions monitoring procedures <i>Implemented</i> 	<p>Pensions Manager and Treasury & Pensions Investments Manager</p>		<p>Substantial</p> <p>4</p>	<p>Unlikely</p> <p>2</p>	<p>Medium</p> <p>8</p>

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **9 November, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		Controlled Risk Rating	
	Impact	Probability				Current Risk Rating	Impact		Probability
<p>Failure of employers' financial systems; absence of key staff; failure to communicate with employers effectively; failure of key systems such as on-line banking and/or financial ledger.</p> <p>Possible adverse audit opinion; negative cash flow position; delays in producing IAS19 accounting reports; delays in closure of year end accounts; employers forced to leave the scheme.</p>			<ul style="list-style-type: none"> Formal timescales for receipt of contributions <i>Implemented</i> Budget set and monthly monitoring against the budget <i>Implemented</i> Escalation of non receipt of contributions <i>Implemented</i> Systems Audit undertaken by Internal Audit and External Auditors <i>Implemented</i> 	<p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p>					

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **9 November, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
DPFOP0003 - Failure to keep pension records up to date and accurate	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> Senior Officers liaise closely with employing authorities to ensure timely and accurate submission of data to DPF <i>Implemented</i> i-Connect ensures that data from employers is identified by a direct transfer from payroll on a monthly basis <i>Implemented</i> Data accuracy checks undertaken by the pension section prior to continual validation on workflow system <i>Implemented</i> Data integrity validation is performed monthly by Altair Development Officer <i>Implemented</i> Data validation checks also undertaken by the DPF's partners (e.g.the Actuary at Valuation) <i>Implemented</i> 	Pensions Manager Pensions Manager Pensions Manager Pensions Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **9 November, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> Additional validation carried out through NFI <i>Implemented</i> Opportunity to escalate non-compliance <i>Implemented</i> 	Pensions Manager				
DPFOP0004 - Failure to hold personal data securely	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls <i>Implemented</i> Disaster Recovery Plan for pensions system <i>Implemented</i> Authorised users have unique usernames and passwords must be changed every 60 days <i>Implemented</i> 	Pensions Manager Pensions Manager Pensions Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **9 November, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> • Documentation is scanned on to the pensions system and paper copies are held for a period of 3 months before shredding <i>Implemented</i> • Compliance with the Data Protection Act 1998 <i>Implemented</i> • Compliance with the Authority's in-house IT policies <i>Implemented</i> • Systems and Payroll audit undertaken annually <i>Implemented</i> 	Pensions Manager				
DPFOP0005 - Loss of funds through fraud or misappropriation in administration related functions	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> • Internal and external audit checks performed to ensure that appropriate and effective controls are in place <i>Implemented</i> 	Pensions Manager		Moderate 2	Unlikely 2	Low 4

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **9 November, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> • Segregation of duties and authorisation of benefits following calculation by Senior Pensions Officer and Pensions Officer <i>Implemented</i> • Altair Development Officer undertakes data integrity checks <i>Implemented</i> • Systems and Payroll audit undertaken annually <i>Implemented</i> 	Pensions Manager				
<p>DPFOP0006 - Normal operations disrupted by uncontrollable external factors Service delivery threats from fire, bomb, extreme weather, electrical faults etc.</p> <p>Insufficient daily back up, disaster recovery, and IT cover to support systems.</p> <p>Temporary loss of ability to provide service to stakeholders.</p>	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> • Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls <i>Implemented</i> • Disaster Recovery Plan for pensions system with the software provider <i>Implemented</i> 	Pensions Manager Pensions Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **9 November, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. <i>Implemented</i> 	Pensions Manager				
DPFOP0007 - Inability to keep service going due to loss of main office, computer system, or staff	Moderate 2	Unlikely 2	Low 4	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls <i>Implemented</i> Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. <i>Implemented</i> 	Pensions Manager Pensions Manager		Moderate 2	Improbable 1	Very Low 2
DPFOP0008 - Lack of expertise among some Pension Administration officers	Significant 3	Unlikely 2	Medium 6	<ul style="list-style-type: none"> Personal development plan in place to support the development of each officer in the Section <i>Implemented</i> 	Pensions Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **9 November, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		
	Impact	Probability					Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> • Specific courses / seminars attended by officers to further their knowledge and understanding <i>Implemented</i> 	Pensions Manager				
<p>DPFOP0009 - Over reliance on key Pensions Administration and Investment Officers Specialist nature of the work means there are relatively few experts in Investments and the Local Authority Pensions Regulations.</p> <p>Significant knowledge gap left if experts leave.</p>	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> • Key officers convey specialist knowledge to colleagues on a function or topic basis by mentoring <i>Implemented</i> • Enhance training by bespoke sessions / courses / workshops <i>Implemented</i> • Specific relevant qualifications for administration and investment staff <i>Implemented</i> 	<p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p>		Significant 3	Unlikely 2	Medium 6

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **9 November, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> External consultants and independent adviser available for short term assistance <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager				
DPFOP0010 - Failure to appropriately attract, manage, develop, and retain staff at all levels	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Training and Development Plan established <i>Implemented</i> 	Pensions Manager		Substantial 4	Improbable 1	Low 4
DPFOP0011 - Failure to communicate properly with stakeholders Lack of clear communications. Scheme members are not aware of their rights and entitlements, are distanced from the Fund, which could lead to a reduction in new members and an increase in leavers. Communication with investment managers, custodian, independent adviser, fund employers, pensioners, scheme members, actuary and government organisations.	Significant 3	Unlikely 2	Medium 6	<ul style="list-style-type: none"> Dedicated Communication & Training Officer post established Dedicated Communication & Training Officer will continue to fulfil all the communication requirements of the DPF, in accordance with the Communications Policy Statement <i>Implemented</i> 	Pensions Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

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	Impact	Probability				Current Risk Rating	Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> Comprehensive website is continually updated and developed <i>Implemented</i> My Pension Online is used to enhance the service provided to scheme members <i>Implemented</i> Quarterly meetings with independent adviser and investment managers <i>Implemented</i> Communications Policy in place <i>Implemented</i> Annual Employer & Consultative Meeting <i>Implemented</i> 	<p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager</p> <p>Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p>				

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

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Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
<p>DPFOP0012 - Liquidity/cashflow risk - insufficient funds to meet liabilities as they fall due</p> <p>Failure of employers to pay contributions on time; low dividend income; significant number of liabilities paid out at the same time.</p> <p>Immediate cash contribution would be required via employers; delay in the payment of promised liabilities; negative publicity and an adverse audit report.</p>	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> • Monthly cash and dividend reconciliations <i>Implemented</i> • Quarterly monitoring of investment managers by Pension Committee <i>Implemented</i> • Appointment of custodian <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
<p>DPFOP0013 - Loss of funds through fraud or misappropriation in investment related functions</p> <p>Fraud or misappropriation of funds by an employer, investment managers or custodian.</p> <p>Financial loss to the fund.</p>	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> • Internal and External Audit regularly test that appropriate controls are in place and working <i>Implemented</i> • Regulatory control reports from investment managers, custodian, etc., are also reviewed by audit. <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

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	Impact	Probability					Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> • Due diligence is carried out whenever a new manager is appointed. <i>Implemented</i> • Reliance also placed in Financial Conduct Authority registration. <i>Implemented</i> • Quarterly monitoring by Pension Committee and Independent Adviser <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager				
DPFOP0014 - Excessive levels of Pension Fund Cash held within Carmarthenshire County Council investment balances High dividend / interest receipts and low benefit payments being made in period. Lower cash like return instead of equity or bond investment returns.	Significant 3	Unlikely 2	Medium 6	<ul style="list-style-type: none"> • Monthly cash reconciliations and separate pension fund bank accounts <i>Implemented</i> • Quarterly monitoring by Pension Fund Committee <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

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	Impact	Probability					Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> Internal Audit and Wales Audit Office review <i>Implemented</i> 	Treasury & Pensions Investments Manager				
<p>DPFOP0015 - Lack of expertise on Pension Fund Committee and/or amongst Officers Lack of training, continuous professional development and 4 year election cycle.</p> <p>Flawed recommendations given to Pension Fund Committee which, unchallenged, could lead to incorrect decisions being made.</p>	<p>Significant</p> <p>3</p>	<p>Likely</p> <p>4</p>	<p>High</p> <p>12</p>	<ul style="list-style-type: none"> Ensure Officers are trained and up to date in key areas through courses, seminars, reading, discussions with consultants, etc. <i>Implemented</i> Members given induction training on joining Committee with subsequent opportunities to attend other specialist training. <i>Implemented</i> Members' training plan and Governance Policy established <i>Implemented</i> Specialist assistance available from consultants and independent adviser <i>Implemented</i> 	<p>Treasury & Pensions Investments Manager</p> <p>Treasury & Pensions Investments Manager</p> <p>Treasury & Pensions Investments Manager</p> <p>Treasury & Pensions Investments Manager</p>		<p>Significant</p> <p>3</p>	<p>Possible</p> <p>3</p>	<p>Medium</p> <p>9</p>

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **9 November, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
DPFOP0016 - Prolonged failure of investment managers to achieve the returns specified on their mandates Under-performance by the investment managers; lack of monitoring and challenging by the Committee.	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> Quarterly monitoring of investment managers and performance company reports by investment team and Pension Committee <i>Implemented</i> 	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
DPFOP0017 - Failure to meet statutory deadlines leading to qualification of the accounts Lack of planning for closure of accounts; lack of training; loss of expert knowledge. Qualified audit report; potential bad publicity; members' loss of confidence on officers' abilities.	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Timetabled Audit Committee cycles <i>Implemented</i> Liaise with external audit <i>Implemented</i> Establish closedown timetable <i>Implemented</i> Establish WAO working paper guidance & planning document <i>Implemented</i> 	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

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	Impact	Probability					Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> • Excellent time management skills <i>Implemented</i> 	Treasury & Pensions Investments Manager				
DPFOP0018 - Adequate skilled resources not available for accounts preparation Lack of training; loss of expert knowledge; annual or study leave. Qualified audit report; unsatisfactory internal audit report; failure to meet statutory closure deadlines; employee stress.	Significant 3	Likely 4	High 12	<ul style="list-style-type: none"> • Appropriate Treasury & Pension Investments structure in place <i>Implemented</i> • Arrange training courses and seminars, and mentoring <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9
DPFOP0019 - Failure to recover all debts Lack of communication between fund officers and administering authority officers (debtors); lack of monitoring / recovery procedures. Loss of income to the Fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to Fund employers	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> • Use of specialist debt recovery section within the administering authority <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager		Moderate 2	Improbable 1	Very Low 2

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

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Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> • Monthly monitoring of debts due <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager				
<p>DPFOP0020 - Officers acting outside delegated authority Threat of officers making unauthorised decisions or payments.</p> <p>Loss of income to fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers</p>	<p>Substantial</p> <p>4</p>	<p>Unlikely</p> <p>2</p>	<p>Medium</p> <p>8</p>	<ul style="list-style-type: none"> • Undertake regular review of Standing Orders & Constitution <i>Implemented</i> • Report to Executive Board <i>Implemented</i> • Monitoring officer role <i>Implemented</i> 	<p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p>		<p>Substantial</p> <p>4</p>	<p>Improbable</p> <p>1</p>	<p>Low</p> <p>4</p>

Risk Register

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	Impact	Probability					Impact	Probability	
<p>DPFOP0021 - Non-performance by Officers and Committee Members Lack of training for officers and members; turnover in officers and members; lack of appraisals; lack of PI monitoring; time constraints for members; conflicting deadlines for officers.</p> <p>Qualified audit report; potential bad publicity; members' loss of confidence in officers' abilities; excessive pressure on officers; loss of income to the fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers</p>	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Establish performance measurement system <i>Implemented</i> Pension Committee member assessments <i>Implemented</i> Officer appraisals in October and March annually <i>Implemented</i> Regular internal and external audits <i>Implemented</i> 	<p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p>		Substantial 4	Unlikely 2	Medium 8

Risk Register

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	Impact	Probability					Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> Establish & review training plan for officers and members <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager				
<p>DPFOP0022 - Failure to operate strict financial and budgetary controls Lack of regular budget monitoring and budget setting; lack of communication between admin and investment sections; lack of scrutiny of investment managers', consultants', and advisers' fees.</p> <p>Unexpected variances over budget headings; members' loss of confidence in officers' abilities; loss of income to the fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers.</p>	<p>Substantial</p> <p>4</p>	<p>Possible</p> <p>3</p>	<p>High</p> <p>12</p>	<ul style="list-style-type: none"> Quarterly monitoring of budgets <i>Implemented</i> Quarterly forecasting and profiling of budgets <i>Implemented</i> Closure of accounts to Audit Committee <i>Implemented</i> Monthly reconciliations of contributions, dividends, and pension payroll <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		<p>Substantial</p> <p>4</p>	<p>Unlikely</p> <p>2</p>	<p>Medium</p> <p>8</p>

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Operational**

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Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
DPFOP0023 - Insufficient resources to provide information requirements for the Wales Pension Partnership on the management of the fund	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Staffing resources to be kept under review to ensure the Fund's interests are properly met when developing investment pooling arrangements <i>Implemented</i> 	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
DPFOP0024 - Coronavirus - COVID19 Service delivery threats from COVID-19 and / or similar pandemics. Insufficient daily back up, disaster recovery, and IT cover to support systems and staff. Temporary loss of ability to provide service to stakeholders.	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls. Remote working arrangements with access to key systems through CCC IT equipment and software. <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager		Moderate 2	Possible 3	Medium 6

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Strategic**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **9 November, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		
	Impact	Probability					Impact	Probability	Controlled Risk Rating
DPFST0001 - Failure to comply with LGPS regulations as well as other overriding regulations	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Altair Development Officer undertakes Altair system checks to ensure compliance with LGPS regulations <i>Implemented</i> Network Groups (Altair & LGPC) <i>Implemented</i> Communication & Training Officer Communication & Training Officer responsible for the maintenance of Online Procedure manuals, and the provision of training to all section staff and employing bodies via site visits. <i>Implemented</i> Continue to act as an "Early Adopter" in conjunction with the system provider to ensure system meets regulatory requirements <i>Implemented</i> 	Pensions Manager		Substantial 4	Improbable 1	Low 4

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Strategic**

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	Impact	Probability					Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> • Technical Officer ensures legislative accuracy of calculations <i>Implemented</i> 	Pensions Manager				
DPFST0002 - Failure to respond to major change to the LGPS following Public Sector Pension Review	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> • Participation in all high level Government discussions and consultations <i>Implemented</i> • Ensure best practice is implemented and DPF is seen as a centre of excellence for pension administration <i>Implemented</i> • Continue to be recognised nationally by peers as one of the leaders in pension administration and facilitate site visits <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager Pensions Manager		Substantial 4	Improbable 1	Low 4

Risk Register

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	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> • Society of Welsh Treasurers review the suitability of existing and any new pension fund arrangements <i>Implemented</i> • CIPFA Pensions Network membership <i>Implemented</i> • Technical Officer ensures legislative accuracy of calculations <i>Implemented</i> 	<p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager</p>				
DPFST0003 - No appropriate procedures for Employer bodies transferring out of the pension fund or Employer bodies closing to new membership	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> • Inter valuation monitoring and rate reassessment if appropriate <i>Implemented</i> 	Pensions Manager		Significant 3	Unlikely 2	Medium 6

Risk Register

Organisation/Department/Function/Project: **Dyfed Pension Fund Strategic**

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	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> • Identification of any issue and resolution via regular site visits by Communication & Training Officer <i>Implemented</i> • Requirement for employing authorities to issue termination forms for each active member <i>Implemented</i> • Validation of membership numbers <i>Implemented</i> • Employer covenant checks <i>Implemented</i> 	Pensions Manager Pensions Manager Pensions Manager Pensions Manager				
DPFST0004 - Significant rises in employer contributions due to increases in liabilities or fall in assets Scheme liabilities increase disproportionately as a result of increased longevity or falling bond yields. Poor economic conditions,	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> • Use qualified actuary who uses assumptions and recommends appropriate recovery period and strategy <i>Implemented</i> 	Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9

Risk Register

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	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
incorrect investment strategy, poor selection of investment managers. Poor / negative returns leading to potential increase in employer's costs.				<ul style="list-style-type: none"> Quarterly monitoring of investment managers by Pension Committee <i>Implemented</i> Diversified Strategic Asset Allocation <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager				
DPFST0005 - Failure of Investment Strategy to deliver investment objectives Inaccurate triennial valuation assumptions used. Incorrect recovery period used. Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employer's costs.	Significant 3	Likely 4	High 12	<ul style="list-style-type: none"> Qualified Actuary makes assumptions and recommends appropriate recovery period and strategy. <i>Implemented</i> Independent Investment adviser employed to assist the committee in making informed decisions. <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9
DPFST0006 - Concentration risk - single asset class having disproportionate impact on investment objectives Risk of the performance of a single asset class having a disproportionate	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Establish & review diversified strategic asset allocation <i>Implemented</i> 	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

Risk Register

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	Impact	Probability					Impact	Probability	
<p>impact on the ability to meeting investment objectives. Inappropriate investment strategy following the triennial valuation, including lack of diversification.</p> <p>Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employers' costs.</p>				<ul style="list-style-type: none"> Proactive in decision making <i>Implemented</i> 	Treasury & Pensions Investments Manager				
<p>DPFST0007 - Counterparty risk - risk of other party in a transaction failing to meet its obligation to the fund This arises from deposits held with banks and other financial institutions, as well as credit exposures to the fund's members and employers.</p> <p>Loss of capital; decrease in asset values; cost of legal proceedings; adverse publicity.</p>	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Set appropriate parameters with fund managers and custodian to limit exposure to default risk <i>Implemented</i> 	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
<p>DPFST0008 - Interest rate risk Arises from risk of exposure to significant interest rate movements on investments.</p> <p>Bond yields and cash decrease in value.</p>	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Establish & review diversified strategic asset allocation <i>Implemented</i> 	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

Risk Register

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	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
<p>DPFST0009 - Discount rate risk Use of inappropriate discount rate to estimate future liabilities.</p> <p>Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employers' costs.</p>	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Engage qualified actuary to make assumptions <i>Implemented</i> Engage independent adviser to assist the committee in making informed decisions <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
<p>DPFST0010 - Price risk The equity investments held exposes the fund to risk in relation to the market price of its investments.</p> <p>Funding level decreases; employer contribution rates become unacceptable, causing a potential increase in employers' costs.</p>	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Establish & review a diversified strategic asset allocation. <i>Implemented</i> Anticipate long term returns on a prudent basis. <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
<p>DPFST0011 - Foreign exchange risk The fund holds financial assets and liabilities denominated in foreign currencies. It is therefore exposed to an element of risk in relation to currency fluctuation.</p> <p>Funding level decreases; employer</p>	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Establish & review diversified (within regions) strategic asset allocation <i>Implemented</i> 	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

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	Impact	Probability					Impact	Probability	
contribution rates become unacceptable, causing a potential increase in employers' costs.									
DPFST0012 - Global financial markets impacted by economic climate, national/global austerity measures and geopolitical events	Catastrophic 5	Possible 3	High 15	<ul style="list-style-type: none"> Ongoing review by Pension Committee, Officers and Independent Adviser of the global economy and potential global instability. <i>Implemented</i> 	Treasury & Pensions Investments Manager		Substantial 4	Possible 3	High 12

DYFED PENSION FUND COMMITTEE

23RD NOVEMBER 2022

WALES PENSION PARTNERSHIP (WPP) – OPERATOR UPDATE		
Recommendations / key decisions required: The Committee to receive an update on the milestones and progress of the Wales Pension Partnership.		
Reasons: To provide an update on the following key areas: <ul style="list-style-type: none"> • Current Fund Holdings • Fund Launch Progress • Link / Russell Investments Corporate Update and Engagement 		
Cabinet Decision Required N/A Council Decision Required N/A		
CABINET MEMBER PORTFOLIO HOLDER:- N/A		
Directorate: Corporate Services Name of Director: Chris Moore Report Author: Chris Moore	Designations: Director of Corporate Services, Carmarthenshire County Council	Tel Nos. 01267 224120 E Mail Address: CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY

DYFED PENSION FUND COMMITTEE

23RD NOVEMBER 2022

WALES PENSION PARTNERSHIP (WPP) – OPERATOR UPDATE

A report from the Operator providing an update on the progress and milestones of the following Sub Funds:

- Tranche 1 – Global Equity
- Tranche 2 – UK Equity
- Tranche 3 – Fixed Income
- Tranche 4 – Emerging Markets

Also, a Corporate and Engagement update including the engagement protocol and key meeting dates.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **C Moore**

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
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2. Local Member(s) N/A

3. Community / Town Council NA

4. Relevant Partners N/A

5. Staff Side Representatives and other Organisations N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

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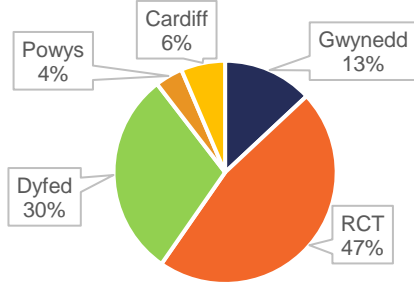
Wales Pension Partnership

Q2 2022 review

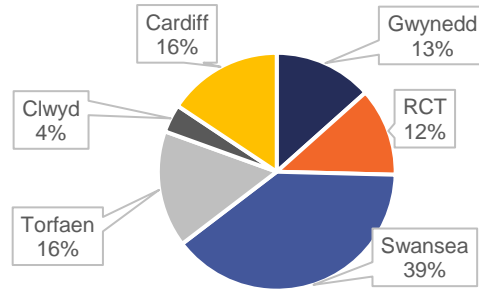
Joint Governance Committee
21st September 2022

June 2022 Fund Snapshot - Equities

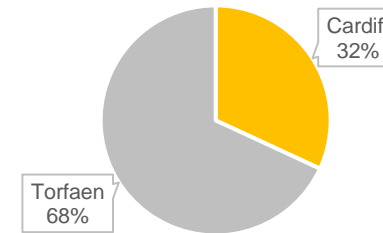
Global Growth



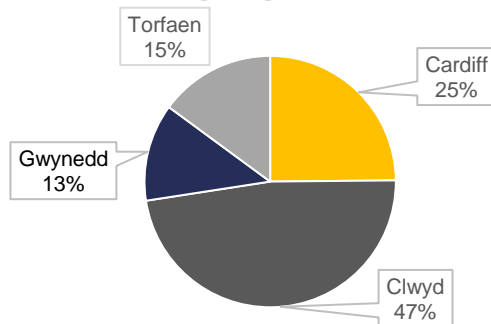
Global Opportunities



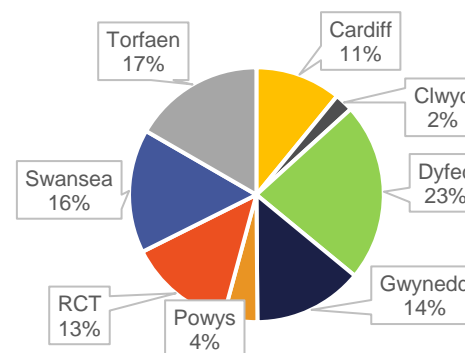
UK Opportunities



Emerging Markets



Passive*



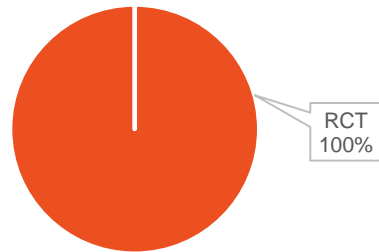
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- Dyfed
- Powys
- Gwynedd
- RCT
- Torfaen
- Clwyd
- Swansea
- Cardiff

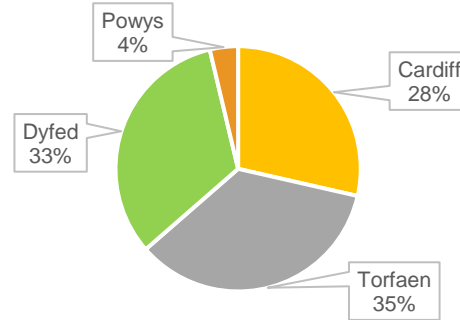
* Assets with BlackRock

June 2022 Fund Snapshot - Fixed Income

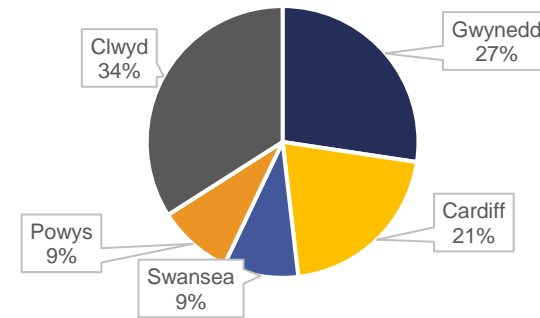
Sterling Credit



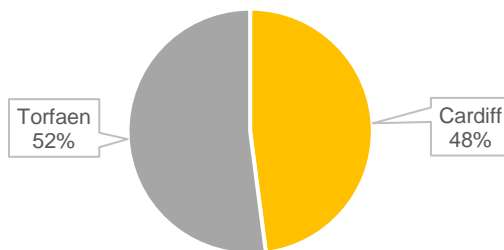
Global Credit



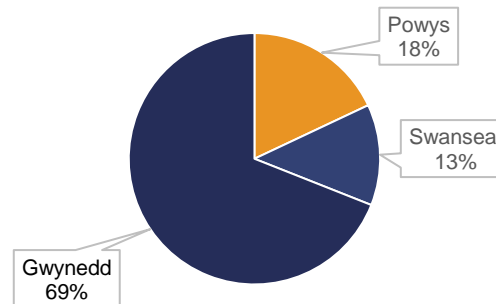
Multi Asset Credit



Global Gov. Bond



Absolute Return Bnd



- Key:
- Dyfed
 - Powys
 - Gwynedd
 - RCT
 - Torfaen
 - Clwyd
 - Swansea
 - Cardiff

June 2022 LF Wales PP Fund AUM

Fund	AUM	Inception date
Global Growth	£3,027,013,810	6 th Feb 2019
Global Opportunities	£3,133,829,737	14 th Feb 2019
UK Opportunities	£673,897,709	10 th Oct 2019
Emerging Markets	£441,228,877	20 th Oct 2021
Sterling Credit	£531,355,299	19 th Aug 2020
Global Credit	£693,250,355	21 st Aug 2020
Multi Asset Credit	£656,741,508	12 th Aug 2020
Global Government Bond	£483,402,961	20 th Aug 2020
Absolute Return Bond	£491,332,506	30 th Sept 2020
Total Active Investments	£10,132,052,764	
Total Passive Investments	£5,127,450,723.94	
Total Pooled Assets	£15,259,503,49	

Fund Launches & Updates

Progress Report

Fund Activity in the Period

Key Achievements & Updates

Fund Launches Progress				
	Overview	Status	Progress in period	Launch / completion dates
New Investment Manager	<ul style="list-style-type: none"> Addition of Intermede to the Global Opportunities fund 	In progress	<ul style="list-style-type: none"> Russell have instructed new IMD as addition to the to other managers on the Global Ops fund With LFS Governance and awaiting approval from the Constituent Authorities 	Q3/4 -22
Sustainable Equity fund	<ul style="list-style-type: none"> Establishment of a sustainable equities fund 	In progress	<ul style="list-style-type: none"> Russell Investments presented paper to OWG 1st Feb JGC approved Sub-fund structure on 8th July 2022 Number of meetings with Russell and internal investment teams ongoing. LFS Governance approval required Governance template forms being completed with Russell assistance 	Q4-22 (full timetable to be provided in coming weeks)

LFS Corporate Update & Engagement

LFS Corporate Update & Engagement

LFS updates

- Heidi Robinson, Relationship Manager has joined Link Group who will assist both James Zealander and Alistair Coyle for the responsibility of the LGPS relationships
- Gordon Pfeifer has joined Adam Tookey's team replacing Tola Dejo-Olawo within Product Delivery and will be running the new Sustainable Equity Fund.
- Lisa Reynolds replacement for James Wilson starts early August
- As mentioned in the previous Joint Governance Committee held on 8 July 2022 Link Fund Solutions Limited (LFSL) is aware that two law firms have filed a claim in relation to the LF Equity Income Fund (formerly, the LF Woodford Equity Income Fund). The law firms have submitted an application for a Group Litigation Order. LFSL has not yet been served with any proceedings and will vigorously defend itself in such an event. There has been no further update since then.
- As mentioned in the previous Joint Governance Committee held on 8 July 2022 the proposed acquisition of Link Group by Dye & Durham Corporation (D&D) has moved slightly in that D&D made a counter offer which Link rejected. Two further offers were made, of which the second was approved by the Group Board subject to shareholder vote. The date for the meeting of Link Group shareholders to consider and vote on this is yet to be set. This is still subject to certain approvals being received including the decision of the Australian Competition and Consumer Commission due 8 September 2022 and the Financial Conduct Authority.

Key Q2 and future WPP Engagement

Link attendance at OWG/JGC meetings in period:

- May 24 May 2022
- JGC – None

Link attendance at OWG/JGC meetings in next quarter:

- OWG 12 July 2022
- JGC 8 July 2022
- JGC 21 September 2022

Link - Pension Committee attendance in period:

- None

Link - Pension Committee attendance in next quarter :

- TBC

Other meetings in period

- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly
- Pension Board Chairs – 26th April 2022

Other meetings in next quarter

- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly

LFS Engagement Protocol

Business as Usual

Strategic Relationship Review	Frequency	Objective
	<ul style="list-style-type: none"> Bi-annual 	<ul style="list-style-type: none"> Ensure strategic alignment between Host Authority and Link
WPP Attendees <ul style="list-style-type: none"> Chris Moore Anthony Parnell Two Section 151 / Deputy Section 151 officers 		Link Attendees <ul style="list-style-type: none"> Karl Midl, Managing Director Richard Thornton, Head of Relationship Management, Asset Owners
JGC Engagement	Frequency	Objective
	<ul style="list-style-type: none"> Quarterly 	<ul style="list-style-type: none"> Engage with JGC on pertinent matters and strategic deliverables
WPP Attendees <ul style="list-style-type: none"> Joint Governance Committee (JGC) 		Link Attendees <ul style="list-style-type: none"> Karl Midl, Managing Director / Adam Tookey, Head of Product – as required Richard Thornton, Head of Relationship Management, Asset Owners James Zealander, Senior Relationship Manager Russell Investments
OWG Engagement	Frequency	Objective
	<ul style="list-style-type: none"> Every 2 Months 	<ul style="list-style-type: none"> Identify and deliver on opportunities to improve and expand the relationship Provide update on open projects or issues Monthly KPI Review (Data supplied monthly)
WPP Attendees <ul style="list-style-type: none"> Officers Working Group (OWG) 		Link Attendees <ul style="list-style-type: none"> James Zealander, Senior Relationship Manager Richard Thornton, Head of Relationship Management, Asset Owners Alistair Coyle, Relationship Manager (as required) Ad-hoc Link attendance from functional departments: Tax, Compliance, Product, etc. Russell Investments

Link Engagement Protocol continued...

Business as Usual

Host Authority Update		Frequency	Objective
		<ul style="list-style-type: none"> Bi-Weekly 	<ul style="list-style-type: none"> Regular Host Authority – LFS to discuss deliverables and business updates
WPP Attendees			
<ul style="list-style-type: none"> Anthony Parnell Tracey Williams 			<ul style="list-style-type: none"> Richard Thornton, Head of Relationship Management, Asset Owners James Zealander, Senior Relationship Manager Alistair Coyle, Relationship Manager (as required) Clair Baguley, Client Service Manager (as required)
WPP Working Group		Frequency	Objective
		<ul style="list-style-type: none"> Bi-Weekly 	<ul style="list-style-type: none"> Regular project call to discuss progress of deliverables
WPP Attendees			
<ul style="list-style-type: none"> Officers Working Group (OWG) Hymans 			<ul style="list-style-type: none"> Link Client Team Northern Trust Russell Investments Other consultants (e.g. bFinance)
Annual Shareholder Day		Frequency	Objective
		<ul style="list-style-type: none"> Annual 	<ul style="list-style-type: none"> Open day for presentations on strategy and performance (with IM)
<ul style="list-style-type: none"> Open to all involved parties 			<ul style="list-style-type: none"> Link Client Team Northern Trust Russell Investments and other Investment Managers (e.g. Global Growth Managers) Other consultants as required (e.g. bFinance)
Pension Fund Committees			Objective
		<ul style="list-style-type: none"> Annual 	<ul style="list-style-type: none"> General update on the ACS and planned initiatives
Individual Pension Fund Committee meetings			<ul style="list-style-type: none"> James Zealander, Senior Relationship Manager Alistair Coyle, Relationship Manager Richard Thornton, Head of Relationship Management, Asset Owners Russell Investments

DYFED PENSION FUND COMMITTEE

23RD NOVEMBER 2022

TRAINING PLAN 2022-2023		
Recommendations / key decisions required: The Committee to approve the Training Plan 2022-2023.		
Reasons: To provide the Dyfed Pension Fund Committee with the Training Plan 2022-2023.		
Cabinet Decision Required N/A Council Decision Required N/A		
CABINET MEMBER PORTFOLIO HOLDER:- N/A		
Directorate: Corporate Services Name of Director: Chris Moore Report Author: Chris Moore	Designations: Director of Corporate Services, Carmarthenshire County Council	Tel Nos. 01267 224120 E Mail Address: CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY

DYFED PENSION FUND COMMITTEE

23RD NOVEMBER 2022

TRAINING PLAN 2022-2023

The report includes the schedule of Committee meetings and training events for members and officers of the Dyfed Pension Fund.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **C Moore**

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
--	-----

2. Local Member(s) N/A

3. Community / Town Council N/A

4. Relevant Partners N/A

5. Staff Side Representatives and other Organisations N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED

N/A

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THERE ARE NONE

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DYFED PENSION FUND

Committee Members and Officers Training 2022-2023

Committee Members

Councillor Elwyn Williams (EW) – Chair
Councillor Dai Thomas (DT) – Committee Member
Councillor Rob James (RJ) – Committee Member
Councillor Denise Owen (DO) – Substitute Committee Member

Officers

Chris Moore (CM) – Director of Corporate Services
Randal Hemingway (RH) – Head of Financial Services
Anthony Parnell (AP) – Treasury & Pension Investments Manager
Kevin Gerard (KG) – Pensions Manager
Martin Morgan (MM) – Deputy Pensions Manager
Martin Owens (MO) – Pension Investment Officer

<u>Date</u>	<u>Subject</u>	<u>Provider</u>	<u>Venue</u>	<u>Attendees</u>
13 April 2022	Business Meeting	LAPFF	London	AP
13 – 15 June 2022	LA Conference	PLSA	Glouc.	KG & MO
28 June 2022	Committee Meeting		Hybrid	CM, RH, AP, KG, MO & all members
4 – 6 July 2022	Strategic Investment LAPF Forum		The Grove Hotel, Herts	AP
13 July 2022	Business Meeting	LAPFF	London	AP & DT
6 September 2022	Schroders Briefing		Carmarthen	CM, RH, AP, KG, MO & all members
8 – 9 September 2022	Investment Summit	LGC	Leeds	CM & DT
22 September 2022	WPP Training Session		Online	AP, MO, RJ & DO
5 October 2022	AGM & Business Meeting	LAPFF	Online	AP & DT
11 October 2022	Committee Meeting		Hybrid	CM, AP, KG, MO, EW, DT & RJ

18 October 2022	Fundamentals Training	LGPC	Online	RJ & DO
19 October 2022	WPP Training Session		Online	AP, MO & EW
9 – 10 November 2022	Baillie Gifford LGPS Seminar		Edinburgh	AP, EW & RJ
15 – 16 November 2022	Pension Managers Conference	SWPE	Torquay	KG & MM
22 November 2022	Fundamentals Training	LGPC	Online	RJ & DO
22 November 2022	ACM		Llanelli	All members & officers
23 November 2022	Committee Meeting		Hybrid	CM, RH, AP, KG, MO & all members
28 – 29 November	Russell Investments Summit		London	CM, AP & EW
5 December 2022	WPP Training		Online	CM, RH, AP & all members
7 – 9 December 2022	Annual Conference	LAPFF	Bournemouth	RH & DT
20 December 2022	Fundamentals Training	LGPC	Online	RJ & DO
January 2023 (tbc)	Pension Fund Accounts	CIPFA	tbc	MO
25 January 2023	Business Meeting	LAPFF	London	AP & DT
28 March 2023	Committee Meeting		Hybrid	CM, RH, AP, KG, MO & all members

Note: The Committee reserves the right to occasionally vary the attendees at the training sessions. Courses/conferences may arise at short notice and when this occurs the Director of Corporate Services has the authority to approve attendance with Cabinet /Leader being notified retrospectively.

Agenda Item 14

By virtue of paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

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By virtue of paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

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Agenda Item 15

By virtue of paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

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Agenda Item 16

By virtue of paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

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