

WEDNESDAY, 13 JULY 2022

TO: ALL MEMBERS OF THE DYFED PENSION FUND PENSION BOARD

I HEREBY SUMMON YOU TO ATTEND A **VIRTUAL MEETING** OF THE **DYFED PENSION FUND PENSION BOARD** WHICH WILL BE HELD **AT 10.30 AM, ON WEDNESDAY, 20TH JULY, 2022** FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED AGENDA

Wendy Walters

CHIEF EXECUTIVE



PLEASE RECYCLE

Democratic Officer:	Emma Bryer
Telephone (direct line):	01267 224029
E-Mail:	ebryer@carmarthenshire.gov.uk

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

DYFED PENSION FUND PENSION BOARD MEMBERSHIP
--

Michael Evans	Member Representative
Paul Ashley-Jones	Employer Member Representative
Cllr. Alun Lenny	Employer Member Representative
John Jones	Chair of the Board
Cllr Gareth Lloyd	Employer Member Representative
Mike Rogers	Pensioner Member Representative
Tommy Bowler	Union Member Representative

AGENDA

1. APOLOGIES FOR ABSENCE
2. DECLARATIONS OF PERSONAL INTEREST
3. MINUTES OF THE PENSION BOARD MEETING HELD ON THE 3RD MAY 2022 5 - 12
4. DYFED PENSION FUND COMMITTEE MEETING 28TH JUNE 2022 13 - 16
 - 4 .1 2022 AUDIT PLAN 17 - 26
 - 4 .2 DYFED PENSION FUND PENSION BOARD MINUTES 25TH JANUARY 2022 27 - 32
 - 4 .3 FINAL BUDGETARY POSITION 2021-22 33 - 34
 - 4 .4 EOY CASH RECONCILIATION AS AT 31ST MARCH 2022 35 - 36
 - 4 .5 PENSIONS ADMINISTRATION UPDATES 37 - 48
 - 4 .6 BREACHES REPORT 2022-23 49 - 50
 - 4 .7 RISK REGISTER 51 - 82
 - 4 .8 TRAINING PLAN 2022-2023 83 - 84
 - 4 .9 CARBON FOOTPRINT UPDATE 85 - 86
 - 4 .10 DRAFT MINUTES OF THE PENSION COMMITTEE MEETING 28TH JUNE 2022 87 - 92
5. PENSION BOARD WORK PLAN 2022-2023 93 - 98
6. PENSION BOARD BUDGET MONITORING 1ST APRIL 2022 - 30TH JUNE 2022 99 - 104
7. 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THE REPORTS RELATING TO THE FOLLOWING ITEMS ARE NOT FOR PUBLICATION AS THEY CONTAIN EXEMPT INFORMATION AS DEFINED IN PARAGRAPH 14 OF PART 4 OF SCHEDULE 12A TO THE LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT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.
8. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 31ST MARCH 2022 105 - 116
9. NORTHERN TRUST PERFORMANCE REPORT TO 31ST MARCH 2022 117 - 128
10. INVESTMENT MANAGER REPORTS TO 31ST MARCH 2022 129 - 240

DYFED PENSION FUND PENSION BOARD

3 MAY 2022

PRESENT: John Jones (Chair);

Committee Members:-

Mr. M. Evans,	– Member Representative;
Cllr. Gareth Lloyd	– Employer Representative;
Mr. Tommy Bowler	– Member Representative (Union);

The following Officers were in attendance:

R. Hemingway, Head of Financial Services;
A. Parnell, Treasury & Pension Investments Manager;
J. Williams, Assistant Accountant;
E. Evans, Principal Democratic Services Officer;
K. Thomas, Democratic Services Officer;
S. Rees, Simultaneous Translator ;
J. Owen, Democratic Services Officer.

Also in attendance:

Mr. A. Brown – Independent Investment Advisor.

Also present as an observer:-

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

Virtual Meeting – 2:00pm - 3:28pm

1. APOLOGIES FOR ABSENCE

Apologies were received from Mr Mike Rogers, Pensioner Member Representative and Mr Paul Ashley Jones, Employer Member Representative.

The Chair welcomed Mr Michael Evans, Member Representative to the Board.

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 25TH JANUARY 2022

AGREED that the minutes of the meeting for the Pension Board held on the 25th January 2022 be confirmed as a correct record.

4. DYFED PENSION FUND COMMITTEE MEETING - 29TH MARCH 2022

4.1. MINUTES OF THE DYFED PENSION FUND COMMITTEE MEETING - 9 NOVEMBER 2021

The Board noted the minutes of the Dyfed Pension Board meeting held on 9th November, 2021 had been received by the Dyfed Pension Fund Committee.

4.2. BUDGET MONITORING 1 APRIL 2021 - 31 DECEMBER 2021

The Board considered the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the period 1st April 2021 – 31st December 2021.

AGREED that the report be noted.

4.3. BUDGET 2022-2023

The Board considered the Dyfed Pension Fund budget from 1st April 2022 to 31st March 2023. It was highlighted that the cash related expenditure for 2022-23 had been set at £107.8m and the cash related income at £107.8m, resulted in a net budget of £0 which provided the Fund with the flexibility to utilise investment income based on cash flow requirements.

With regard to expenditure levels, the Board noted that benefits payable had been estimated to be £93.9m which included provision for 3.1% pensions increase, based on the September 2021 CPI, together with a 1.9% net effect for new pensioner members and deferred members.

AGREED that the report be noted.

4.4. CASH RECONCILIATION AS AT 31 DECEMBER 2021

The Board considered the Cash Reconciliation report which provided an update on the cash position in respect of the Dyfed Pension Fund.

AGREED that the report be noted.

4.5. PENSIONS ADMINISTRATION REPORT

The Board received a report providing an update on Pensions Administration. The report included updates on the activities within the Pensions Administration service and included regulatory matters, new employer, breaches register, i-Connect, GMP reconciliation and workflows.

In response to a query regarding when all employers would be active on i-Connect, the Head of Financial Services explained that the Dyfed Pension Fund Committee had also raised a similar query and advised that the timescale was dictated by employers prioritising the production of an extract in a specified format to directly load into the pensions system.

The Board requested to provide further 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 2021-22

The Board received for consideration the Breaches Report in relation to the Dyfed Pension Fund. It was noted that Section 70 of the Pension Act 2004 sets out the legal duty to report breaches of the law. In the Code of Practice No. 14, published by the Pensions Regulator in April 2015, paragraphs 241 to 275 provide guidance on reporting these breaches.

As there were no implications of the breaches, no report had been sent to the Pensions Regulator, however it was commented that there seemed to be a repeat pattern of instances where employee/employer contributions had not been received on time. The Treasury and Pension Investments Manager explained that continuous engagement was taking place in order to reduce these types of breaches.

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 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 risk CSV400035 had been amended and a new risk CSV400036 – Global Financial Market Risk had been included.

In regard to the number of risks listed on the risk register the Board asked if a more succinct report highlighting the strategic risks separately from the operational risk could be produced?

The Treasury and Pension Investments Manager stated that he would liaise with the team that is responsible for producing the report and in the meantime the risks were reviewed on a quarterly basis bringing any amendments to the Board's attention.

Agreed that the risk register report be noted.

4.8. RESPONSIBLE INVESTMENT UPDATE

The Board received an update on the Fund's activity and progress in terms of Responsible Investment. The report provided an update on governance, stewardship (Engagement /Communication) and progress to date.

The Board was pleased with the report and requested to explore opportunities to publicise the report on a wider basis.

AGREED that the Responsible Investment Update in relation to the Dyfed Pension Fund be noted.

4.9. DRAFT RESPONSIBLE INVESTMENT POLICY

The Board received the Dyfed Pension Fund Draft Responsible Investment Policy which included the following items:

- Introduction
- Responsible Investment
- Investment Beliefs
- Role of the Pension Board
- Stock Lending
- Engagement
- Climate Change
- Human Rights

AGREED that the Dyfed Pension Scheme Draft Responsible Investment Policy be noted.

4.10. BUSINESS PLAN 2022-2023

The Board received the Dyfed Pension Fund Business Plan for the period 2022-2023 detailing how the Fund was to achieve its goals and set out the plans from a marketing, financial and operational viewpoint.

AGREED that the Dyfed Pension Fund Business Plan for the period 2022-23 be noted.

4.11. 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.

4.12. WALES PENSION PARTNERSHIP (WPP) BUSINESS PLAN

The Board received the Wales Pension Partnership Business Plan for the period 2022-2025 detailing how the Fund was to achieve its objectives and ensuring the allocation of sufficient resources to meet those objectives.

AGREED that the Wales Pension Partnership Business Plan for the period 2022-25 be approved.

4.13. WALES PENSION PARTNERSHIP (WPP) LINK AND RUSSELL UPDATE

The Board received an update on the progress of the Wales Pension Partnership in relation to the Sub Funds together with the current fund holdings, fund launch progress and Link / Russell Investments Corporate Update and Engagement, as presented to the Joint Governance Committee on the 29th March 2022.

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

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

4.14. DRAFT DYFED PENSION FUND COMMITTEE MINUTES - 29TH MARCH 2022

AGREED that the draft minutes of the meeting of the Dyfed Pension Fund Committee held on the 29th March 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.

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

6. PENSION BOARD BUDGET MONITORING 1 APRIL 2021 - 31 MARCH 2022

The Board received the Pension Board Budget Monitoring report as at 31st March 2022. Total actual expenditure incurred was £14.477k. The forecasted expenditure for the year was a £9.683k 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 31 DECEMBER 2021

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

The Board received the Independent Investment Adviser Performance and Risk Report that provided information in relation to the investment managers' performance for the quarterly, 12 month and rolling 3-year period ending 31st December 2021 together with the global market background and issues for consideration.

AGREED to note the Independent Investment Adviser Report as at 31 December 2021.

9. NORTHERN TRUST PERFORMANCE REPORT TO 31 DECEMBER 2021

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

The Board received the Northern Trust Performance report for the Dyfed Pension Fund as at 31 December 2021, which provided performance analysis at a total fund level and by investment manager for the periods up to inception.

AGREED to note the Northern Trust Performance report for the Dyfed Pension Fund as at 31 December 2021.

10. INVESTMENT MANAGER REPORTS TO 31 DECEMBER 2021

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

The Board received for consideration reports provided by the Investment Managers which set out the performance of each manager as at 31 December 2021:

- BlackRock – Quarterly Report 31st December 2021;
- Schroders – Q4 2021 Investment Report 31st December 2021;
- Partners Group – Quarterly Report 31st December 2021;
- Wales Pension Partnership Global Growth Fund – 31st December 2021;
- Wales Pension Partnership Global Credit Fund – 31st December 2021.

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

CHAIR

DATE

This page is intentionally left blank

DYFED PENSION FUND PENSION BOARD DATE 20/07/2022

Dyfed Pension Fund Committee Meeting 28 June 2022

Recommendations / key decisions required:

The Pension Board to note and comment on the minutes and actions of the Dyfed Pension Fund Committee meeting on 28 June 2022.

Reasons:

To inform the Pension Board of the meeting of the Dyfed Pension Fund Committee that was held on 28 June 2022.

Relevant scrutiny committee to be consulted

NA

Cabinet Decision Required NA

Council Decision Required NA

CABINET MEMBER PORTFOLIO HOLDER:- NA

Directorate:

Designations:

Tel: 01267 224120

Name of Head of Service:

Director of Corporate
Services

Email addresses:

Chris Moore

CMoore@carmarthenshire.gov.uk

Report Author: Chris Moore

EXECUTIVE SUMMARY
DYFED PENSION FUND PENSION BOARD
DATE 20/07/2022

Dyfed Pension Fund Committee Meeting 28 June 2022

A Pension Fund Committee meeting was held on 28 June 2022 and the following agenda items were considered and noted:

- 2022 Audit Plan
- Dyfed Pension Fund Pension Board Minutes 25 January 2022
- Final Budgetary Position 2021-22
- Cash Reconciliation as at 31 March 2022
- Pensions Administration updates
- Breaches Report 2022-23
- Risk Register
- Training Plan 2022-23
- Carbon footprint update

The draft minutes of the Pension Fund Committee meeting on 28 June 2022 are attached for information.

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	YES	NONE	NONE

Finance

Budget Monitoring - Total expenditure was £105.2m and total income was £111.7m.

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

Risk Management

Risk Register - 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

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

**CABINET MEMBER PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

NA

Include any observations here

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
-------------------	--------------	---

2022 Audit Plan – Dyfed Pension Fund

Audit year: 2021-22

Date issued: May 2022

Document reference: 2984A2022

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

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions. Audit Wales is not a legal entity and itself does not have any functions.

No responsibility is taken by the Auditor General or the staff of Audit Wales in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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, Audit Wales and, where applicable, the auditor acting on behalf of the Auditor General are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales 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

2022 Audit Plan	
Summary	4
Impact of COVID-19	4
Audit of pension fund accounts	4
Fee, audit team and timetable	5

2022 Audit Plan

Summary

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice to examine and certify whether Dyfed Pension Fund's (the Pension Fund) accounting statements are 'true and fair'.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.

Impact of COVID-19

- 4 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 5 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

Audit of pension fund accounts

- 6 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole.
- 7 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Pension Committee prior to completion of the audit.
- 8 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 9 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about my work.

Financial audit risks

- 10 The following table sets out the significant risks I have identified for the audit of the Pension Fund accounts.

Exhibit 1: financial audit risks

This table summarises the key financial audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
Significant risks	
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	We will: <ul style="list-style-type: none">• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;• review accounting estimates for biases; and• evaluate the rationale for any significant transactions outside the normal course of business.

Statutory audit functions

- 11 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 12 As this work is reactive, I have not included an estimated fee in **Exhibit 2** below. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

- 13 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed, taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;

- information provided to support the financial statements is in accordance with the agreed audit deliverables document;
- appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
- all appropriate officials will be available during the audit;
- you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
- Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

Fee

- 14 As set out in our Fee Scheme 2022-23, our fee rates for 2022-23 have increased by an average of 3.7%, as a result of the need to continually invest in audit quality and in response to increasing cost pressures.
- 15 The estimated fee for 2022 is set out in **Exhibit 2**. This represents a 11.2% increase (£3,171) compared to your actual 2020 fee. A part of this increase is as a result of the 3.7% increase in fee rates across all audits noted above (amounting to £1,047). The balance of £2,124 (7.5%) has been moved from the main Carmarthenshire County Council fee to better reflect the cost of the work needed on each audit. This is reported in the Carmarthenshire County Council Audit Plan. The net effect of this is that the fees across the Council and Pension Fund have only increased in line with the increase in fee rates.

Exhibit 2: audit fee

This table sets out the proposed audit fee for 2022, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of pension fund accounts ²	31,465	28,294

- 16 Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Director of Corporate Services.
- 17 Further information on my [fee scales and fee setting](#) can be found on our website.

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

² Payable November 2021 to October 2022.

Audit team

- 18 The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

Exhibit 3: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Richard Harries	Engagement Lead	07789 397018	richard.harries@audit.wales
Jason Blewitt	Audit Manager (Financial Audit)	07970 737478	jason.blewitt@audit.wales
Anwen Worthy	Audit Lead (Financial Audit)	02920 320629	anwen.worthy@audit.wales

Timetable

- 19 The key milestones for the work set out in this plan are shown in **Exhibit 4**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.

Exhibit 4: audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	January to May 2022	May 2022
Audit of pension fund accounts: <ul style="list-style-type: none">Audit of Financial Statements ReportOpinion on Financial Statements	May to October 2022 October 2022	October 2022 October 2022

- 20 We can confirm that team members are all independent of you and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.



Audit Wales
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

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 Pension Board
Tuesday, 25 January 2022

PRESENT: John Jones (Chair);

Board Members:-

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

Also present as an observer:-

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

The following Officers were in attendance:

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

Virtual Meeting: 2.00 pm - 3.35 pm

1. APOLOGIES FOR ABSENCE

An apology for absence was received from Mr. M. Rogers (Pensioner Member Representative).

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 9TH NOVEMBER 2021

AGREED that the minutes of the meeting for the Pension Board held on the 9th November 2021 be confirmed as a correct record.

4. DYFED PENSION FUND COMMITTEE 3RD DECEMBER 2021

4.1. DYFED PENSION FUND PENSION BOARD MINUTES 20 JULY 2021

The Board noted the minutes of the Dyfed Pension Board meeting held on 20th July, 2021 had been received by the Dyfed Pension Fund Committee.

4.2. BUDGET MONITORING 1 APRIL 2021 - 30 SEPTEMBER 2021

The Board considered the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the period 1st April 2021 – 30th September 2021.

AGREED that the report be noted.

4.3. CASH RECONCILIATION AS AT 30 SEPTEMBER 2021

The Board considered the Cash Reconciliation report which provided an update on the cash position in respect of the Dyfed Pension Fund. It was noted that, as at 30 September 2021, £2.4m 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.

AGREED that the report be noted.

4.4. PENSIONS ADMINISTRATION REPORT

The Board received a report providing an update on Pensions Administration. The report included updates on the activities within the Pensions Administration service and included regulatory matters, new employer, breaches register, i-Connect, GMP reconciliation and workflows.

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

4.5. BREACHES REPORT 2021-22

The Board received for consideration the Breaches Report in relation to the Dyfed Pension Fund. It was noted that Section 70 of the Pension Act 2004 sets out the legal duty to report breaches of the law. In the Code of Practice No. 14, published by the Pensions Regulator in April 2015, paragraphs 241 to 275 provide guidance on reporting these breaches.

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

4.6. RISK REGISTER 2021-22

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

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

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

4.7. WALES PENSION PARTNERSHIP (WPP) - OPERATOR UPDATE

The Board received an update on the progress of the Wales Pension Partnership in relation to the Sub Funds together with the current fund holdings, fund launch progress and Link / Russell Investments Corporate Update and Engagement, as presented to the Joint Governance Committee on the 1st December 2021.

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

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

4.8. WALES PENSION PARTNERSHIP INTER-AUTHORITY AGREEMENT (IAA) ADDENDUM

The Board received an Addendum to the Wales Pension Partnership Inter-Authority Agreement (IAA) which had been signed by all 8 constituent authorities.

AGREED that the Addendum to the Wales Pension Partnership Inter-Authority Agreement be noted.

4.9. TRAINING PLAN 2021-22

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

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

4.10. CARBON FOOTPRINT UPDATE

The Board received an update to the Dyfed Pension Fund – Carbon Footprint Action Plan. It was highlighted that a reduction in carbon-intensity ahead of the Paris-aligned target (-7% p.a.) had been delivered and that plans were in place to deliver a declining Carbon-footprint over the coming year. Future actions included an ongoing review of SAA, with the aim of reducing Carbon footprint, while continuing to meet funding goals and increased communication to stakeholders.

The Board was advised that further updates would be provided quarterly. Members commended the excellent progress being made and the Treasury & Pension Investments Manager agreed to take on board the suggestion that this should be highlighted.

AGREED that the update to the Dyfed Pension Fund – Carbon Footprint be noted.

4.11. DRAFT MINUTES OF THE PENSION COMMITTEE MEETING 3 DECEMBER 2021

AGREED that the draft minutes of the meeting of the Dyfed Pension Fund Committee held on the 3rd December 2021 be noted.

5. PENSION BOARD WORK PLAN 2022

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

AGREED to note the workplan for 2022.

6. PENSION BOARD BUDGET 2022-23

The Board considered the Dyfed Pension Fund Budget for 2022-23 which was in line with the budget for 2021-22.

AGREED that the Budget for 2022-23 be approved.

7. PENSION BOARD BUDGET MONITORING 1 APRIL 2021 - 31 DECEMBER 2021

The Board received the Pension Board Budget Monitoring report as at 31st December 2021. Total actual expenditure incurred was £11.3k. The forecasted expenditure for the year was a £9.3k underspend compared to budget.

AGREED that the report be noted.

8. 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.

9. INDEPENDENT ADVISER PERFORMANCE & RISK REPORT AT 30 SEPTEMBER 2021

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 8 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund by putting investment performance at risk.

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

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

10. NORTHERN TRUST PERFORMANCE REPORT 30 SEPTEMBER 2021

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 8 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund by putting investment performance at risk.

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

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

11. INVESTMENT MANAGER REPORTS AT 30 SEPTEMBER 2021

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute Item 8 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund by putting investment performance at risk.

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

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

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

CHAIR

DATE

This page is intentionally left blank

Dyfed Pension Fund									
Final Budgetary Position									
1st April 2021 - 31st March 2022									
	Budget Type	Actual 2020-2021	Budget 2021-2022	Total income/ expenditure to date	Forecast Commitments	Actual 2021-2022	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	89,783	92,363	92,402	0	92,402	39	0.0	
Pensions Payable	Controllable	75,112	78,863	77,006	0	77,006	-1,857	3% included at budget setting, actual increase for year is 1% Lump sum retirement benefits higher than forecast during the year.	
Commutation and lump sum retirement benefits	Non Controllable	11,724	12,000	14,169	0	14,169	2,169		
Lump sum death benefits	Non Controllable	2,947	1,500	1,227	0	1,227	-273		
Payments to and account of leavers	Non Controllable	3,596	3,120	3,534	0	3,534	414	13.3	
Management Expenses		7,967	8,829	9,262	0	9,262	433	4.9	
Computer Software	Controllable	366	383	443	0	443	60		
Printing charges	Controllable	13	20	11	0	11	-9		
Subscriptions, Legal fees, Conf Exps, Med Exps	Controllable	53	70	46	0	46	-24		
Fund Managers									
BlackRock	Controllable	1,345	1,300	1,756	0	1,756	456	Additional allocation to SAIF, actual fees reflect this higher allocation.	
Schroders	Controllable	693	580	659	0	659	79	Additional allocation of assets to Schroders, actual fees reflect this higher allocation.	
Wales Pension Partnership	Controllable	3,272	4,030	4,245	0	4,245	215	Market value higher than budgeted.	
Partners Group	Controllable	825	950	721	0	721	-229	Administration fees lower than budgeted	
Custodian									
Northern Trust	Controllable	39	31	31	0	31	0		
Actuary									
Mercer	Controllable	93	100	99	0	99	-1		
Performance Manager									
Northern Trust / PIRC / CEM	Controllable	14	26	23	0	23	-3		
Independent Advisor	Controllable	28	30	28	0	28	-2		
Other									
Euraplan, LSE, Pension Board	Controllable	44	27	26	0	26	-1		
Central recharges	Non Controllable	1,154	1,254	1,145	0	1,145	-109		
Audit fees	Controllable	28	28	29	0	29	1		
Controllable Expenditure		81,925	86,438	85,122	0	85,122	-1,317		
Non Controllable Expenditure		19,421	17,874	20,076	0	20,076	2,203		
Total Expenditure		101,346	104,312	105,198	0	105,198	886		
Income									
Contributions									
Employer	Controllable	-62,455	-66,893	-66,168	0	-66,168	725	-1.1	Advance payments made resulting in discounted contributions; Carms CC, Ceredigion CC, Pembs CC and Dyfed Powys Police in 2021-22.
Member	Controllable	-21,599	-22,121	-22,890	0	-22,890	-769	3.5	Employee pensionable pay higher than anticipated at budget setting.
Investment Income	Controllable	-13,259	-12,298	-18,436	0	-18,436	-6,138	49.9	Includes BlackRock, SAIF and Schroders dividend income.
Other Income	Controllable	0	0	0	0	0	0	0.0	
Transfers in from other pension funds	Non Controllable	-3,196	-3,000	-4,154	0	-4,154	-1,154	38.5	
Controllable Income		-97,313	-101,312	-107,494	0	-107,494	-6,182		
Non Controllable Income		-3,196	-3,000	-4,154	0	-4,154	-1,154		
Total Income		-100,509	-104,312	-111,648	0	-111,648	-7,336		
Controllable Total		-15,388	-14,874	-22,372	0	-22,372	-7,499		
Non Controllable Total		16,225	14,874	15,922	0	15,922	1,049		
Total		837	0	-6,450	0	-6,450	-6,450		
Cash Transfer to Fund Managers	Cash	0	0	14,078	0	14,078	14,078		
Net Total of Cash Related Items		837	0	7,628	0	7,628	7,628		
Indirect Transactional Management Fees	Non Cash	6,662	3,500	5,150	0	5,150	1,650	47.1	CIPFA Management cost guidance issued to show indirect transactional fees indirectly paid by the funds
Investment Income	Non Cash	-6,662	-3,500	-5,150	0	-5,150	-1,650	47.1	Contra entry to the Indirect transactional fees
Realised gain/loss	Non Cash	-467,512	-50,000	-55,268	0	-55,268	-5,268	10.5	Non Controllable. No impact to cash.
Net Total of Non-Cash Related Items		-467,512	-50,000	-55,268	0	-55,268	-5,268		

This page is intentionally left blank

Dyfed Pension Fund Cash Reconciliation

EOY 21-22

Balance b/f 1st April 2021		£8,305,835.29
----------------------------	--	---------------

Investment trades

Sales	204,397,528.67	
Purchases	-232,199,320.87	
		-£27,801,792.20

Contributions received	£98,930,684.28	
------------------------	----------------	--

Payments made	-£105,668,475.65	
---------------	------------------	--

Dividend Income	£32,161,306.74	£25,423,515.37
-----------------	----------------	----------------

£5,927,558.46

Total Available for Investment		£5,927,558.46
---------------------------------------	--	----------------------

Represented by :

Cash at Carmarthenshire		£4,477,881.06
-------------------------	--	---------------

Cash due to be received/deducted		£0.00
----------------------------------	--	-------

CCC Debtors		£4,855,030.33
-------------	--	---------------

CCC Creditors		-£3,405,352.93
---------------	--	----------------

£5,927,558.46

£0.00

This page is intentionally left blank

PENSIONS ADMINISTRATION REPORT – 28th June 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.
- c. Death Grants – the SAB have made a recommendation to DLUHC to remove the age 75 barrier to the payment of a survivors death grant. This mirrors the amendments which have been made in other public sector schemes.

2. New Employer

The Dyfed Pension Fund has received an application from Cwarter Bach Community Council to become a designated body and the employer contribution rate for the sole member has been assessed at 21.9% of pensionable payroll. Cwarter Bach Community Council will become a designated body on 1st June 2022.

3. 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 April 2022, May 2022 and June 2022 have been included on the breaches register as the scheme members have not replied in order for the refund to be paid.

4. 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.

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	
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

5. 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

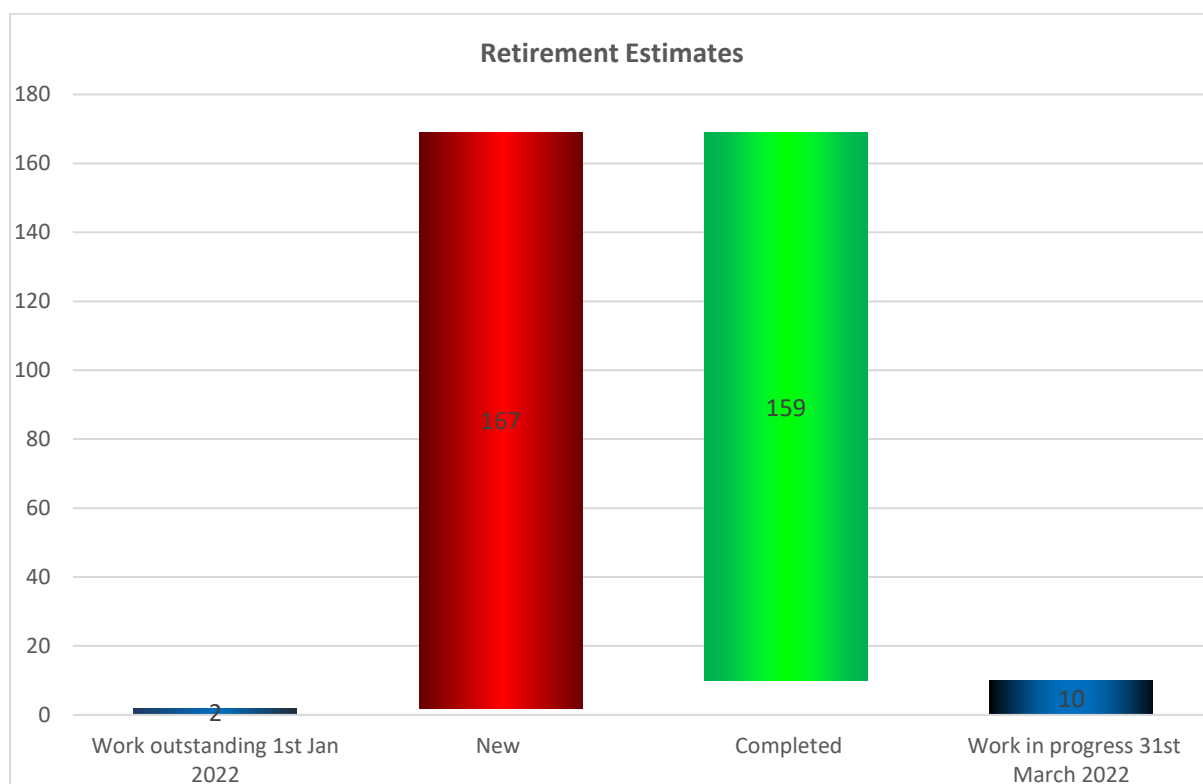
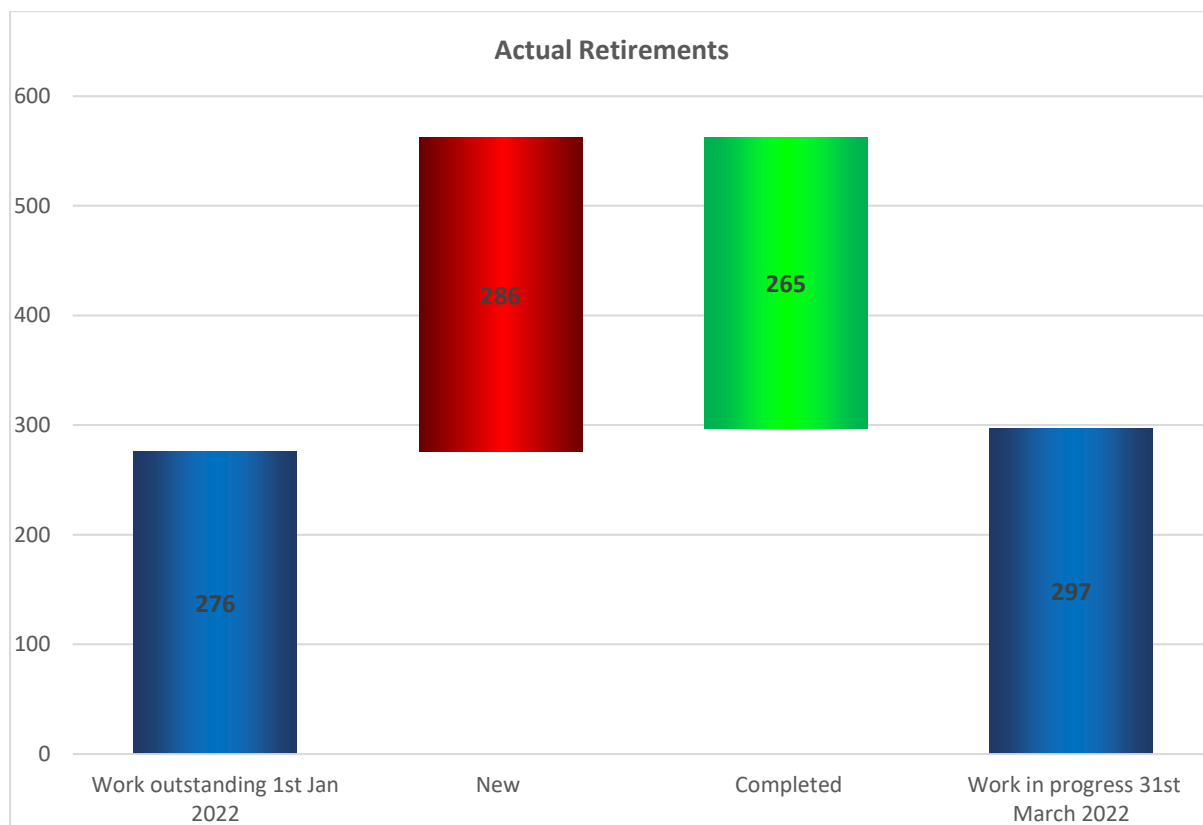
would have been, had they not been 'contracted-out'. Contracting out ceased in April 2016. HMRC have now stated that they will not be sending a statement to all individuals affected specifying who is responsible for paying their Guaranteed Minimum Pension (GMP). The pensions section will continue to 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.

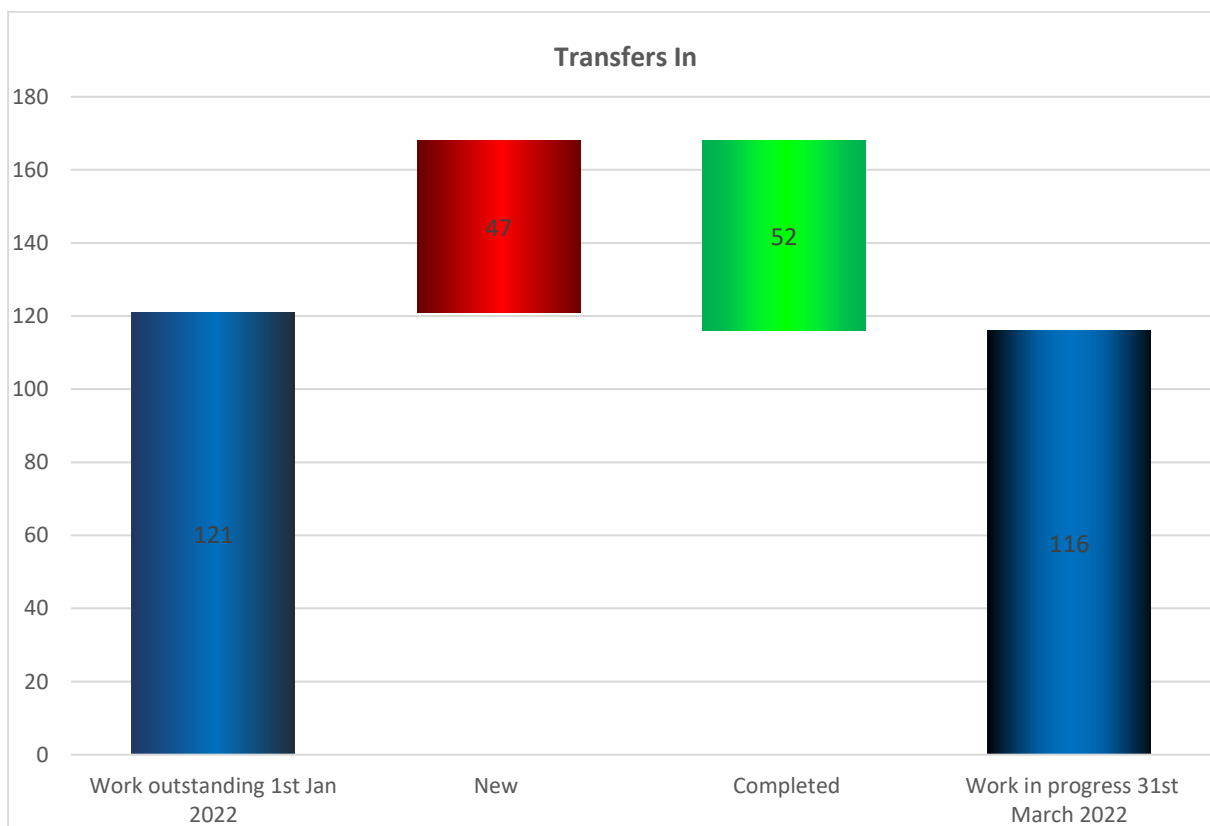
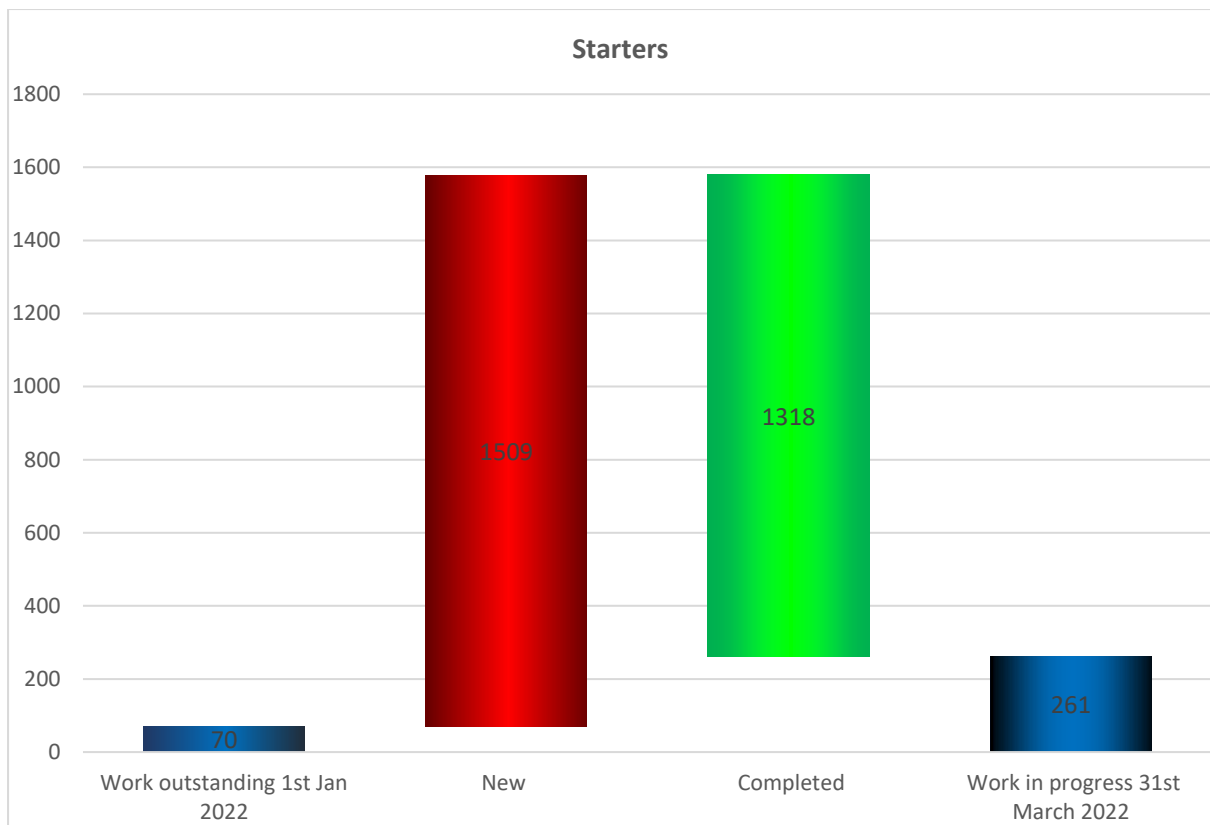
6. Workflow

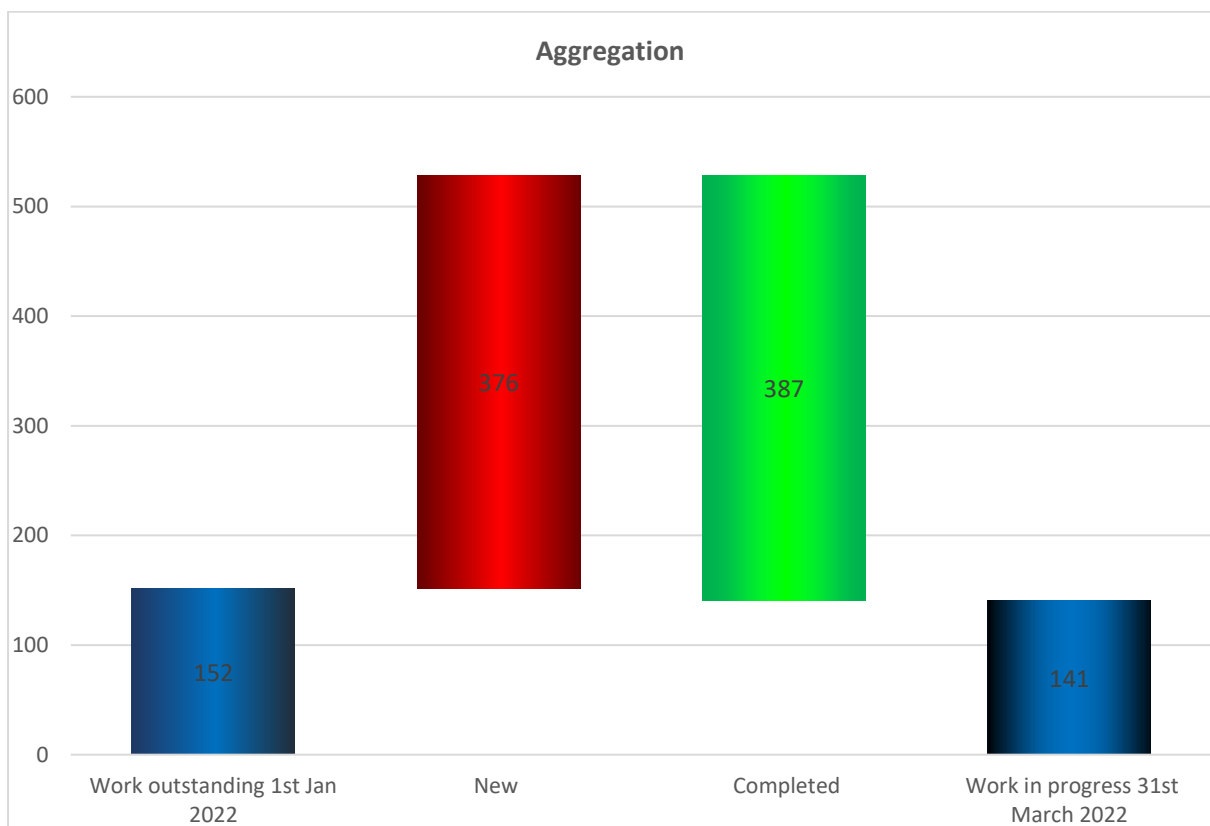
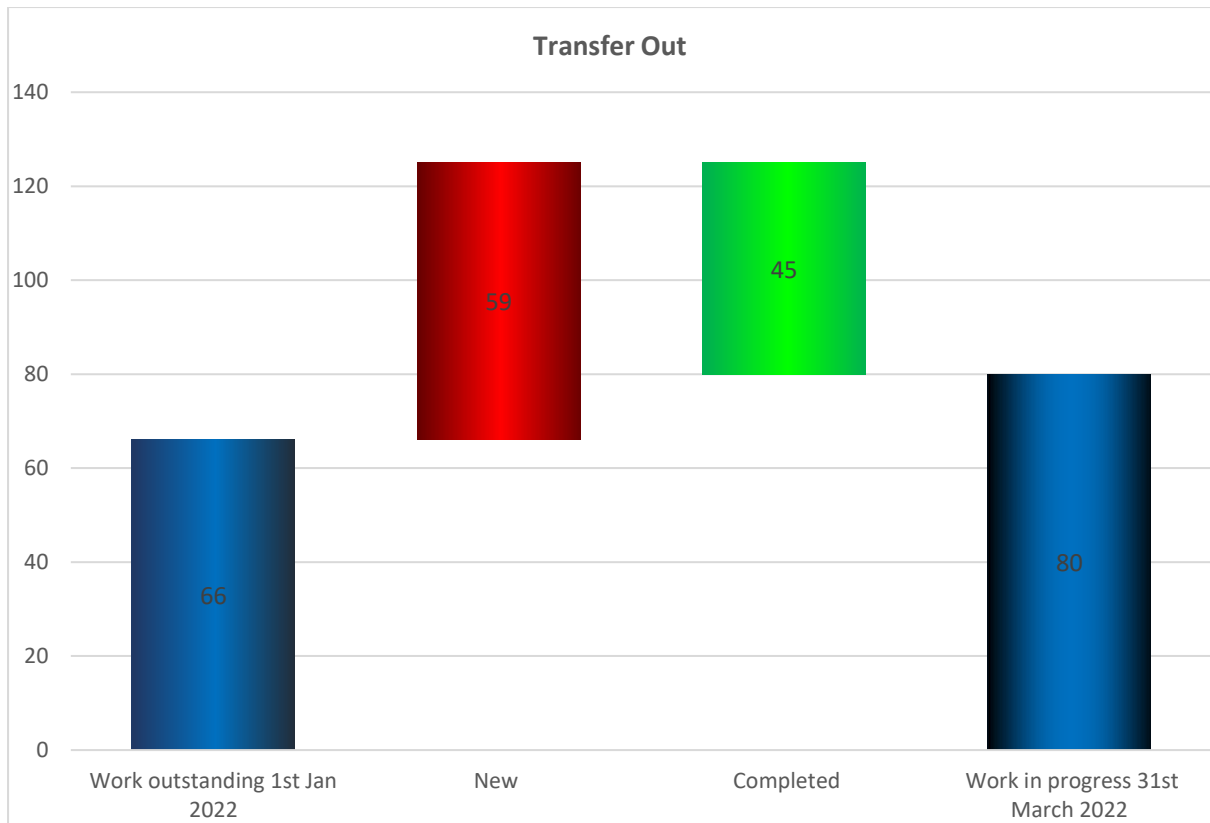
The tables overleaf detail the workflow statistics for the key tasks undertaken in the section for the period 1st January 2022 to 31st March 2022 in respect of the LGPS only. Please note that in circumstances where multiple iterations for the same calculation date have been undertaken, this is recorded as a single estimate. The workflow statistics are recorded on a quarterly basis.

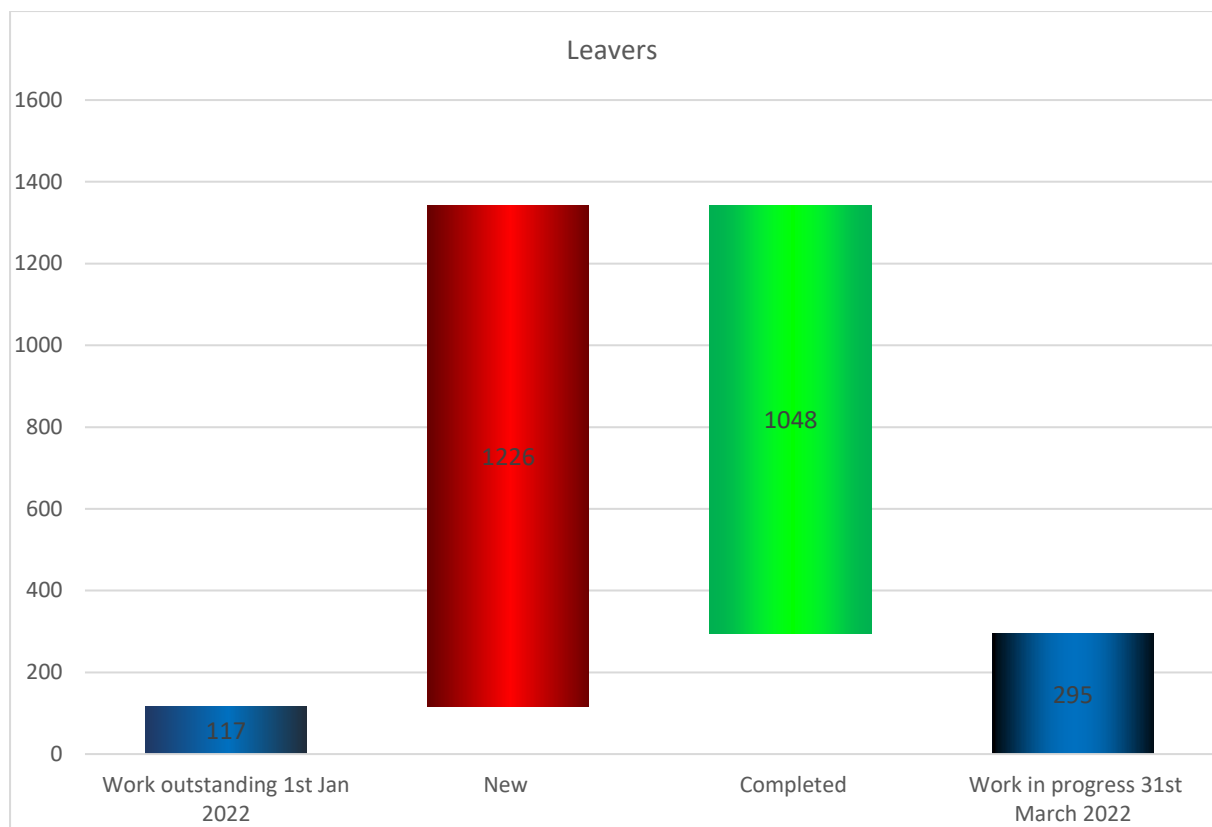
Kevin Gerard

Pensions Manager









Jo Donnelly
Head of Pensions
Local Government Association
18 Smith Square
Westminster
London
SW1P 3HZ

29th April 2022

Dear Jo

M&G plc administration delays for Local Government AVCs

Further to our meetings and discussions in relation to administration performance for Local Government AVC schemes, I have provided some explanations below on this specific areas we have discussed.

Acknowledgement of delays

In reference to our recent conversations and feedback received from you, M&G acknowledge that the service provided to Local Government AVC pension schemes and members has not been meeting expectations and requirements. M&G apologises that the service has not been what members would expect and is committed to the improvement of service to Administering Authorities, employers and scheme members.

Description of problems

In late 2020 M&G migrated to an established administration platform. The platform is designed to offer M&G corporate pension customers and members greater digital capability and online access to their policies.

The approach to processing of contributions paid by employers was enhanced to introduce more controls. Historically, M&G have provided manual assistance to ensure contribution listings and payments were processed quickly (for instance where the payment and contribution listing amounts did not agree).

The enhanced system controls require the contribution listings and payments to agree. As this was not always the case, there were delays in the processing of contributions while discrepancies were addressed.

Contributions are a key dependency for all other administration processes. As a result of the processing delays, there was a collateral effect on the rest of the service that was initially experienced through increased call waiting times and delays in the processing of quotes and claims.

At the same time, as a result of the pandemic, there were restrictions in place that required colleagues to work from home. This had the effect of reducing operational efficiency which would not have been the case if colleagues had been co-located.

Actions taken to improve service

As the administration delays and extended call waiting times became apparent, M&G have been operating a Service Recovery Operation. This has facilitated:

- Recruitment of additional staff into the administration and voice functions
- Dedicated staff working with employer payroll teams to resolve file disparities
- Provision of an escalation route for urgent claims and complaints
- A fast-track complaint resolution process
- Upskilling completed in Annuities and Pensions servicing
- Embedding of improved training processes
- Enhanced contingency plans being put in place from both a people and system perspective

Where there have been delays in the processing of benefits and contributions, M&G have ensured that no member has suffered financial detriment as a result of a delay caused by M&G. M&G assess each case on its own merit paying the member compensation, where appropriate.

Expected timescales for resumption of normal service

Call waiting times

- Staffing in our Voice teams was increased by c.50% since the deterioration in performance and the impacts of both Covid and system migration. Continued recruitment and upskilling continues on a monthly basis to deliver both further and future improvements in performance
- Telephone call abandonment rates and call wait times improved significantly through the second half of 2021 and early 2022. Unfortunately, more recently, the abandonment rate and call waiting times have increased. A recovery plan has been put in place to improve performance.

M&G aim to have abandon rate of less than 5% with a call wait time of less than 2 minutes.

Customer Journeys (including Bereavements, Claims, New Business, Servicing)

M&G is now processing the large majority of core transactions (e.g. retirement claims, transfers, bereavements, contribution changes, fund switches and new member applications) within normal service levels.

Performance is measured on an end to end journey basis. This means that all activities are joined together and the customer journey time is calculated from the first point of contact to the point of closure where no other activity is required to deliver the customer outcome.

The target is for more than 95% of work to be completed within a set number of days depending on the specific work required. For example we aim to have all claims and bereavements processed within 5 working days of receiving all of the relevant documentation.

For the quarter to December 2021, for Local Government AVCs in England and Wales, 90.2% of work was completed within this target. M&G continue to focus on improving performance to this target.

Annual Benefit Statements and Scheme Revisions

As a consequence of the servicing delays outlined above, the production of the 2020 / 2021 annual scheme revision information and Annual Benefit Statements has been delayed. The majority of schemes received their annual benefit statements within the regulatory deadline. M&G is in contact with any schemes where information is yet to be issued. Detailed planning for the distribution of 2021/22 year scheme revision information and Annual Benefit Statements is underway and expected turnaround times will be confirmed to individual Administering Authorities.

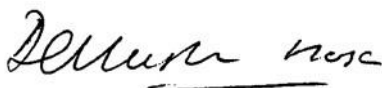
Scheme members can check the value of their AVC account through the online service. Members can login or register for the service at www.pru.co.uk/login

Existing AVC members can access additional support for any general enquiries through the AVC support team which is available Monday – Friday 8.30 - 6pm on 0800 6000 343. Secure messages can also be sent once you have registered for M&G online service.

The Pensions Regulator

M&G have continued to inform The Pensions Regulator about service performance and delays.

Yours sincerely



Alastair Hogg
Head of Corporate Pensions

This page is intentionally left blank

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	Ongoing discussions taking place.
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.
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	Ongoing discussions taking place.

This page is intentionally left blank

DYFED PENSION FUND COMMITTEE

Date 28/06/2022

Risk Register		
To ensure that all risks are correctly identified and assessed		
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.		
Relevant scrutiny committee to be consulted: NA		
Cabinet Decision Required : NA Council Decision Required : NA		
CABINET MEMBER PORTFOLIO HOLDER:- NA		
Directorate: Corporate Services Name of Head of Service: 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
DATE 28/06/2022**

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 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

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

**CABINET MEMBER PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

NA

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection

Risk Register

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

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

Date: **17 June, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled		Risk
	(Assume NO Controls in place)						(Assume CONTROLLED in place)	Controls	
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
CSV400001 - Failure to comply with LGPS regulations as well as other overriding regulations	Substantial	Unlikely	Medium	• Altair Development Officer undertakes Altair system checks to ensure compliance with LGPS regulations <i>Implemented</i>	Pensions Manager		Substantial	Improbable	Low
	4	2	8	• Network Groups (Altair & LGPC) <i>Implemented</i>	Pensions Manager		4	1	4
				• 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>	Pensions Manager				
				• Continue to act as an "Early Adopter" in conjunction with the system provider to ensure system meets regulatory requirements <i>Implemented</i>	Pensions Manager				

Risk Register

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

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

Date: **17 June, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Controls (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled Controls (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none">Technical Officer ensures legislative accuracy of calculations <i>Implemented</i>	Pensions Manager				
CSV400002 - Failure to respond to major change to the LGPS following Public Sector Pension Review	<div>Substantial</div> <div>4</div>	<div>Possible</div> <div>3</div>	<div>High</div> <div>12</div>	<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>	<div>Pensions Manager and Treasury & Pensions Investments Manager</div> <div>Pensions Manager</div> <div>Pensions Manager</div>		<div>Substantial</div> <div>4</div>	<div>Improbable</div> <div>1</div>	<div>Low</div> <div>4</div>

Risk Register

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

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

Date: **17 June, 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"> 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> 	Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager				
CSV400003 - 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> 	Pensions Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

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

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

Date: **17 June, 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">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>Participate in National Fraud Initiative (NFI) <i>Implemented</i>	Pensions Manager				

Risk Register

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

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

Date: **17 June, 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 Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none">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>	Pensions Manager 				

Risk Register

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

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

Date: **17 June, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Controls (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled Controls (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
ledger. 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.				<ul style="list-style-type: none">• 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>	Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager and Treasury & Pensions Investments Manager				
CSV400005 - 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>	Pensions Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

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

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

Date: **17 June, 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				Impact	Probability	
				<ul style="list-style-type: none">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>Additional validation carried out through NFI <i>Implemented</i>				

Risk Register

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

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

Date: **17 June, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Controls (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled Controls (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none">• Opportunity to escalate non-compliance <i>Implemented</i>	Pensions Manager				
CSV400006 - Failure to hold personal data securely	<div>Substantial</div> 4	<div>Unlikely</div> 2	<div>Medium</div> 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>• Documentation is scanned on to the pensions system and paper copies are held for a period of 3 months before shredding <i>Implemented</i>	Pensions Manager <				

Risk Register

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

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

Date: **17 June, 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)		
	Impact	Probability				Current Risk Rating	Impact	Probability
				<ul style="list-style-type: none">• 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 			

Risk Register

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

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

Date: **17 June, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Controls (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled Controls (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none">Altair Development Officer undertakes data integrity checks <i>Implemented</i>Systems and Payroll audit undertaken annually <i>Implemented</i>	Pensions Manager Pensions Manager				
CSV400008 - Normal operations disrupted by uncontrollable external factors Service delivery threats from fire, bomb, extreme weather, electrical faults etc. Insufficient daily back up, disaster recovery, and IT cover to support systems. 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 <i>Implemented</i>Disaster Recovery Plan for pensions system with the software provider <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 Pensions Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

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

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

Date: **17 June, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Controls (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled Controls (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
CSV400009 - 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 ImplementedPension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. Implemented	Pensions Manager Pensions Manager		Moderate 2	Improbable 1	Very Low 2
CSV400010 - 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 ImplementedSpecific courses / seminars attended by officers to further their knowledge and understanding Implemented	Pensions Manager Pensions Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

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

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

Date: **17 June, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Controls (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled Controls (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
CSV400011 - 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. Significant knowledge gap left if experts leave.	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>• External consultants and independent adviser available for short term assistance <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>		Significant 3	Unlikely 2	Medium 6

Risk Register

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

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

Date: **17 June, 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	
CSV400012 - Failure to appropriately attract, manage, develop, and retain staff at all levels	Substantial 4	Unlikely 2	Medium 8	• Training and Development Plan established <i>Implemented</i>	Pensions Manager		Substantial 4	Improbable 1	Low 4
CSV400013 - 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	• 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> • 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>	Pensions Manager Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

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

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

Date: **17 June, 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 Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none">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>	Treasury & Pensions Investments Manager Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager and Treasury & Pensions Investments Manager				
CSV400014 - 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**

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

Date: **17 June, 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)		Risk Controls Controlled Risk Rating
	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 			

Risk Register

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

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

Date: **17 June, 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	
Immediate cash contribution would be required via employers; delay in the payment of promised liabilities; negative publicity and an adverse audit report.				<ul style="list-style-type: none">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				
CSV400016 - Loss of funds through fraud or misappropriation in investment related functions Fraud or misappropriation of funds by an employer, investment managers or custodian. Financial loss to the fund.	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>Due diligence is carried out whenever a new manager is appointed. <i>Implemented</i>	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

Risk Register

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

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

Date: **17 June, 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"> 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				
CSV400017 - 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> Internal Audit and Wales Audit Office review <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

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

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

Date: **17 June, 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
CSV400018 - 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, incorrect investment strategy, poor selection of investment managers. Poor / negative returns leading to potential increase in employer's costs.	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> • 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 Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9
CSV400019 - Lack of expertise on Pension Fund Committee and/or amongst Officers Lack of training, continuous professional development and 4 year election cycle. Flawed recommendations given to Pension Fund Committee which, unchallenged, could lead to incorrect decisions being made.	Significant 3	Likely 4	High 12	<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> 	Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9

Risk Register

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

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

Date: **17 June, 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">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>	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager				
CSV400020 - 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

Risk Register

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

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

Date: **17 June, 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	
CSV400021 - 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
CSV400022 - Concentration risk - single asset class having disproportionate impact on investment objectives Risk of the performance of a single asset class having a disproportionate impact on the ability to meeting investment objectives. Inappropriate investment strategy following the triennial valuation, including lack of diversification. Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employers' costs.	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Establish & review diversified strategic asset allocation <i>Implemented</i> Proactive in decision making <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
CSV400023 - 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	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

Risk Register

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

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

Date: **17 June, 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)		Risk Controls Controlled Risk Rating	
	Impact	Probability				Current Risk Rating	Impact		Probability
<p>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>									
<p>CSV400024 - 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>	<div>Substantial</div> <div>4</div>	<div>Possible</div> <div>3</div>	<div>High</div> <div>12</div>	<ul style="list-style-type: none">Establish & review diversified strategic asset allocation <i>Implemented</i>	Treasury & Pensions Investments Manager		<div>Substantial</div> <div>4</div>	<div>Unlikely</div> <div>2</div>	<div>Medium</div> <div>8</div>
<p>CSV400025 - 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>	<div>Substantial</div> <div>4</div>	<div>Possible</div> <div>3</div>	<div>High</div> <div>12</div>	<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		<div>Substantial</div> <div>4</div>	<div>Unlikely</div> <div>2</div>	<div>Medium</div> <div>8</div>
<p>CSV400026 - Price risk The equity investments held exposes the fund to risk in relation to the market price of its investments.</p>	<div>Substantial</div> <div>4</div>	<div>Possible</div> <div>3</div>	<div>High</div> <div>12</div>	<ul style="list-style-type: none">Establish & review a diversified strategic asset allocation. <i>Implemented</i>	Treasury & Pensions Investments Manager		<div>Substantial</div> <div>4</div>	<div>Unlikely</div> <div>2</div>	<div>Medium</div> <div>8</div>

Risk Register

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

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

Date: **17 June, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Controls (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled Controls (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
Funding level decreases; employer contribution rates become unacceptable, causing a potential increase in employers' costs.				<ul style="list-style-type: none">Anticipate long term returns on a prudent basis. <i>Implemented</i>	Treasury & Pensions Investments Manager				
CSV400027 - 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. Funding level decreases; employer contribution rates become unacceptable, causing a potential increase in employers' costs.	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
CSV400028 - 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>	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

Risk Register

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

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

Date: **17 June, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Controls (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled Controls (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none">Establish closedown timetable <i>Implemented</i>Establish WAO working paper guidance & planning document <i>Implemented</i>Excellent time management skills <i>Implemented</i>	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager				
CSV400029 - 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

Risk Register

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

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

Date: **17 June, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Controls (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled Controls (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
CSV400030 - 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>• Monthly monitoring of debts due <i>Implemented</i>	Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager and Treasury & Pensions Investments Manager		Moderate 2	Improbable 1	Very Low 2
CSV400031 - Officers acting outside delegated authority Threat of officers making unauthorised decisions or payments. Loss of income to fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none">• Undertake regular review of Standing Orders & Constitution <i>Implemented</i>• Report to Executive Board <i>Implemented</i>	Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager and Treasury & Pensions Investments Manager		Substantial 4	Improbable 1	Low 4

Risk Register

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

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

Date: **17 June, 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"> Monitoring officer role Implemented 	Pensions Manager and Treasury & Pensions Investments Manager				
CSV400032 - 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. 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	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Establish performance measurement system Implemented Pension Committee member assessments Implemented Officer appraisals in October and March annually Implemented 	Pensions Manager and Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager Pensions Manager and Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

Risk Register

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

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

Date: **17 June, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Risk Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		Risk Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none">Regular internal and external audits <i>Implemented</i>Establish & review training plan for officers and members <i>Implemented</i>	Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager and Treasury & Pensions Investments Manager				
CSV400033 - 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. 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.	Substantial 4	Possible 3	High 12	<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>	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

Risk Register

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

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

Date: **17 June, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Controls (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled Controls (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
				• Monthly reconciliations of contributions, dividends, and pension payroll <i>Implemented</i>	Treasury & Pensions Investments Manager				
CSV400034 - Insufficient resources to provide information requirements for the Wales Pension Partnership on the management of the fund	Substantial 4	Possible 3	High 12	• 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
CSV400035 - 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	• 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**

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

Date: **17 June, 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 Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
CSV400036 - 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. Implemented	Treasury & Pensions Investments Manager		Substantial 4	Possible 3	High 12

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

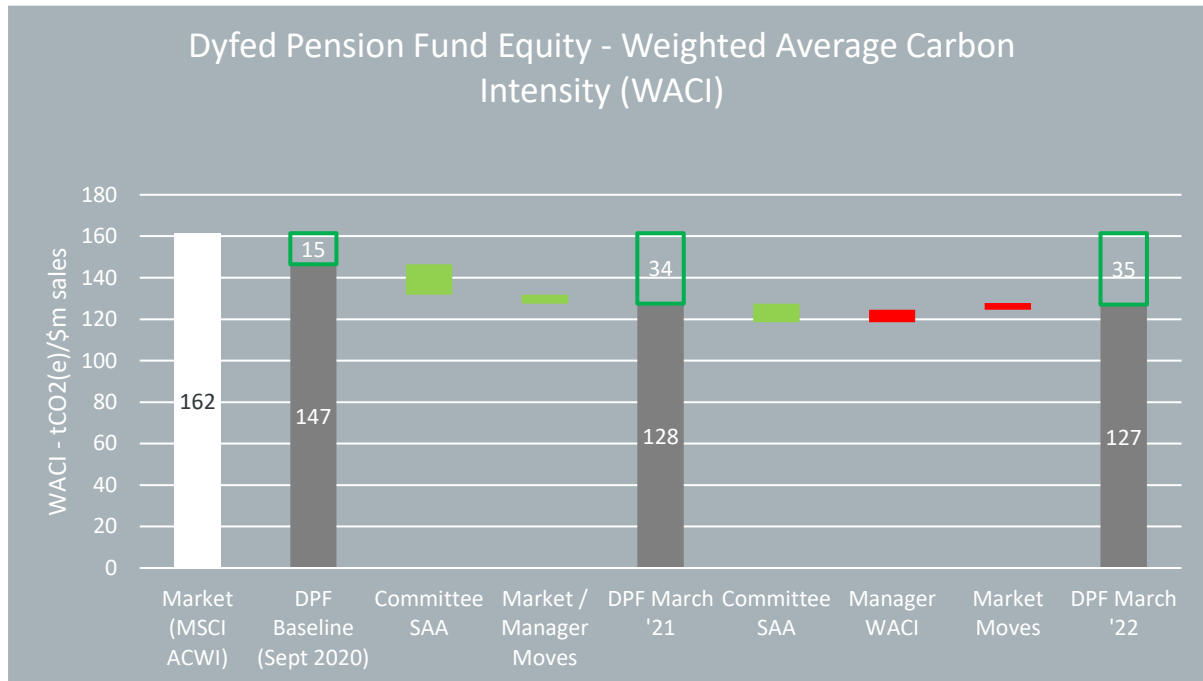
<u>Date</u>	<u>Subject</u>	<u>Provider</u>	<u>Venue</u>	<u>Attendees</u>
13 April 2022	Business Meeting	LAPFF	London	AP
13 – 15 June 2022	LA Conference	PLSA	Glouc.	KG & MO
28 June 2022	Committee Meeting		Hybrid	CM, RH, AP, KG, MO & all members
4 – 6 July 2022	Strategic Investment LAPF Forum		The Grove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

18 October 2022	Fundamentals Training	LGPC	Online	RJ & DO
15 – 16 November 2022	Pension Managers Conference	SWPE	Torquay	KG & MM
22 November 2022	ACM		Llanelli	All members & officers
23 November 2022	Committee Meeting		Hybrid	CM, RH, AP, KG, MO & all members
22 November 2022	Fundamentals Training	LGPC	Online	RJ & DO
7 – 9 December 2022	Annual Conference	LAPFF	Bournemouth	RH & nominated member
20 December 2022	Fundamentals Training	LGPC	Online	RJ & DO
January 2023 (tbc)	Pension Fund Accounts	CIPFA	London	MO
January 2023 (tbc)	Business Meeting	LAPFF	London	AP & nominated Member
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.

Dyfed Pension Fund

Carbon Footprint Update



Source : AUM data sourced from NT Custodian reports, as at 31/3/22. Carbon Intensity data is latest available : March 2022 for passive funds, Mar 21 for WPP global growth equity

Definitions

Carbon Intensity

- Volume of carbon emissions per million dollars of revenue (carbon efficiency of a portfolio), expressed in tons CO₂e / \$M revenue. Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach. The company's (or issuer's) revenue is used to adjust for company size to provide a measurement of the efficiency of output.

Weighted Average Carbon Intensity

- Portfolio's exposure to carbon-intensive companies, expressed in tons CO₂e / \$m revenue. Scope 1 and Scope 2 GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value).

This page is intentionally left blank

Dyfed Pension Fund Committee

Tuesday, 28 June 2022

PRESENT: Councillor D.E. Williams (Chair)

Councillors:

D. Thomas, R. James and D. Owen (Observer)

Also in attendance:

A. Brown – Independent Investment Advisor

J. Blewitt – Audit Wales

The following Officers were in attendance:

C. Moore, Director of Corporate Services

R. Hemingway, Head of Financial Services

A. Parnell, Treasury & Pension Investments Manager

K. Gerard, Pensions Manager

M. Owens, Pension Investment Officer

S. Rees, Simultaneous Translator

E. Evans, Principal Democratic Services Officer

M.S. Davies, Democratic Services Officer

E. Bryer, Democratic Services Officer

Virtual Meeting - 2.20 pm - 4.30 pm

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

The Chair welcomed the new Committee Members to the meeting.

2. DECLARATIONS OF PERSONAL INTERESTS

Councillor	Minute Number	Nature of Interest
Cllr. D.E. Williams	All agenda items	Member of the Dyfed Pension Fund
Cllr. D. Thomas	All agenda items	Member of the Dyfed Pension Fund
Cllr. R. James	All agenda items	Member of the Dyfed Pension Fund

3. MINUTES OF THE MEETING OF THE COMMITTEE HELD ON THE 29TH MARCH, 2022

RESOLVED that the minutes of the meeting of the Committee held on the 29th March, 2022 be signed as a correct record.

4. 2022 AUDIT PLAN

The Committee welcomed to the meeting Jason Blewitt from Audit Wales who presented the report on the 2022 Audit Plan for the Dyfed Pension Fund to the

Committee. The Plan set out the proposed scope, when to be undertaken, cost and responsibilities.

The Committee was advised that Audit Wales was responsible for issuing the report on the accounting statements which included an opinion on their 'truth and fairness'. This ensured assurance that the accounts would:

- be free from material misstatement, whether caused by fraud or error
- complied with statutory and other applicable requirements and
- complied with all relevant requirements for accounting presentation and disclosure.

The Committee's attention was drawn to the fee that had increased by approximately £3,000. It was asked if this fee was competitive with other organisations. Audit Wales confirmed that it was a competitive fee.

UNANIMOUSLY RESOLVED that the 2022 Audit Plan be approved.

5. DYFED PENSION FUND PENSION BOARD MINUTES 25TH JANUARY, 2022

UNANIMOUSLY RESOLVED that the minutes of the Dyfed Pension Fund Pension Board meeting held on the 25th January, 2022 be received.

6. FINAL BUDGETARY POSITION 2021-2022

The Committee received the final Dyfed Pension Fund Budgetary position for 2021-22 as at 31st March 2022 which showed an underspend compared to budget of £6.5m on cash items.

It was noted that management expenses showed an over-spend of £433k which resulted in expenditure of £886k more than budgeted. Total expenditure had been £105.2m and total income had been £111.7m.

It was asked if there was a cap on the lump sum payable to members of the pension fund. The Committee was advised that the fund was part of a defined benefit scheme and that benefits would be paid according to the regulations. It was stated that HMRC set the limit for the amount of tax-free lump sum payable.

UNANIMOUSLY RESOLVED that the final Dyfed Pension Fund Final Budgetary Position Report as at the 31st March 2022 be received.

7. CASH RECONCILIATION AS AT 31 MARCH 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 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.

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

8. ADMINISTRATION UPDATES

8.1. 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, new employer, breaches register, i-Connect, GMP reconciliation and workflows.

For the benefit of new committee members, a briefing was provided regarding the McCloud judgement.

The report confirmed that the UK Technical Group had identified a deterioration in service levels by Pru funds nationally. This had been raised at the Local Government Pensions Committee and the National Scheme Advisory Board.

The report highlighted the recommendation to DLUHC to remove the age 75 barrier to the payment of a survivors death grant to mirror amendments made by other public sector schemes.

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

8.2. PRU COMMUNICATION

The Committee received correspondence that had been received from Pru in relation to administration delays for Local Government AVCs. The correspondence included:

- Acknowledgement of delays
- Description of problems
- Action taken to improve service
- Expected timescales for resumption of normal service

UNANIMOUSLY RESOLVED that the Pru Correspondence in relation to their administration delays for Local Government AVCs be noted.

9. BREACHES REPORT 2022-2023

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

The Dyfed Pension Fund Breaches Policy was approved by the Dyfed Pension Fund Panel in March 2016. Under the policy, breaches of the law were required to be reported to the Pensions Regulator where there was a reasonable cause to believe that:

- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with;

- the failure to comply was likely to be of material significance to the Regulator in the exercise of any of its functions.

The Committee noted that since the last meeting there had been a couple of instances where employee/employer contributions had not been received on time. No report had to be sent to the Pensions Regulator.

In response to a question regarding why company names were not included on the report it was advised that this was due to confidentiality. If there were persistent breaches, they would be reported accordingly.

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

10. 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 there had been no changes since the previous committee meeting. The risks would continue to be reviewed and any amendments would be drawn to the Committee's attention.

It was noted that the risks were split between administration and investment and governance aspects of the Dyfed Pension Fund.

In response to risk CSV400036 (Global financial markets impacted by economic climate, national/global austerity measures and geopolitical events) it was asked if a report could be provided to the Committee regarding the global market situation and the mitigations in place. The Treasury and Pension Investments Manager advised that arrangements would be made in conjunction with the Investment Advisor and Director of Corporate Services to provide more detail on the mitigation of global market events at the next committee meeting.

UNANIMOUSLY RESOLVED that the risk register report be approved.

11. TRAINING PLAN 2022-2023

The Committee received for consideration an update on 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 update be noted.

12. CARBON FOOTPRINT UPDATE

The Committee received for consideration an update on the activity and progress in terms of the Fund's Carbon Footprint position.

The update illustrated the Weighted Average Carbon Intensity for the Fund's equity portfolio and showed that the fund had reduced its carbon footprint from a baseline of 147 WACI at September 2020 to 127 WACI at March 2022.

In response to a question the Committee was advised that the key difference in the data between December and March was due to carbon intensive sectors performing well. It was noted that updated carbon intensity data for WPP funds were not yet available and that March 2021 data had been included. It was anticipated that there would be some improvement in the carbon intensity of WPP funds over that period.

Officers were asked when the fund would reach the carbon neutral target. The Committee was advised that the data had not been modelled that far ahead however mathematically if there was a 7% yearly reduction, carbon intensity would be halved by 2030 and the fund would be carbon neutral by 2050.

It was asked if other pension funds used the same measurement of data and if that data was available for Dyfed Pension Fund to compare its position against. The Committee was advised that some were using the same or similar calculations and others were not using any calculations. Comparative data from other funds were not currently available unless published with committee agendas. It was noted that there would be a future requirement for a Task Force on Climate-Related Financial Disclosure Report and that this would provide a consistent measurement across the LGPS.

In response to a question regarding the employment of a second advisor specialising in climate change, it was stated that as 70% of the Fund's investments were pooled in WPP it would be prudent for WPP's advisors to provide this resource across all Welsh funds instead of employing a specialist advisor in each fund. It was confirmed that an additional resource on Responsible Investment had been included in the WPP budget. A progress report would be provided to the Committee in the near future.

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

13. 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.

14. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 31 MARCH 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 31 March, 2022.

UNANIMOUSLY RESOLVED that the Independent Investment Adviser Report as at 31 March 2022 be noted.

15. NORTHERN TRUST PERFORMANCE REPORT TO 31 MARCH 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 31 March 2022, which provided performance analysis at a total fund level and by investment manager for the periods up to inception.

UNANIMOUSLY RESOLVED that the Northern Trust Performance report for the Dyfed Pension Fund as at 31 March 2022 be received.

16. INVESTMENT MANAGER REPORTS TO 31 MARCH 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 31st March 2022.

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

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

CHAIR

DATE

DYFED PENSION FUND PENSION BOARD DATE 20/07/2022

Pension Board Work Plan 2022		
Recommendations / key decisions required: The Board to note the Pension Board Work Plan for 2022.		
Reasons: To provide the Board with the Work Plan for 2022.		
Relevant scrutiny committee to be consulted NA		
Cabinet Decision Required		NA
Council Decision Required		NA
CABINET MEMBER PORTFOLIO HOLDER:- NA		
Directorate: Name of Head of Service: Chris Moore Report Author: Chris Moore	Designations: Director of Corporate Services	Tel: 01267 224120 Email addresses: CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY
DYFED PENSION FUND PENSION BOARD
DATE 20/07/2022

Pension Board Work Plan 2022

The attached report outlines the work of the Pension Board throughout 2022 and the items to be presented at each meeting. The Work Plan is reviewed at each Board meeting and is revised as necessary.

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

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

**CABINET MEMBER PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

NA

Include any observations here

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

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
-------------------	--------------	---

Dyfed Pension Fund Pension Board 2022-23 Work Plan

	3 May 2022	20 July 2022	18 October 2022	12 January 2023
Pension Fund Committee meetings	29 March 2022	28 June 2022	13 September 2022	23 November 2022
Investments	> Independent Investment Advisor report > Performance Report - 31/12/21	> Independent Investment Advisor report > Performance Report - 31/03/22	> Independent Investment Advisor report > Performance Report - 30/06/22	> Independent Investment Advisor report > Performance Report - 30/09/22
Administration	> Administration update	> Administration update	> Administration update	> Administration update
Governance	> Scheme Advisory Board/LGA updates > Committee minutes > Wales Pension Partnership update > Wales Pension Partnership Business Plan > Breaches Log > Declaration of Interest > DPF Business Plan 2022/23	> Scheme Advisory Board/LGA updates > Committee minutes > Wales Pension Partnership update > Breaches Log > Declaration of Interest	> Scheme Advisory Board/LGA updates > Committee minutes > Wales Pension Partnership update > Breaches Log > Declaration of Interest > 2023 Work Plan	> Scheme Advisory Board/LGA updates > Committee minutes > Wales Pension Partnership update > Breaches Log > Declaration of Interest
Audit & Risk Management	> Risk Register > Internal Audit reports	> Risk Register > Internal Audit reports > Audit Plan 2022	> Risk Register > Internal Audit reports	> Risk Register > Internal Audit reports
Accounts & Budget	> DPF Budget Monitoring > Pension Board Budget Monitoring > DPF Budget 2022/23	> DPF Budget Monitoring > Pension Board Budget Monitoring	> DPF Budget Monitoring > Pension Board Budget Monitoring > Statement of Accounts 2021/22	> DPF Budget Monitoring > Pension Board Budget Monitoring > Pension Board Budget 2023/24 > Audit of Accounts Report (ISA 260)
Training	> Training programme > Training Needs Analysis 2022/23	> Training programme	> Training programme	> Training programme

Times may change, depending on timing of items going to the Pension Committee meetings

This page is intentionally left blank

DYFED PENSION FUND PENSION BOARD
DATE 20/07/2022

Pension Board Budget Monitoring 1 April 2022 – 30 June 2022

Recommendations / key decisions required:

The Board to receive the Pension Board Budget Monitoring report for the period
1 April 2022 – 30 June 2022

Reasons:

To provide the Board with the budgetary position as at 30 June 2022.

Relevant scrutiny committee to be consulted

NA

Cabinet Decision Required	NA
---------------------------	----

Council Decision Required NA

CABINET MEMBER PORTFOLIO HOLDER:- NA

Directorate:

Name of Head of Service:

Chris Moore

Report Author: Chris Moore

Designations:

Director of Corporate
Services

Tel: 01267 224120

Email addresses:

CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY
DYFED PENSION FUND PENSION BOARD
DATE 20/07/2022

Pension Board Budget Monitoring 1 April 2022 – 30 June 2022

The position as at 30 June 2022 was a total actual expenditure incurred of £9.1k. The forecasted expenditure for the year is a £3k underspend compared to budget.

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

The report provides the Pension Board budget position as at 30 June 2022. Forecasted expenditure for the year is £3k under budget.

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

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

**CABINET MEMBER PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

NA

Include any observations here

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
-------------------	--------------	---

Dyfed Pension Board

Budget Monitoring Report

1 April 2022 - 30 June 2022

	Budget 2022-23	Actual expenditure	Forecast Commitments	Forecast expenditure at year end	End of year variance		Assumptions/Comments
	£	£	£	£	£	%	
Chair Annual Fee	12,000	3,000	9,000	12,000	0	0.0	
Training costs	4,000	0	2,000	2,000	-2,000	-50.0	
Travel, Subsistence & Miscellaneous Expenses	2,000	0	1,000	1,000	-1,000	-50.0	
Liability Insurance	6,160	6,142	0	6,142	-18	-0.3	
Expenditure	24,160	9,142	12,000	21,142	-3,018	-12%	

This page is intentionally left blank

Agenda Item 8

By virtue of paragraph(s) 12 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.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 12 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.

Document is Restricted

This page is intentionally left blank

Agenda Item 9

By virtue of paragraph(s) 12 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.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 12 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.

Document is Restricted

This page is intentionally left blank

Agenda Item 10

By virtue of paragraph(s) 12 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.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 12 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.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 12 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.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 12 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.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 12 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.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 12 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.

Document is Restricted

This page is intentionally left blank