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TUESDAY, 20 JUNE 2023

TO: ALL MEMBERS OF THE DYFED PENSION FUND COMMITTEE

I HEREBY SUMMON YOU TO ATTEND A **MEETING** OF THE **DYFED PENSION FUND COMMITTEE** WHICH WILL BE HELD IN THE **CHAMBER - COUNTY HALL, CARMARTHEN. SA31 1JP AND REMOTELY AT 10.00 AM, ON MONDAY, 26TH JUNE, 2023** FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED AGENDA

Wendy Walters

CHIEF EXECUTIVE

Democratic Officer:	Julie Owens
Telephone (direct line):	01267 224088
E-Mail:	juowens@carmarthenshire.gov.uk

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

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

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

**DYFED PENSION FUND COMMITTEE
3 MEMBERS**

PLAID CYMRU GROUP (2)

- 1 Councillor Elwyn Williams (Chair)
- 2 Councillor Dai Thomas

LABOUR GROUP (1)

- 1 Councillor Rob James

NOMINATED SUBSTITUTE (1)

Councillor Neil Lewis

AGENDA

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THE REPORTS RELATING TO THE FOLLOWING ITEMS ARE NOT FOR PUBLICATION AS THEY CONTAIN EXEMPT INFORMATION AS DEFINED IN PARAGRAPH 14 OF PART 4 OF SCHEDULE 12A TO THE LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT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.
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DYFED PENSION FUND COMMITTEE

TUESDAY, 28 MARCH 2023

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

Councillors (Virtually):

D. Thomas and R. James;

Also in attendance (In Person):

A. Brown – Independent Investment Advisor;

J. Brown – Russell Investments;

A. Quinn – Russell Investments;

J. Zealander – LINK Group;

Also in attendance (Virtually):

J. Blewitt – Audit Wales;

The following Officers were in attendance:

C. Moore, Director of Corporate Services;

K. Gerard, Pensions Manager;

A. Parnell, Treasury & Pension Investments Manager;

M. Owens, Pension Investment Officer;

S. Rees, Simultaneous Translator;

M.S. Davies, Democratic Services Officer;

The following Officers were in attendance (Virtually):

R. Hemingway, Head of Financial Services.

Chamber, County Hall, Carmarthen and remotely: 10.00 am - 12.00 pm

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF PERSONAL INTERESTS

There were no declarations of personal interest.

3. MINUTES OF THE MEETING OF THE COMMITTEE HELD ON THE 23RD NOVEMBER 2022

UNANIMOUSLY RESOLVED that the minutes of the meeting of the Committee held on the 23rd November, 2022 be signed as a correct record.

4. DYFED PENSION FUND PENSION BOARD MINUTES 18TH OCTOBER 2022

UNANIMOUSLY RESOLVED that the minutes of the Dyfed Pension Fund Pension Board meeting held on the 18th October, 2022 be received.

5. **OUTLINE AUDIT PLAN 2023**

The Committee welcomed to the meeting Jason Blewitt from Audit Wales who presented the Outline Audit Plan 2023 for the Dyfed Pension Fund which detailed the following:

- Audit responsibilities;
- Fees and audit team;
- Audit timeline;
- Audit quality;
- Key changes to ISA315 and the potential impact on the Fund.

In an update to the circulated report the Committee was advised that due to resource pressures within Audit Wales the deadline for the signing off of audited accounts for 2022/23 had been set at 30th November 2023 but there was a commitment to bring forward that deadline over subsequent years. Additionally, following a fee consultation, there would be a 4.8% increase in fees for some financial and performance audits and a 10.2% increase for ISA 315 financial audit work resulting in a 15% increase overall of the financial audit element of the fee. Letters detailing the increases would shortly be sent out to all Section 151 Officers.

UNANIMOUSLY RESOLVED that the Outline Audit Plan 2023 be approved.

6. **BUDGET MONITORING 1 APRIL 2022 - 31 DECEMBER 2022**

The Committee received the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the 2022/23 financial year. It was noted that the current position, as at 31st December 2022, forecasted an under-spend of £6.9m in cash terms.

Expenditure was projected to be overspent by £1m. Benefits payable were forecast to be £1.4m more than budget and management expenses were forecast to be £714k lower than budget.

In terms of income, the net effect of contributions and investment income was an increase of £7.9m, due mainly to higher than budgeted investment income forecast.

Overall total expenditure was estimated at £108.8m and total income estimated at £115.7m resulting in a positive cash flow position of £6.9m.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Budget Monitoring Report for the period 1st April 2022 to 31st December 2022 be received.

7. **DYFED PENSION FUND BUDGET 2023-2024**

The Committee considered the Dyfed Pension Fund Budget for 2023-24. It was noted that the cash related expenditure for 2023-24 had been set at £122.8m and the cash related income at £122.8m, resulting in a net budget of £0 which provided the Fund with flexibility to utilise investment income based on cash flow requirements.

With regard to expenditure levels, the Committee noted that benefits payable had been estimated to be £108.9m which included provision for a 10.1% pensions

increase, based on the September 2022 CPI together with a 2.5% net effect for new pensioner members and deferred members.

Management expenses had been estimated at £10.2m, of which £7.95m had been budgeted for investment manager fees.

It was noted that Investment income was estimated at £24.2m to maintain a cash neutral budget so that the fund was not holding onto surplus cash that could be invested.

The non-cash related budget had been set at £50m based on an estimate of the realised gains and losses for individual manager portfolio rebalances and sales and purchases within the property portfolios.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Budget for 2023-24 be approved.

8. CASH RECONCILIATION AS AT 31 DECEMBER 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 31st December, 2022, £3.2m 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.

9. 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, breaches register, i-Connect, GMP reconciliation, Data Quality reports and workflows.

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

10. BREACHES REPORT 2022-2023

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

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

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

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

The Committee noted that since the last meeting there had been a few instances where employee/employer contributions had not been received on time. A report would be sent to The Pensions Regulator in relation to an employer who had regularly missed payments and failed to provide documentation. This employer owed the Fund £3,433.42 for the period 1 September 2022 – 31 January 2023.

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

11. 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. Since the previous Committee meeting the Risk Register had been reviewed and the following two risks had been amended:

- DPFOP0010 (Failure to appropriately attract, manage, develop, and retain staff at all levels) – the uncontrolled risk had been updated to reflect a high risk (previously scored as medium risk) and the controlled risk had been updated to reflect medium risk (previously low risk). An additional control had been inserted stating that the Carmarthenshire County Council recruitment and retention policy is implemented;
- DPFOP0017 – the nature of risk had been expanded from a failure to meet statutory deadlines leading to qualification of the accounts, to a broader risk including failure to maintain robust working papers which did not provide assurance of the accuracy of the accounts. An additional control had been inserted being attendance at CIPFA Pension Fund Accounts training and the review of CIPFA Pension Fund example accounts.

UNANIMOUSLY RESOLVED that the risk register report be approved.

12. DRAFT FUNDING STRATEGY STATEMENT

The Committee received for consideration the Draft Funding Strategy Statement (“FSS”) which established a clear and transparent funding strategy that would identify how each Fund employer’s pension liabilities were to be met going forward. It was noted that all interested parties connected with the Dyfed Pension Fund had been consulted and given opportunity to comment prior to Statement being finalised and adopted.

UNANIMOUSLY RESOLVED that the Draft Funding Strategy Statement be approved.

13. BUSINESS PLAN 2023-2024

The Committee received for consideration the Dyfed Pension Fund Business Plan for the period 2023-2024 which detailed how the Fund would achieve its goals and set out the plans from a marketing, financial and operational viewpoint.

UNANIMOUSLY RESOLVED that the Wales Pension Partnership Business Plan for the period 2023-24 be approved.

14. WALES PENSION PARTNERSHIP (WPP) BUSINESS PLAN 2023-2026

The Committee received for consideration the Wales Pension Partnership Business Plan for the period 2023-2026 detailing how the Fund would achieve its objectives and ensuring the allocation of sufficient resources to meet those objectives.

UNANIMOUSLY RESOLVED, subject to approval by the WPP Joint Governance Committee, that the Wales Pension Partnership Business Plan for the period 2023-26 be approved.

15. WALES PENSION PARTNERSHIP (WPP) - OPERATOR UPDATE

The Chair welcomed representatives from the LINK Group and Russell Investments who presented update reports on the milestones and progress of Wales Pension Partnership (WPP) including the following Sub Funds:-

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

UNANIMOUSLY RESOLVED that the updates on the milestones and progress of the Wales Pension Partnership be received.

16. TRAINING PLAN

The Committee received for consideration the final Training Plan for 2022-2023 and the new Training Plan for 2023-2024 detailing the schedule of Committee meetings and training events for members and officers of the Dyfed Pension Fund.

UNANIMOUSLY RESOLVED to note the Training Plan 2022-2023 and approve the Training Plan 2023-2024.

17. EXCLUSION OF THE PUBLIC

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

18. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 31 DECEMBER 2022

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute Item 17 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 31st December, 2022.

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

UNANIMOUSLY RESOLVED

18.1 that the Independent Investment Adviser Report as at 31st December 2022 be noted;

18.2 that, for the reasons indicated in the report, £50m equity be sold from the UK passive portfolio and reinvested in the WPP Global Credit portfolio, and that delegated authority be given to the Director of Corporate Services to rebalance the portfolio, within strict rebalancing rules, to ensure smaller tactical rebalances can occur in a timely fashion.

19. NORTHERN TRUST PERFORMANCE REPORT TO 31 DECEMBER 2022

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute Item 17 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 31st December 2022, which provided performance analysis at a total fund level and by investment manager for the periods since inception.

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

20. INVESTMENT MANAGER REPORTS TO 31 DECEMBER 2022

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute Item 17 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 December 2022.

- BlackRock – Quarterly Report 31 December 2022;
- Schroders – Q4 2022 Investment Report;
- Partners Group – Quarterly Financials Q4 2022;
- WPP Global Growth Fund – 31 December 2022;
- WPP Global Credit Fund – 31 December 2022.

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

CHAIR

DATE

DYFED PENSION FUND COMMITTEE DATE 26/06/2023

Dyfed Pension Fund Pension Board Minutes 12 January 2023

To inform the Committee of the meeting of the Pension Board that was held on 12 January 2023

Recommendations / key decisions required:

The Committee to note the minutes of the Dyfed Pension Fund Pension Board meeting held on 12 January 2023.

Reasons:

To inform the Committee of the meeting of the Pension Board that was held on 12 January 2023.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate Services,
Carmarthenshire County Council

Tel Nos.
01267 224120

E Mail Address:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 26/06/2023**

Dyfed Pension Fund Pension Board Minutes 12 January 2023

A meeting of the Dyfed Pension Fund Pension Board took place on 12 January 2023. The following items were considered:

- Draft Minutes of the Pension Fund Committee meeting 23 November 2022
- Audit of Financial Statements Report 2021-22
- Budget Monitoring 1 April 2022 – 30 September 2022
- Cash reconciliation as at 30 September 2022
- Pensions Administration Report
- Breaches Report 2022-2023
- Risk Register
- Wales Pension Partnership – Operator Update
- Training Plan 2022-2023
- Pension Board Work Plan 2023
- Pension Board Budget Monitoring 1 April 2022 – 31 December 2022
- Pension Board Budget 2023-24
- Independent Advisor Performance & Risk Report to 30 September 2022
- Northern Trust Performance Report to 30 September 2022
- Investment Manager Reports to 30 September 2022

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

THERE ARE NONE

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

**DYFED PENSION FUND PENSION BOARD
THURSDAY, 12 JANUARY 2023**

PRESENT: Councillor J. Jones (Chair) (Virtually);

Board Members (Virtually):

P. Ashley-Jones - Employer Member Representative;

T. Bowler - Union Member Representative;

M. Evans - Member Representative;

Councillor A. Lenny – Employer Member Representative;

Also present as an observer (Virtually):

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

Also Present (Virtually):

K. Gerard, Pensions Manager;

A. Parnell, Treasury & Pension Investments Manager;

J. Williams, Assistant Accountant;

K. Thomas, Democratic Services Officer;

Also Present (In Person):

S. Rees, Simultaneous Translator;

M.S. Davies, Democratic Services Officer;

Also in attendance (Virtually):

Mr. A. Brown – Independent Investment Advisor.

Chamber, County Hall, Carmarthen and remotely: 2.00 pm - 3.10 pm

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Gareth Lloyd, Employer Representative and Mr Mike 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 18TH OCTOBER 2022

AGREED that the minutes of the meeting for the Pension Board held on the 18th October 2022 be confirmed as a correct record.

4. DYFED PENSION FUND COMMITTEE MEETING 23 NOVEMBER 2022

The Board received, for consideration and comment, the reports considered by the Dyfed Pension Fund Committee on the 23rd November 2022, as referred to in minutes 4.1- 4.9 below.

4.1. AUDIT OF FINANCIAL STATEMENTS REPORT 2021-22

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

It was noted that the Auditor General was responsible for providing an opinion on whether the financial statements of the Dyfed Pension Fund

gave a true and fair view of their financial position as at 31 March 2022 and of its income and expenditure for the year end. An unqualified audit report on the financial statements had been issued and the finalised report had been considered by the Audit and Governance Committee on 21st October 2022.

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

AGREED that the Audit of Financial Statement Report 2021/22 be received.

4.2. BUDGET MONITORING 1 APRIL 2022 - 30 SEPTEMBER 2022

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 2022 – 30th September 2022.

AGREED that the report be noted.

4.3. CASH RECONCILIATION AS AT 30 SEPTEMBER 2022

The Board considered the Cash Reconciliation report which provided an update on the cash position in respect of the Dyfed Pension Fund as at 30th September 2022.

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 2022-23

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

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

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

4.6. RISK REGISTER

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

Agreed that the risk register report be noted.

4.7. WALES PENSION PARTNERSHIP - OPERATOR UPDATE

The Board received an update on the milestones and of the Wales Pension Partnership in relation to the Sub Funds together with a 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. TRAINING PLAN 2022-2023

The Board received the Dyfed Pension Fund Training Plan for the period 2022-2023 detailing meetings, training events and the members and officers anticipated to attend the events.

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

4.9. DRAFT MINUTES OF THE PENSION COMMITTEE MEETING 23 NOVEMBER 2022

AGREED that the draft minutes of the meeting of the Dyfed Pension Fund Committee held on the 23rd November 2022 be noted.

5. PENSION BOARD WORK PLAN 2023

The Board considered the Pension Board Workplan for 2023 which outlined the work of the Pension Board throughout 2023 and the items to be presented at each meeting.

AGREED to note the Pension Board Workplan for 2023.

6. PENSION BOARD BUDGET MONITORING 1 APRIL 2022 - 31 DECEMBER 2022

The Board received the Pension Board Budget Monitoring report as at 31st December 2022. Total actual expenditure incurred was £17.2k. The forecasted expenditure for the year was a £2.5k underspend compared to budget.

AGREED that the report be noted.

7. PENSION BOARD BUDGET 2023-24

The Board considered the Dyfed Pension Fund Budget for 2023-24 which was in line with the budget for 2022-23.

AGREED that the Budget for 2023-24 be approved.

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 2022

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 30th September 2022 together with the global market background and issues for consideration.

AGREED to note the Independent Investment Adviser Report as at 30th September 2022.

10. NORTHERN TRUST PERFORMANCE REPORT 30 SEPTEMBER 2022

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 30th September 2022, which provided performance analysis at a total fund level and by investment manager for the periods up to inception.

AGREED to note the Northern Trust Performance report for the Dyfed Pension Fund as at 30th September 2022.

11. INVESTMENT MANAGER REPORTS AT 30 SEPTEMBER 2022

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 30th September 2022:

- BlackRock – Quarterly Report 30 September 2022;
- Schroders – Q3 2022 Investment Report;
- Partners Group – Quarterly Financials 30 September 2022;
- WPP Global Growth Fund – 30 September 2022;
- WPP Global Credit Fund – 30 September 2022.

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

CHAIR

DATE

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DYFED PENSION FUND COMMITTEE DATE 26/06/2023

Detailed Audit Plan 2023

To provide the Dyfed Pension Fund Committee with the Detailed Audit Plan 2023

Recommendations / key decisions required:

The Committee to approve the Detailed Audit Plan 2023.

Reasons:

To provide the Dyfed Pension Fund Committee with the Detailed Audit Plan 2023

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:

Corporate Services

Name of Director:

Chris Moore

Report Author:

Chris Moore

Designations:

Director of Corporate Services,
Carmarthenshire County Council

Tel Nos.

01267 224120

E Mail Address:

CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 26/06/2023**

Detailed Audit Plan 2023

Audit Wales (AW) to present the Detailed Audit Plan to the Dyfed Pension Fund Committee. The Detailed Audit Plan specifies the statutory responsibilities of the external auditor and fulfils the obligations under the Code of Audit Practice. It sets out the work the team intends undertaking to address the audit risks identified and other key areas of focus during 2023. It also sets out the estimated audit fee, details of the audit team and key dates for delivering the audit team's activities and planned outputs.

AW are required to certify whether Dyfed Pension Fund's financial statements are 'true and fair'. The audit work responds to the assessment of risks which allows them to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Dyfed Pension Fund financial statements as a whole. The aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which such misstatements are judged to be material is set out later in this plan. AW will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

THERE ARE NONE

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

Dyfed Pension Fund – Detailed Audit Plan 2023

Audit year: 2022-23

Date issued: June 2023

Document reference: 3632A2023



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

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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.

About Audit Wales

Our aims and ambitions

Assure



the people of Wales that public money is well managed

Explain



how public money is being used to meet people's needs

Inspire



and empower the Welsh public sector to improve



Fully exploit our unique perspective, expertise and depth of insight



Strengthen our position as an authoritative, trusted and independent voice



Increase our visibility, influence and relevance



Be a model organisation for the public sector in Wales and beyond

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Introduction

I have now largely completed my planning work.

This Detailed Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

It sets out the work my team intends undertaking to address the audit risks identified and other key areas of focus during 2023.

It also sets out my estimated audit fee, details of my audit team and key dates for delivering my audit team's activities and planned outputs.



Adrian Crompton

Auditor General for
Wales

Audit of financial statements

I am required to certify whether Dyfed Pension Fund's (the Pension Fund) financial statements are 'true and fair'. The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund financial statements as a whole.

I also have responsibility to receive questions and objections to the financial statements from local electors (additional fees will be charged for this work, if necessary).

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 is set out later in this plan.

I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities.

There have been no limitations imposed on me in planning the scope of this audit.

Your audit at a glance



My financial statements audit will concentrate on your risks and other areas of focus

My audit planning has identified the following risks:

Significant financial statement risk

- Risk of Management Override



Materiality

Materiality	£32.367 million
Reporting threshold	£1.618 million

Financial statements materiality



Materiality £32.367 million

My aim is to identify and correct material misstatements, that is, those that might otherwise cause the user of the accounts to be misled.

Materiality is calculated using:

- 2021-22 gross assets of £3,236 million
- Materiality percentage of 1%

I report to those charged with governance any misstatements above a trivial level (set at 5% of materiality ie £1.618 million).



Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts and we have set a lower materiality level for these:

- Key Management Personnel £1,000
- Related party disclosures £10,000 (Individuals), £32.367 million (Other Bodies)

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other ISAs. The ISAs require us to focus more attention on these significant risks.

Exhibit 1: significant financial statement risks

Significant risk	Our planned response
<p>Risk of Management Override 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 240.32-33].</p>	<p>The audit team will:</p> <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 bias; and • evaluate the rationale for any significant transactions outside the normal course of business.

Financial statements audit timetable

I set out below key dates for delivery of my accounts audit work and planned outputs.

Exhibit 2: key dates for delivery of planned outputs

Planned output	Work undertaken	Report finalised
2023 Outline Audit Plan	March 2023	March 2023
2023 Detailed Audit Plan	May to June 2023	June 2023
Audit of financial statements work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on the Financial Statements	August – November 2023	November 2023

Statutory audit functions

Statutory audit functions

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.

As this work is reactive, I have made no allowance in the estimated audit fee. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee and audit team

In January 2023 I published the [fee scheme](#) for the 2023-24 year as approved by the Senedd Finance Committee. My fee rates for 2023-24 have increased by 4.8% for inflationary pressures. In addition, my financial audit fee has a further increase of 10.2% for the impact of the revised auditing standard ISA 315 on my financial audit approach. More details of the revised auditing standard and what it means for the audit I undertake is set out in **Appendix 1**.

I estimate your total audit fee will be £36,113 (2022 £31,465)¹.

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 Pension Fund.

Our financial audit fee is based on the following assumptions:

- The agreed audit deliverables sets out the expected working paper requirements to support the financial statements and includes timescales and responsibilities.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

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

Exhibit 3: my local audit team

Name	Role	Contact number	E-mail address
Derwyn Owen	Engagement Director	02920 320 651	derwyn.owen@audit.wales
Jason Blewitt	Audit Manager (Financial Audit)	02920 320 700	jason.blewitt@audit.wales
John Llewellyn	Audit Lead (Financial Audit)	02920 320 500	john.llewellyn@audit.wales

¹ The audit fee is exclusive of VAT, which is not charged to you.

I can confirm that my team members are all independent of the Pension Fund and your officers.

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD* and our Chair, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2022](#).

Our People



The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review

Arrangements for achieving audit quality



The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support

Independent assurance



The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

* QAD is the quality monitoring arm of ICAEW.

Appendix 1

The key changes to ISA315 and the potential impact on your organisation

Key change	Potential impact on your organisation
More detailed and extensive risk identification and assessment procedures	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none">• information on your organisation's business model and how it integrates the use of information technology (IT);• information about your organisation's risk assessment process and how your organisation monitors the system of internal control;• more detailed information on how transactions are initiated, recorded, processed, and reported. This may include access to supporting documentation such as policy and procedure manuals; and• more detailed discussions with your organisation to support the audit team's assessment of inherent risk.
Obtaining an enhanced understanding of your organisation's environment, particularly in relation to IT	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none">• IT applications relevant to financial reporting;• the supporting IT infrastructure (e.g. the network, databases);• IT processes (e.g. managing program changes, IT operations); and• the IT personnel involved in the IT processes. <p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may need to engage with members of your IT team who have not previously been involved in the audit process.</p>

Key change	Potential impact on your organisation
<p>Enhanced requirements relating to exercising professional scepticism</p>	<p>Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.</p>
<p>Risk assessments are scalable depending on the nature and complexity of the audited body</p>	<p>The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.</p>
<p>Audit teams may make greater use of technology in the performance of their audit</p>	<p>Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.</p>

Through our Good Practice work we share emerging practice and insights from our audit work in support of our objectives to assure, to explain and to inspire.

Our newsletter provides you with regular updates on our public service audit work, good practice and events, which can be tailored to your preferences.

For more information about our Good Practice work click [here](#).

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Audit Wales

1 Capital Quarter

Tyndall Street

Cardiff CF10 4BZ

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 COMMITTEE DATE 26/06/2023

Final Budgetary Position 2022-2023

To provide the Dyfed Pension Fund Committee with the final budgetary position as at 31 March 2023

Recommendations / key decisions required:

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

Reasons:

To provide the Dyfed Pension Fund Committee with the final budgetary position as at 31 March 2023.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate
Services,
Carmarthenshire County
Council

Tel Nos.
01267 224120

E Mail Address:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 26/06/2023**

Final Budgetary Position 2022-23

The final position as at 31 March 2023 was an under spend compared to budget of £7.2m.

Expenditure

The net effect of benefits payable and transfers out of the Fund was an overspend of £6.9m compared to budget. This was mainly due to higher than anticipated expenditure in terms of lump sum retirements, death benefits and transfers out of the Fund.

Management expenses showed an underspend of £1.5m

Expenditure was therefore £5.4m more than budgeted.

Income

The net effect of contributions and transfers in was £6.6m more than budgeted. Employer and employee contributions exceeded the budget mainly due to the effect of the pay award being higher than estimated at budget setting. Transfers into the Fund also exceeded the budget.

Investment income exceeded the budget by £6m.

Income was therefore £12.6m more than budgeted.

Total expenditure was £113.2m and total income was £120.4m.

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

Total expenditure was £113.2m and total income was £120.4m.

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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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						
Final Budgetary Position						
1st April 2022 - 31st March 2023						
	Budget Type	Actual 2021-2022	Budget 2022-2023	Actual 2022-2023	End of year variance	Assumptions/Comments
	Controllable / Non Controllable	£ '000 (a)	£ '000 (b)	£ '000 (e)	£ '000 (f)	%
Expenditure						
Benefits Payable	Both	92,402	93,908	99,422	5,514	5.9
Pensions Payable	Controllable	77,006	80,408	81,126	718	4% included at budget setting, actual increase for year is 5.4%
Commutation and lump sum retirement benefits	Non Controllable	14,169	12,000	15,626	3,626	Lump sum retirement benefits higher than forecast
Lump sum death benefits	Non Controllable	1,227	1,500	2,670	1,170	Lump sum death grants higher than forecast
Payments to and account of leavers	Non Controllable	3,534	3,120	4,529	1,409	45.2 Pension transfer values and refunds higher than forecast
Management Expenses		9,262	10,754	9,253	-1,501	-14.0
Computer Software	Controllable	443	534	579	45	Additional costs re. McCloud Development
Printing charges	Controllable	11	20	8	-12	
Subscriptions, Legal fees, Conf Exps, Med Exps	Controllable	46	70	51	-19	
Fund Managers						
BlackRock	Controllable	1,756	2,850	1,650	-1,200	SAIF fees lower than budgeted due to less transaction costs
Schroders	Controllable	659	749	708	-41	Market values lower than budgeted
Wales Pension Partnership	Controllable	4,245	4,200	4,062	-138	Market values lower than budgeted
Partners Group	Controllable	721	700	657	-43	Administration and other fees lower than budgeted
Custodian						
Northern Trust	Controllable	31	31	39	8	
Actuary						
Mercer	Controllable	99	175	242	67	Additional Costs re. Triennial Valuation
Performance Manager						
Northern Trust / PIRC / CEM	Controllable	23	26	9	-17	
Independent Advisor	Controllable	28	30	28	-2	
Other						
Euraplan, LSE, Pension Board	Controllable	26	27	23	-4	
Central recharges	Non Controllable	1,145	1,314	1,164	-150	
Audit fees	Controllable	29	28	33	5	Audit fee not available at budget setting
Controllable Expenditure		85,122	89,848	89,215	-633	
Non Controllable Expenditure		20,076	17,934	23,990	6,056	
Total Expenditure		105,198	107,782	113,205	5,423	
Income						
Contributions						
Employer	Controllable	-66,168	-68,339	-71,232	-2,893	4.2 Higher pay award than estimated. Advance payments by major employers resulting in discounted contributions.
Member	Controllable	-22,890	-23,045	-24,699	-1,654	7.2 Higher pay award than estimated.
Investment Income	Controllable	-18,436	-13,398	-19,436	-6,038	45.1 Higher SAIF and Schroders income than budgeted.
Other Income	Controllable	0	0	0	0	0.0
Transfers in from other pension funds	Non Controllable	-4,154	-3,000	-4,986	-1,986	66.2
Controllable Income		-107,494	-104,782	-115,367	-10,585	
Non Controllable Income		-4,154	-3,000	-4,986	-1,986	
Total Income		-111,648	-107,782	-120,353	-12,571	
Controllable Total		-22,372	-14,934	-26,152	-11,218	
Non Controllable Total		15,922	14,934	19,004	4,070	
Total		-6,450	0	-7,148	-7,148	
Cash Transfer to Fund Managers	Cash	14,078	0	12,000	12,000	
Net Total of Cash Related Items		7,628	0	4,852	4,852	
Indirect Transactional Management Fees (fees deducted from NAV)	Non Cash	5,150	3,500	4,314	814	23.3 CIPFA Management cost guidance issued to show indirect transactional fees indirectly paid by the funds.
Investment Income (fees deducted from NAV)	Non Cash	-5,150	-3,500	-4,314	-814	23.3 Contra entry to the Indirect transactional fees
Realised gain/loss	Non Cash	-55,268	-50,000	4,696	54,696	-109.4 Non Controllable. No impact to cash.
Net Total of Non-Cash Related Items		-55,268	-50,000	4,696	54,696	

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DYFED PENSION FUND COMMITTEE DATE 26/06/2023

Cash Reconciliation as at 31 March 2023

To provide the Dyfed Pension Fund Committee with the final cash position as at 31 March 2023

Recommendations / key decisions required:

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

Reasons:

To provide the Dyfed Pension Fund Committee with the final cash position as at 31 March 2023.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate Services,
Carmarthenshire County Council

Tel Nos.
01267 224120

E Mail Address:
CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 26/06/2023

Cash Reconciliation as at 31 March 2023

The final position as at 31 March 2023 reports £6.6m cash held by Carmarthenshire County Council on behalf of the Fund for immediate cash flow requirements to pay pensions, lump sums and investment management costs.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

Finance

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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Dyfed Pension Fund Cash Reconciliation**End of Year 22-23**

Balance b/f 1st April 2022		£5,927,558.44
<i>Investment trades</i>		
Sales	70,438,584.49	
Purchases	-90,473,929.52	
		<hr/>
		-£20,035,345.03
Contributions received	£101,002,083.53	
Payments made	-£107,537,209.97	
Dividend Income	£27,497,999.33	£20,962,872.89
		<hr/>
		£6,855,086.30
Total Available for Investment		<hr/> £6,855,086.30 <hr/>
<i>Represented by :</i>		
Cash at Carmarthenshire		£6,645,334.20
Cash due to be received/deducted		£0.00
CCC Debtors		£4,537,823.00
CCC Creditors		-£4,328,070.90
		<hr/>
		£6,855,086.30 <hr/>
		£0.00

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DYFED PENSION FUND COMMITTEE DATE 26/06/2023

Pensions Administration Report

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

Recommendations / key decisions required:

The Committee to note the Pensions Administration Report.

Reasons:

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

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate Services,
Carmarthenshire County Council

Tel Nos.
01267 224120

E Mail Address:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 26/06/2023**

Pensions Administration Report

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

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

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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PENSIONS ADMINISTRATION REPORT – 26th June 2023

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 able to reflect the changes in the pensions system. The current expectation is that regulations will now be issued in September as they must be in place by 1st October 2023. It is anticipated that manual intervention will be required until software systems have been amended.
- 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. UK Technical Group representatives have met directly with PRU on a number of occasions and the next meeting is in June to review service levels during the intervening period. Funds nationally have seen a general improvement in disinvestment timescales, however, there remains a general issue regarding communication response times for scheme members, Employers and Funds. Further updates will be provided at the next meeting on service improvements by the Pru.

2. Breaches Register

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

“An administering authority shall refund contributions to a person entitled under paragraph (1) when the person requests payment, or on the expiry of a period of five years beginning with the date the person’s active membership ceased if no

request is made before then or, if the person attains age 75 before then, on the day before attaining age 75.”

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

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

The refunds scheduled to be automatically paid in March 2023 to May 2023 have been included on the breaches register as the scheme members have not replied in order for the refund to be paid.

3. I-connect

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

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

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

Employer	i-Connect status
ABERYSTWYTH TOWN COUNCIL	Active
ADAPT	Active
BURRY PORT MARINA LTD	Active
CAREERS WALES WEST	Active

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

4. GMP Reconciliation

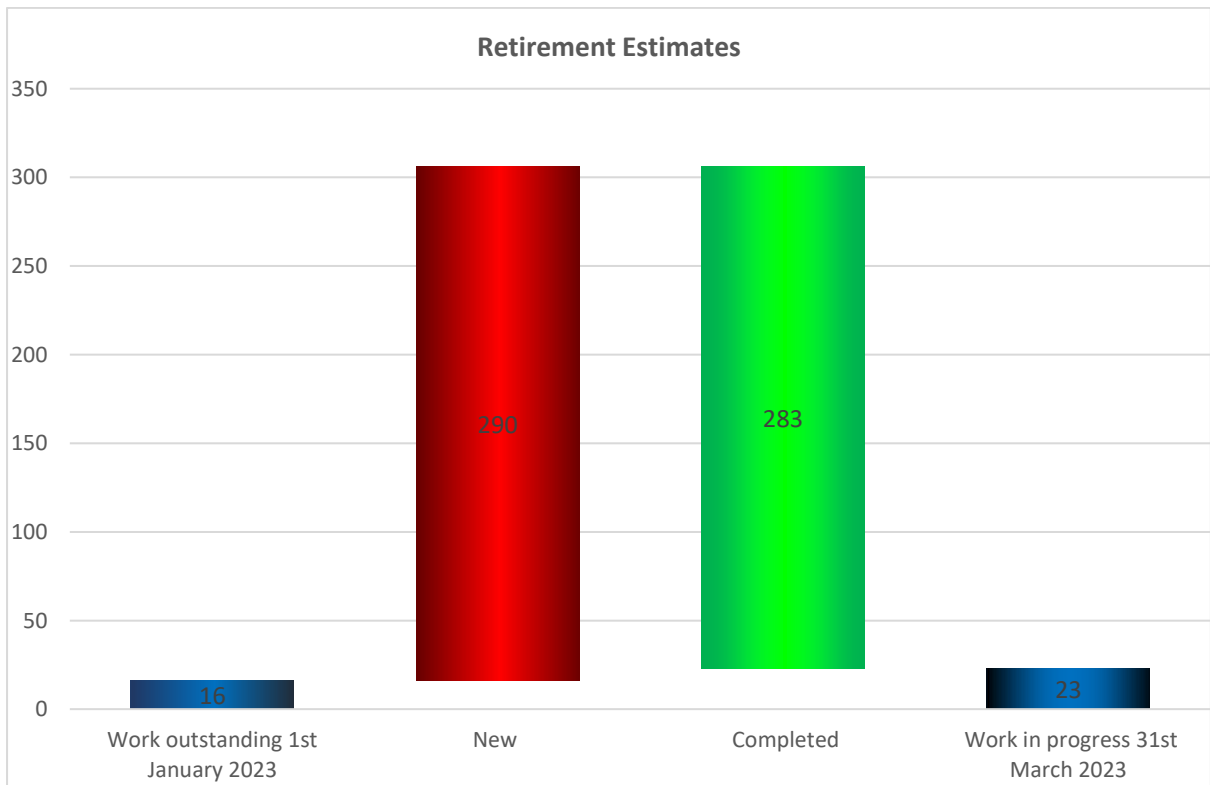
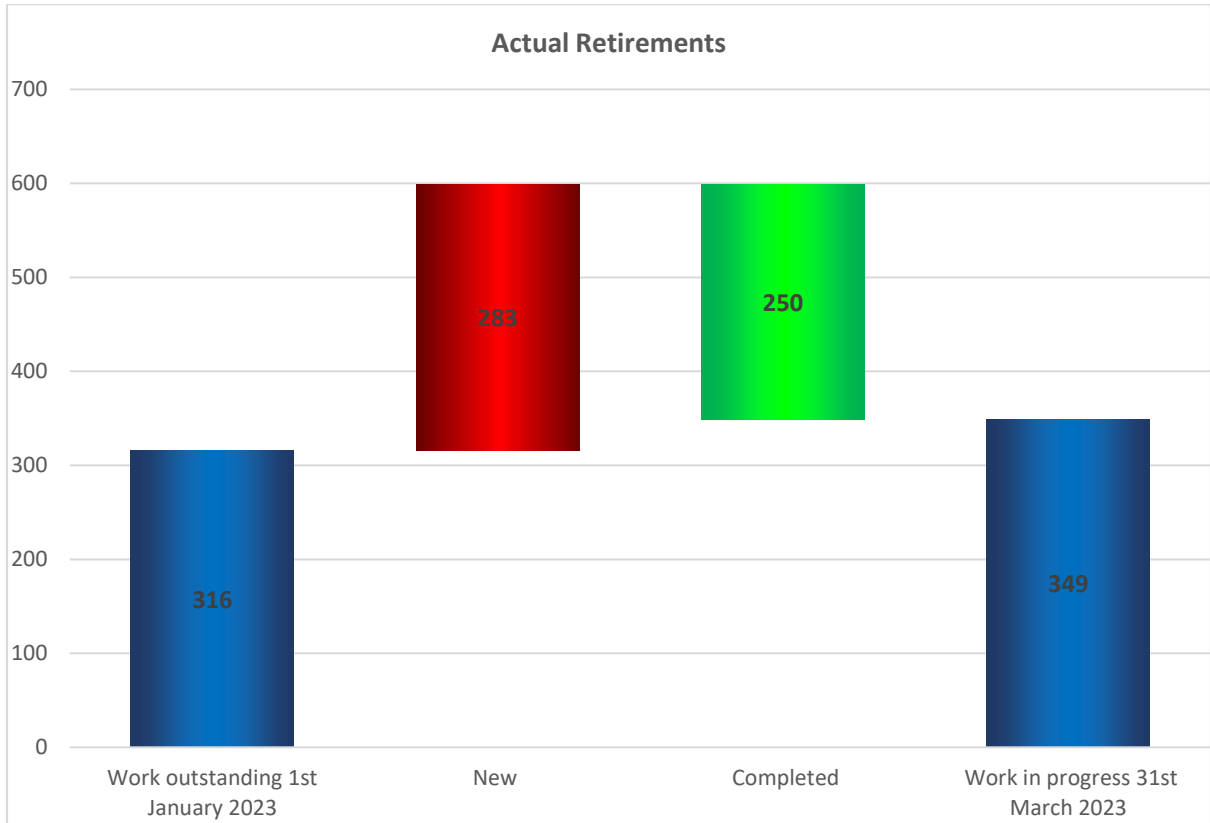
When a scheme member attains State Pension Age, they will be advised of the amount of Guaranteed Minimum Pension (GMP) which is included in their pension. The GMP relates to the part of the pension for the period between April 1978 and April 1997 for which they were 'contracted-out'. For this period, the Scheme has to guarantee that their pension will be at least the same as it would have been, had they not been 'contracted-out'. Contracting out ceased in April 2016. HMRC have now stated that they will not be sending a statement to all individuals affected specifying who is responsible for paying their Guaranteed Minimum Pension (GMP). The pensions section will continue to reconcile the GMP values it holds for members with those calculated by HMRC. It ensures that all individuals recorded by HMRC against the fund are correct. The pensions section has reconciled 99.76% of the records held. Further information has also been issued to HMRC in order that they can amend their records, unfortunately, a response remains outstanding. Reconciliation work has also been undertaken in respect of active scheme members and 99.40% have been reconciled. Unfortunately HMRC have not responded to all the outstanding queries and therefore the reconciled data remains the same as the previous report.

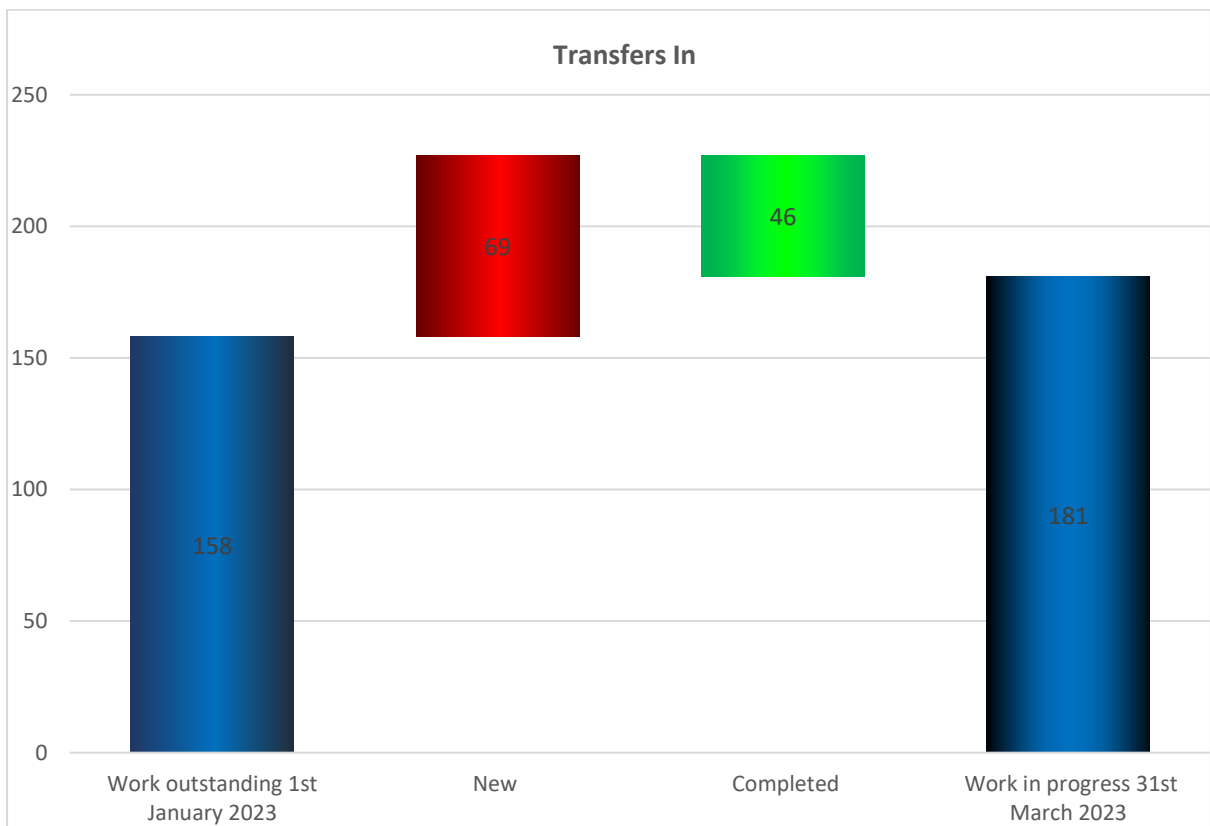
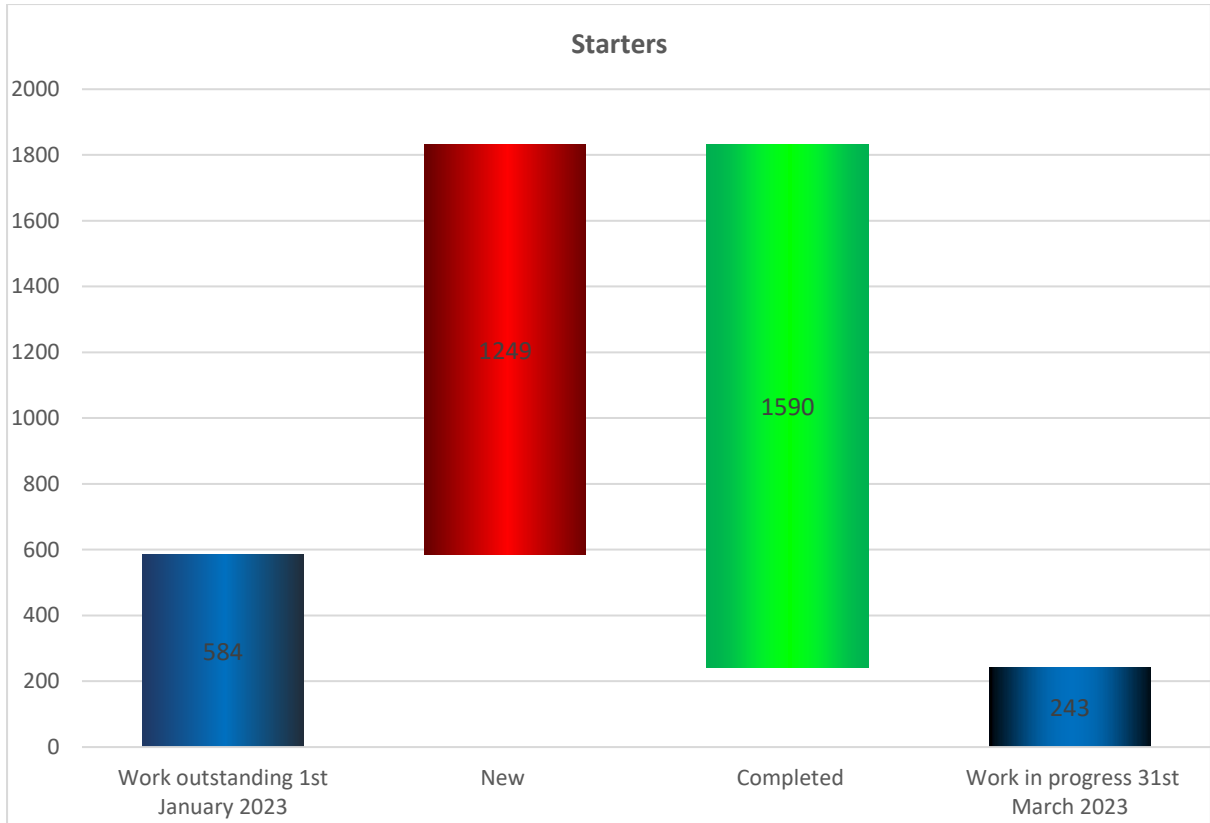
5. Workflow

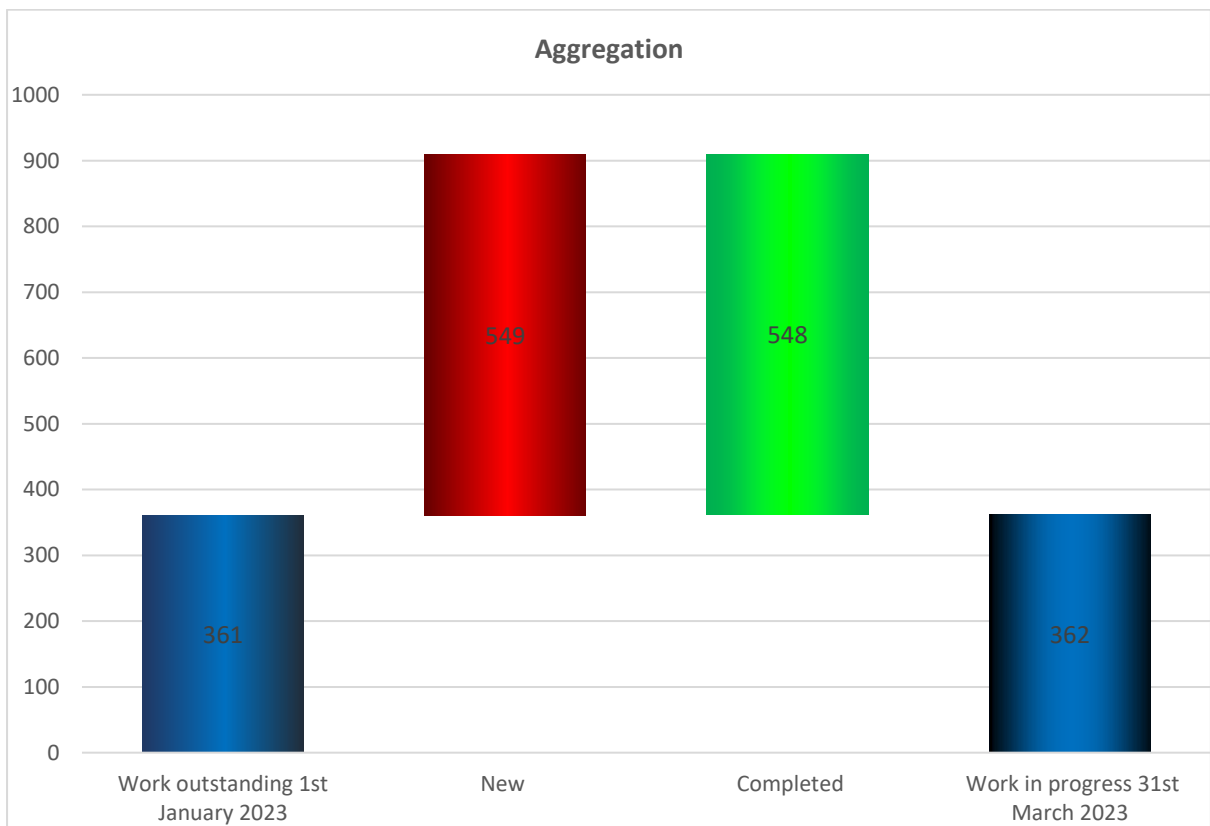
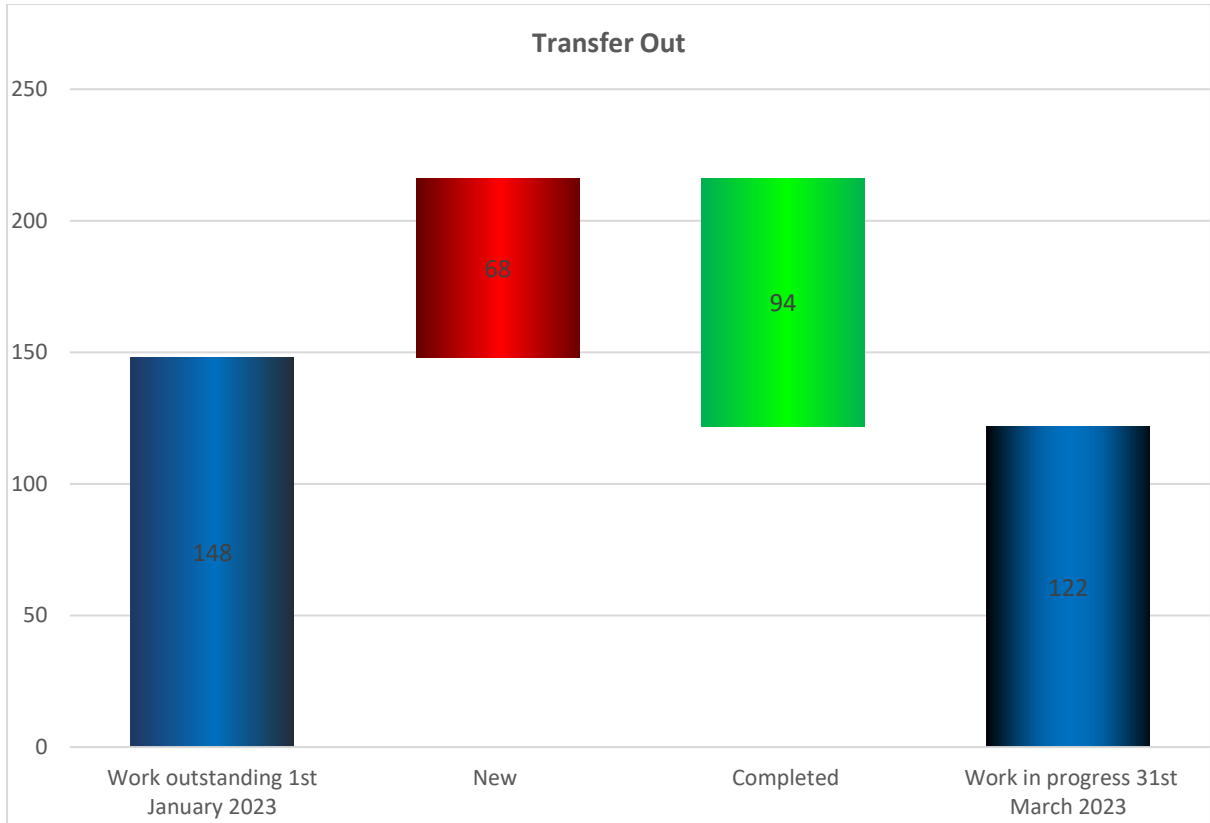
The tables overleaf detail the workflow statistics for the key tasks undertaken in the section for the period 1st January 2023 to 31st March 2023 in respect of the LGPS only. Please note that in circumstances where multiple iterations for the same calculation date have been undertaken, this is recorded as a single estimate. The workflow statistics are recorded on a quarterly basis.

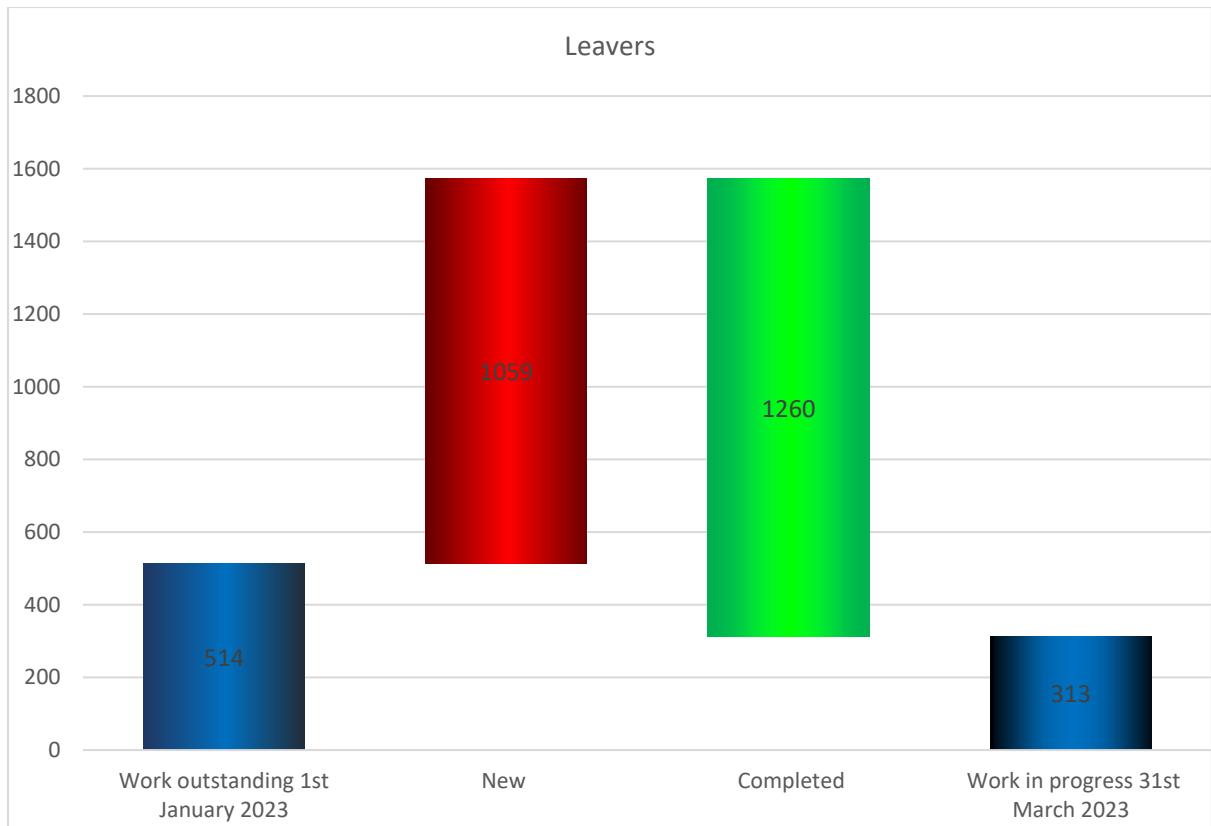
Kevin Gerard

Pensions Manager









DYFED PENSION FUND COMMITTEE DATE 26/06/2023

Breaches Report

In accordance with the Dyfed Pension Fund Breaches Policy to note any breaches that have occurred

Recommendations / key decisions required:

To note any breaches that have occurred in the Dyfed Pension Fund.

Reasons:

In accordance with the Dyfed Pension Fund Breaches Policy.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate Services,
Carmarthenshire County Council

Tel Nos.
01267 224120

E Mail Address:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 26/06/2023**

Breaches Report

Introduction

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

Under the policy, breaches of the law are required to reported to the Pensions Regulator where there is a reasonable cause to believe that:

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

The up to date breaches report is attached. Since the last Committee meeting there have been a few instances where employee/employer contributions have not been received on time.

Further to the last Pension Committee, where it was reported that an Employer had regularly missed payments for the period 1 September 2022 – 31 January 2023, this matter has now been reported to The Pensions Regulator.

The balance owed which was reported at the last Pension Committee remains outstanding and subsequently the Employer is now also in breach for the period 1 February 2023 - 30 April 2023. Total contributions owed to the Fund by the Employer are now estimated to be £6,417.36. The breach for the period 1 February 2023 - 30 April 2023 has also subsequently been reported to The Pensions Regulator.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

THERE ARE NONE

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

Breaches Report

Breach Number	Year	Date of Breach / Likely Breach	Failure Type	A description of the breach (including relevant dates), its cause and effect, including the reasons it is, or is not, believed to be of material significance	Been reported to tPR before	RAG Status	Report to tPR	Actions taken to rectify the breach. A brief descriptions of any longer term implications and actions required to prevent similar types of breaches recurring in the future
117	2022-23	22/4/22	Contributions	March payment of £693.45 not yet received. Finance Manager has been contacted by email.	No	Amber	No Report	Payment received 26.9.22
118	2022-23	22/4/22	Contributions	March qtr payment & paperwork not received yet. Clerk (only contributor) passed away in February 2022. Pensions Admin in contact with new clerk regarding paperwork.	No	Amber	No Report	There are no long term implications associated with this breach. Payment received 28.10.22
119	2022-23	April 2022, May 2022, June 2022	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. April - 16 members & total refunds = £4374.47, May - 10 members & total refunds = £1821.48, June - 11 members & total refunds = £1883.03	No	Amber	No Report	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.
120	2022-23	22/5/22	Contributions	April payment & remittance not yet received. Finance Manager has been contacted by email.	No	Amber	No Report	Payment received 1.9.22
121	2022-23	22/6/22	Contributions	May payment & remittance not yet received.	No	Amber	No Report	Payment received 1.9.22
122	2022-23	22/7/22	Contributions	Remittance advices dated April-July have now been received. No payments received but are expected to be made by 19 August.	No	Amber	No Report	Payment received 1.9.22
123	2022-23	July 2022, August 2022	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. July - 21 members & total refunds = £2948.40, August - 27 members & total refunds = £8464.63	No	Amber	No Report	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.
124	2022-23	22/7/22	Contributions	June contributions of £185.54 received 8 days late. New Clerk in post, slight delay due to payment issues. Future payments will be made by Standing Order	No	Amber	No Report	There are no long term implications associated with this breach.
125	2022-23	22/8/22	Contributions	July contributions of £802.17 received 10 days late. April, May and June payments that were outstanding were received on the same date (1.9.22). March 22 payment still outstanding, email sent requesting that payment be made immediately.	No	Amber	No Report	Payment received 1.9.22
126	2022-23	22/9/22	Contributions	August contributions of £802.17 received 4 days late. March 22 payment received on the 26 September.	No	Amber	No Report	Payment received 26.9.22
127	2022-23	22/9/22	Contributions	August contributions of £4,725.38 received 6 days late. Finance person had IT issue with emails which resulted in the payment being made late.	No	Amber	No Report	There are no long term implications associated with this breach.
128	2022-23	22/10/22	Contributions	No paperwork or payment received for September contributions. Email has been sent to Finance Manager	No	Red	Yes	Ongoing discussions taking place. Report to The Pensions Regulator.
129	2022-23	September 2022, October 2022	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. September - 11 members & total refunds = £2190.02, October - 22 members & total refunds = £7315.25	No	Amber	No Report	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.
130	2022-23	22/11/22	Contributions	No paperwork or payment received for October contributions. Email has been sent to Finance Manager	No	Red	Yes	Ongoing discussions taking place. Report to The Pensions Regulator.
131	2022-23	22/12/22	Contributions	No paperwork or payment received for November contributions.	No	Red	Yes	Ongoing discussions taking place. Report to The Pensions Regulator.

132	2022-23	22/1/23	Contributions	No paperwork or payment received for December contributions.	No	Red	Yes	Ongoing discussions taking place. Report to The Pensions Regulator.
133	2022-23	22/1/23	Contributions	December contributions of £24,380.47 received 2 days late. Issue at bank with second authoriser approval which resulted in the payment being made late.	No	Amber	No Report	There are no long term implications associated with this breach.
134	2022-23	22/1/23	Contributions	December contributions of £518.84 received 1 day late. New finance officer thought monthly payment was made by standing order.	No	Amber	No Report	There are no long term implications associated with this breach.
135	2022-23	22/2/23	Contributions	No paperwork or payment received for January contributions.	No	Red	Yes	Ongoing discussions taking place. Report to The Pensions Regulator.
136	2022-23	November 2022, December 2022, January 2023, February 2023	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. November - 12 members & total refunds = £6214.68, December - 10 members & total refunds = £2914.10, January - 17 members & total refunds = £4376.92, February - 6 members & total refunds = £1948.39	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.
137	2022-23	22/3/23	Contributions	No paperwork or payment received for February contributions.	No	Red	Yes	Ongoing discussions taking place. Report to The Pensions Regulator.
138	2022-23	22/3/23	Contributions	February contributions of £1,550.34 received 6 days late. Payment not actioned by internal finance team.	No	Amber	No Report	There are no long term implications associated with this breach.
139	2022-23	22/4/23	Contributions	No paperwork or payment received for March contributions.	No	Red	Yes	Ongoing discussions taking place. Report to The Pensions Regulator.
140	2023-24	22/5/23	Contributions	No paperwork or payment received for April contributions.	No	Red	Yes	Ongoing discussions taking place. Report to The Pensions Regulator.
141	2023-24	22/5/23	Contributions	April contributions of £5,373.96 received 2 days late. Payment not actioned by finance team.	No	Amber	No Report	There are no long term implications associated with this breach.
142	2023-24	March 2023, April 2023, May 2023	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. March 2023 - 20 members & total refunds = £10211.91, April - 12 members & total refunds = £3294.38, May - 12 members & total refunds = £4924.85	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.

DYFED PENSION FUND COMMITTEE

DATE 26/06/2023

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.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate
Services,
Carmarthenshire County
Council

Tel Nos.
01267 224120

E Mail Address:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 26/06/2023**

Risk Register

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

The register includes:

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

The document identifies the risks as operational and strategic.

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

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

Risk Management Issues

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

THERE ARE NONE

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

Risk Register

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

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

Date: **5 June, 2023**

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

Risk Register

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

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

Date: **5 June, 2023**

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

Risk Register

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

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

Date: **5 June, 2023**

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	Controlled Risk Rating
<p>Failure of employers' financial systems; absence of key staff; failure to communicate with employers effectively; failure of key systems such as on-line banking and/or financial ledger.</p> <p>Possible adverse audit opinion; negative cash flow position; delays in producing IAS19 accounting reports; delays in closure of year end accounts; employers forced to leave the scheme.</p>			<ul style="list-style-type: none"> • Formal timescales for receipt of contributions <i>Implemented</i> • Budget set and monthly monitoring against the budget <i>Implemented</i> • Escalation of non receipt of contributions <i>Implemented</i> • Systems Audit undertaken by Internal Audit and External Auditors <i>Implemented</i> 	<p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p>					

Risk Register

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

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

Date: **5 June, 2023**

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

Risk Register

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

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

Date: **5 June, 2023**

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

Risk Register

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

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

Date: **5 June, 2023**

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"> • Documentation is scanned on to the pensions system and paper copies are held for a period of 3 months before shredding <i>Implemented</i> • Compliance with the Data Protection Act 1998 <i>Implemented</i> • Compliance with the Authority's in-house IT policies <i>Implemented</i> • Systems and Payroll audit undertaken annually <i>Implemented</i> 	Pensions Manager				
DPFOP0005 - Loss of funds through fraud or misappropriation in administration related functions	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> • Internal and external audit checks performed to ensure that appropriate and effective controls are in place <i>Implemented</i> 	Pensions Manager		Moderate 2	Unlikely 2	Low 4

Risk Register

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

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

Date: **5 June, 2023**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> • Segregation of duties and authorisation of benefits following calculation by Senior Pensions Officer and Pensions Officer <i>Implemented</i> • Altair Development Officer undertakes data integrity checks <i>Implemented</i> • Systems and Payroll audit undertaken annually <i>Implemented</i> 	Pensions Manager				
DPFOP0006 - 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> 	Pensions Manager Pensions Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

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

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

Date: **5 June, 2023**

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

Risk Register

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

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

Date: **5 June, 2023**

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

Risk Register

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

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

Date: **5 June, 2023**

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"> External consultants and independent adviser available for short term assistance <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager				
DPFOP0010 - Failure to appropriately attract, manage, develop, and retain staff at all levels	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Training and Development Plan established <i>Implemented</i> Carmarthenshire County Council recruitment and retention policy implemented <i>Implemented</i> 	Pensions Manager Pensions Manager		Substantial 4	Unlikely 2	Medium 8
DPFOP0011 - Failure to communicate properly with stakeholders Lack of clear communications. Scheme members are not aware of their rights and entitlements, are distanced from the Fund, which could lead to a reduction in new members and an increase in leavers. Communication with investment	Significant 3	Unlikely 2	Medium 6	<ul style="list-style-type: none"> Dedicated Communication & Training Officer post established Dedicated Communication & Training Officer will continue to fulfil all the communication requirements of the DPF, in accordance with the Communications Policy Statement <i>Implemented</i> 	Pensions Manager		Significant 3	Improbable 1	Very Low 3

Risk Register

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

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

Date: **5 June, 2023**

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

Risk Register

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

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

Date: **5 June, 2023**

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	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
<p>DPFOP0012 - Liquidity/cashflow risk - insufficient funds to meet liabilities as they fall due Failure of employers to pay contributions on time; low dividend income; significant number of liabilities paid out at the same time.</p> <p>Immediate cash contribution would be required via employers; delay in the payment of promised liabilities; negative publicity and an adverse audit report.</p>	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> • Monthly cash and dividend reconciliations <i>Implemented</i> • Quarterly monitoring of investment managers by Pension Committee <i>Implemented</i> • Appointment of custodian <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
<p>DPFOP0013 - Loss of funds through fraud or misappropriation in investment related functions Fraud or misappropriation of funds by an employer, investment managers or custodian.</p> <p>Financial loss to the fund.</p>	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> • Internal and External Audit regularly test that appropriate controls are in place and working <i>Implemented</i> • Regulatory control reports from investment managers, custodian, etc., are also reviewed by audit. <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

Risk Register

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

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

Date: **5 June, 2023**

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

Risk Register

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

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

Date: **5 June, 2023**

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

Risk Register

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

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

Date: **5 June, 2023**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
DPFOP0016 - Prolonged failure of investment managers to achieve the returns specified on their mandates Under-performance by the investment managers; lack of monitoring and challenging by the Committee.	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> Quarterly monitoring of investment managers and performance company reports by investment team and Pension Committee <i>Implemented</i> 	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
DPFOP0017 - Failure to meet deadlines or maintain robust working papers which do not provide assurance of the accuracy 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 Governance & Audit Committee cycles <i>Implemented</i> Liaise with external audit <i>Implemented</i> Establish closedown timetable <i>Implemented</i> Establish Audit Wales working paper guidance & planning document <i>Implemented</i> 	Treasury & Pensions Investments Manager 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 Operational**

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

Date: **5 June, 2023**

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

Risk Register

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

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	Impact	Probability					Impact	Probability	Controlled Risk Rating
Loss of income to the Fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to Fund employers				<ul style="list-style-type: none"> • Monthly monitoring of debts due Implemented 	Pensions Manager and Treasury & Pensions Investments Manager				
<p>DPFOP0020 - Officers acting outside delegated authority Threat of officers making unauthorised decisions or payments.</p> <p>Loss of income to fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers</p>	<p>Substantial</p> <p>4</p>	<p>Unlikely</p> <p>2</p>	<p>Medium</p> <p>8</p>	<ul style="list-style-type: none"> • Undertake regular review of Standing Orders & Constitution Implemented • Report to Executive Board Implemented • Monitoring officer role Implemented 	<p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p>		<p>Substantial</p> <p>4</p>	<p>Improbable</p> <p>1</p>	<p>Low</p> <p>4</p>

Risk Register

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

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

Date: **5 June, 2023**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
<p>DPFOP0021 - Non-performance by Officers and Committee Members Lack of training for officers and members; turnover in officers and members; lack of appraisals; lack of PI monitoring; time constraints for members; conflicting deadlines for officers.</p> <p>Qualified audit report; potential bad publicity; members' loss of confidence in officers' abilities; excessive pressure on officers; loss of income to the fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers</p>	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Establish performance measurement system <i>Implemented</i> Pension Committee member assessments <i>Implemented</i> Officer appraisals in October and March annually <i>Implemented</i> Regular internal and external audits <i>Implemented</i> 	<p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p>		Substantial 4	Unlikely 2	Medium 8

Risk Register

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

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Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> Establish & review training plan for officers and members <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager				
<p>DPFOP0022 - Failure to operate strict financial and budgetary controls Lack of regular budget monitoring and budget setting; lack of communication between admin and investment sections; lack of scrutiny of investment managers', consultants', and advisers' fees.</p> <p>Unexpected variances over budget headings; members' loss of confidence in officers' abilities; loss of income to the fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers.</p>	<p>Substantial</p> <p>4</p>	<p>Possible</p> <p>3</p>	<p>High</p> <p>12</p>	<ul style="list-style-type: none"> Quarterly monitoring of budgets <i>Implemented</i> Quarterly forecasting and profiling of budgets <i>Implemented</i> Closure of accounts to Audit Committee <i>Implemented</i> Monthly reconciliations of contributions, dividends, and pension payroll <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		<p>Substantial</p> <p>4</p>	<p>Unlikely</p> <p>2</p>	<p>Medium</p> <p>8</p>

Risk Register

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

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Date: **5 June, 2023**

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	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
DPFOP0023 - Insufficient resources to provide information requirements for the Wales Pension Partnership on the management of the fund	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> • Staffing resources to be kept under review to ensure the Fund's interests are properly met when developing investment pooling arrangements <i>Implemented</i> 	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
DPFOP0024 - Coronavirus - COVID19 Service delivery threats from COVID-19 and / or similar pandemics. Insufficient daily back up, disaster recovery, and IT cover to support systems and staff. Temporary loss of ability to provide service to stakeholders.	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> • Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls. Remote working arrangements with access to key systems through CCC IT equipment and software. <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager		Moderate 2	Possible 3	Medium 6

Risk Register

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

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

Date: **5 June, 2023**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		
	Impact	Probability					Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> • Technical Officer ensures legislative accuracy of calculations <i>Implemented</i> 	Pensions Manager				
DPFST0002 - Failure to respond to major change to the LGPS following Public Sector Pension Review	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> • Participation in all high level Government discussions and consultations <i>Implemented</i> • Ensure best practice is implemented and DPF is seen as a centre of excellence for pension administration <i>Implemented</i> • Continue to be recognised nationally by peers as one of the leaders in pension administration and facilitate site visits <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager Pensions Manager		Substantial 4	Improbable 1	Low 4

Risk Register

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

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Date: **5 June, 2023**

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

Risk Register

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

Risk Register

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

Risk Register

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

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

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

DYFED PENSION FUND COMMITTEE

DATE 26/06/2023

Wales Pension Partnership (WPP) – Update

The Committee to receive an update on the activities and progress of the Wales Pension Partnership

Recommendations / key decisions required:

The Committee to receive an update on the activities and progress of the Wales Pension Partnership

Reasons:

To provide the Committee with the following in relation to WPP:

- Joint Governance Committee (JGC) Update
- Operator Update

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate Services,
Carmarthenshire County Council

Tel Nos.
01267 224120

E Mail Address:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 26/06/2023**

Wales Pension Partnership (WPP) – Update

The JGC report provides the Committee with information of the March 2023 JGC Meeting and includes the agenda items and the details of discussions that took place on each item.

The Operator report provides an update on the following:

- December 2022 Fund Snapshot – Equities and Fixed Income
- December 2022 LF WPP Fund AUM
- Fund Launches & Updates
- LFS Corporate Update & Engagement

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

THERE ARE NONE

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

Wales Pension Partnership (WPP) - JGC Update

JGC meeting date: Wednesday 29 March 2023

Location: Hybrid meeting, hosted by Gwynedd

Chair: Cllr Christopher Weaver, Cardiff

Vice Chair: Cllr Ted Palmer, Clwyd

Agenda item	Detail
Host Authority update	<p>Anthony Parnell of the Host Authority provided an update in relation to work that has been completed since the last JGC meeting and WPP's next steps / priorities.</p> <p>Anthony highlighted the Operator Contract procurement process timeline, with the key steps being:</p> <ul style="list-style-type: none"> ○ May – July 2023, individual Constituent Authorities (CA) to approve evaluation and scoring criteria for final procurement documentation ○ Sept / Oct 2023 – Issue Invitation to Tender (ITT) ○ Nov / Dec 2023 – ITT evaluation ○ March 2024 – Approval of recommended operator by the JGC ○ March / April 2024 – Approval by the CA's ○ May 2024 – Operator appointment ○ May 2024 – Dec 2024 – transition period ○ December 2024 – new formal contract start date <p>Anthony also presented the 2022/23 Business Plan update as at 31 December 2022 (attached).</p>
WPP Training Plan 2023/24	<p>Anthony Parnell of the Host Authority presented the 2023/24 WPP Training Plan. This training plan is devised to supplement existing Constituent Authority training and will be relevant to the WPP's pooling activities.</p>

	<p>The 2023/24 training sessions will be held quarterly and will cover the following topics:</p> <ul style="list-style-type: none"> • Product Knowledge • Reporting • Responsible Investment • Market Understanding & Regulatory Requirements <p>The JGC approved the 2023/24 Training Plan (attached)</p> <p>The first training session will take place virtually on Thursday 8 June 2023 and will cover:</p> <ul style="list-style-type: none"> • Private Market Asset Classes – Private Equity / Property • Levelling up / development opportunities
<p>WPP Business Plan 2023-2026</p>	<p>A WPP business plan has been drafted in line with Section 6 of the Inter Authority Agreement. The purpose of the business plan is to:</p> <ul style="list-style-type: none"> • Explain the background and governance structure of the WPP • Outline the priorities and objectives of the WPP over the next three years • Introduce the WPP’s policies and plans • Outline the financial budget for the relevant Business Plan period • Summarise the WPP’s Investments & Performance Objectives <p>Anthony Parnell of the Host Authority presented the 2023-26 WPP Business Plan (attached) which was approved by the JGC. The Business Plan has now been sent to all eight Constituent Authorities for their written approval.</p>
<p>Risk Register Q1 2023 Review</p>	<p>The OWG is responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the JGC on a quarterly basis. The OWG has a dedicated Risk Sub-Group to take ownership of the Risk Register and the quarterly review of the document.</p>

	<p>During Q1 2023, a review was undertaken of some of the risks within the Governance and Regulation section of the Risk Register, risks G1 to G7 and also risk G12.</p> <p>Hymans presented the changes which were approved by the JGC. The Risk Register has been uploaded on the WPP website.</p>
<p>Policy Reviews: Governance Matrix</p>	<p>The WPP have approved several policies / plans which are to be reviewed on a regular basis. This quarter, the OWG have undertaken an annual review of the Governance Matrix.</p> <p>Following this year's review, the Governance Matrix has been updated to reference the relevant sections of the Inter Authority Agreement (IAA).</p> <p>The updated matrix has been approved and the WPP website has been updated.</p> <p>There were no new policies this quarter.</p>
<p>Operator Update</p>	<p>Link presented their quarterly update report as at 31 December 2022 (attached). This provides an update on WPP's sub funds and corporate and engagement activity.</p>
<p>Performance Reports as at 31 December 2022</p>	<p>Russell Investments presented a Q4 performance summary paper (attached) summarising the performance of each individual ACS sub fund for the quarter ending 31 December 2022.</p>
<p>Exempt Items – the following items were discussed during the non-public part of the meeting.</p>	
<p>Global Securities Lending Report as at 31 December 2022</p>	<p>Stock Lending commenced in March 2020 and Northern Trust presented the Global Securities Lending Report for Q4 2022 (quarter ending 31 December 2022).</p>
<p>Robeco Engagement Report – Q4 2022</p>	<p>In March 2020, Robeco was appointed as WPP's Voting & Engagement Provider to undertake Voting and Engagement functions on behalf of the WPP. Robeco commenced their engagement service in April 2020, and they have provided an engagement report for Quarter 4 2022.</p>

Responsible Investment and Climate Risk reports	<p>Each quarter, Hymans Robertson produce quarterly Responsible Investment & Climate Risk Reports for the WPP's sub funds.</p> <p>For Quarter 4 2022 (quarter ending 31 December 2022), the UK Credit, Global Credit and Global Government Bond reports were produced.</p> <p>Hymans presented the reports to the JGC members.</p>
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Webcast link for the 29 March JGC meeting below:

[Agenda for Wales Pension Partnership Joint Governance Committee on Wednesday, 29th March, 2023, 10.30 am](#)

WPP's website address - [Wales Pension Fund | Home \(walespensionpartnership.org\)](#)

Next meeting:

- Wednesday 19 July 2023 – virtual meeting

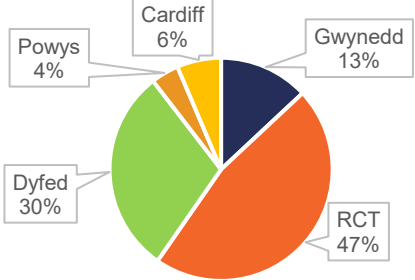
Wales Pension Partnership

Q3 2022 review

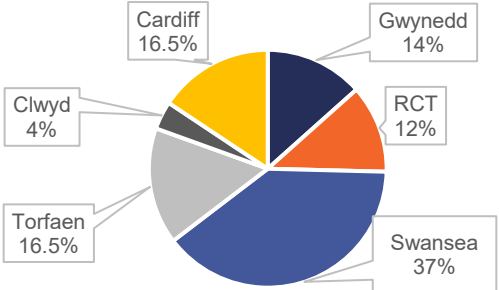
Joint Governance Committee
29 March 2023

December 2022 Fund Snapshot - Equities

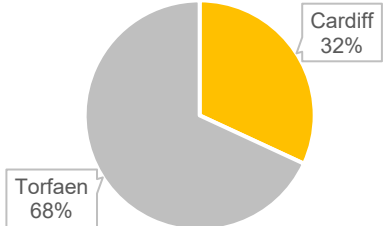
Global Growth



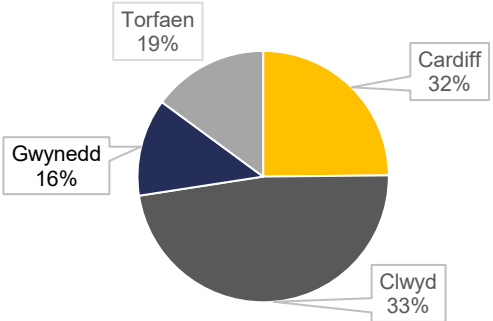
Global Opportunities



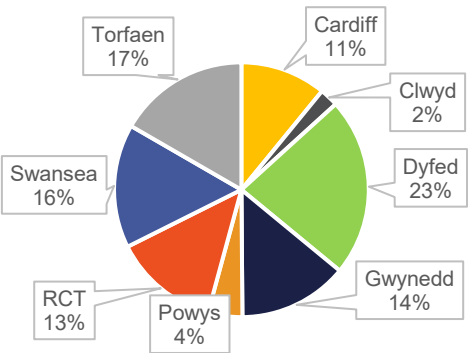
UK Opportunities



Emerging Markets



Passive*

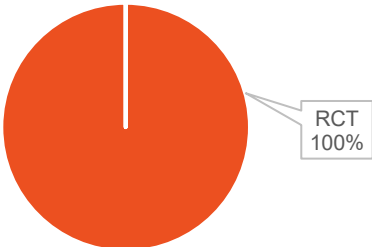


- Key:
- Dyfed
 - Powys
 - Gwynedd
 - RCT
 - Torfaen
 - Clwyd
 - Swansea
 - Cardiff

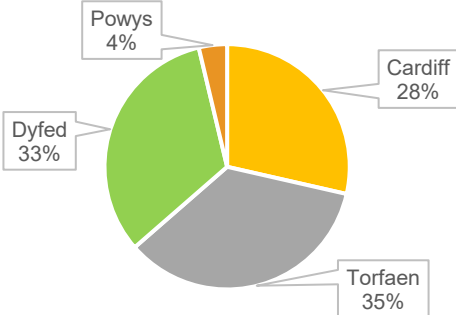
* Assets with BlackRock

December 2022 Fund Snapshot - Fixed Income

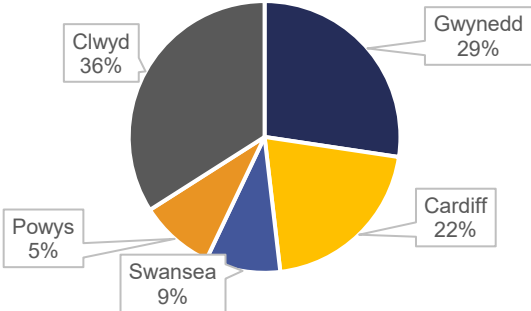
Sterling Credit



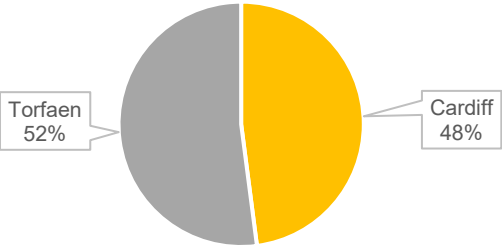
Global Credit



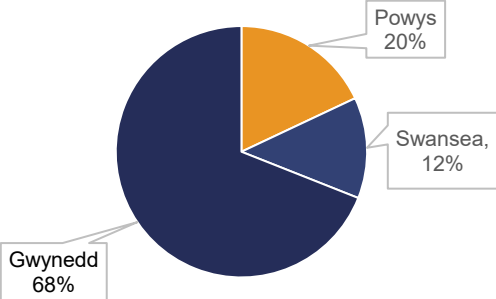
Multi Asset Credit



Global Gov. Bond



Absolute Return Bnd



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

December 2022 LF Wales PP Fund AUM

Fund	AUM	Inception date
Global Growth	£3,104,778,363	6 th Feb 2019
Global Opportunities	£3,188,458,078	14 th Feb 2019
UK Opportunities	£717,591,254	10 th Oct 2019
Emerging Markets	£342,319,147	20 th Oct 2021
Sterling Credit	£507,744,202	19 th Aug 2020
Global Credit	£680,034,155	21 st Aug 2020
Multi Asset Credit	£627,408,462	12 th Aug 2020
Global Government Bond	£469,482,425	20 th Aug 2020
Absolute Return Bond	£528,372,987	30 th Sept 2020
Total Active Investments	£10,166,189,073	
Total Passive Investments	£4,942,219,628	
Total Pooled Assets	£15,108,408,701 as at 31 December 2022	

Fund Launches & Updates

Progress Report

Fund Activity in the Period

Key Achievements & Updates

Fund Launches Progress				
	Overview	Status	Progress in period	Launch / completion dates
Sustainable Equity fund	<ul style="list-style-type: none"> Establishment of a sustainable equities fund 	In progress	<ul style="list-style-type: none"> All 8 authorities will look to invest into the new fund Timetable provided with potential launch early in Q2. Due to nature of the fund and detailed questions raised, a March 2023 launch was unachievable, but will look to reduce times where possible Transition Manager discussions ongoing with RFP shared with WPP with preferred TM documented 	Q2-23 (full timetable to be provided)
New Investment Manager	<ul style="list-style-type: none"> Addition of Robeco to the Global Credit fund, removal of T Rowe Price 	In progress	<ul style="list-style-type: none"> New Investment Manager 'Robeco' to be approved Q1-23 with implementation soon after 	Q2-23

LFS Corporate Update & Engagement

LFS Corporate Update & Engagement

LFS updates

- As discussed at the last Joint Governance Committee on 5 December 2022 the FCA issued a draft warning notice to LFSL in respect of the Woodford matter. This states that the FCA's preliminary view was that a penalty £50m (prior to taking into account any available discount) would be appropriate in addition to a restitution payment of up to £306,096,527. The draft warning notice is not a final decision but signal the start of the FCA's settlement decision process. LFSL are exploring all options, including engaging in settlement discussions with the FCA, and challenging any warning notice that may be issued. Engagement with the FCA continues.
- Link Group announced in October the intention to commence a process to explore divestment options for the Link Fund Solutions business, which includes Link Fund Solutions Limited (LFSL), and that Macquarie Capital and UBS Securities Australia Ltd have been appointed as advisers. Discussions with potential interested parties ongoing.
- Link Group announced on 20th February 2023 that it is in exclusive negotiation with the Waystone Group in respect of the sale of the whole of its Fund Solution Business, excluding Woodford related liabilities. This follows a period of confidential exclusive negotiation with and due diligence by Waystone. Any transaction with Waystone is subject to successful finalisation of due diligence and finalisation of detailed legal agreements, and to board and other approvals. Link Group has granted a further period of exclusivity to Waystone to enable the parties to conclude the necessary legal agreements before the end of March 2023.
- At the same time, Link Group and Link Fund Solutions Limited (LFSL) are in advanced confidential discussions with the FCA to settle the FCA investigation against LFSL. If a settlement is agreed with the FCA, it would resolve the current FCA investigation and would also be contingent on a scheme of arrangement of LFSL to resolve all Woodford related contingent liabilities and redress obligations of LFSL.

A sale of the FS Business to Waystone would not be contingent on the scheme of arrangement or any FCA settlement becoming unconditional. No legally binding agreement has been reached with either Waystone or the FCA and at present there can be no certainty that any of such agreements will ultimately be concluded.

LFS Corporate Update & Engagement

Key Q3 and future WPP Engagement

Link attendance at OWG/JGC meetings in period:

- OWG 14 October 2022
- WPP JGC 5 December 2022

Link attendance at OWG/JGC meetings in next quarter:

- OWG 7 February 2023
- WPP JGC 29 March 2023

Link - Pension Committee attendance in period:

- None

Link - Pension Committee attendance in next quarter :

Pension Board RCT – Pension committee meeting 6 March 2023

Pension Board Dyfed – Pension committee meeting 28 March 2023

Other meetings in period

- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly
- WPP briefing / training session – (First session)

Other meetings in next quarter

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

LFS Engagement Protocol

Business as Usual

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

Link Engagement Protocol continued...

Business as Usual

Host Authority Update	Frequency	Objective
<p data-bbox="91 424 309 448">WPP Attendees</p> <ul data-bbox="91 464 331 536" style="list-style-type: none"> <li data-bbox="91 464 331 488">▪ Anthony Parnell <li data-bbox="91 504 331 536">▪ Tracey Williams 	<ul data-bbox="600 368 763 400" style="list-style-type: none"> <li data-bbox="600 368 763 400">▪ Bi-Weekly 	<ul data-bbox="958 368 1890 576" style="list-style-type: none"> <li data-bbox="958 368 1890 400">▪ Regular Host Authority – LFS to discuss deliverables and business updates <li data-bbox="958 416 1816 448">▪ Richard Thornton, Head of Relationship Management, Asset Owners <li data-bbox="958 464 1570 496">▪ James Zealander, Senior Relationship Manager <li data-bbox="958 504 1794 536">▪ Alistair Coyle/Heidi Robinson, Relationship Managers (as required) <li data-bbox="958 544 1615 576">▪ Clair Baguley, Client Service Manager (as required)
WPP Working Group	Frequency	Objective
<p data-bbox="91 711 309 735">WPP Attendees</p> <ul data-bbox="91 751 510 823" style="list-style-type: none"> <li data-bbox="91 751 510 783">▪ Officers Working Group (OWG) <li data-bbox="91 799 237 831">▪ Hymans 	<ul data-bbox="600 655 763 687" style="list-style-type: none"> <li data-bbox="600 655 763 687">▪ Bi-Weekly 	<ul data-bbox="958 655 1644 863" style="list-style-type: none"> <li data-bbox="958 655 1644 687">▪ Regular project call to discuss progress of deliverables <li data-bbox="958 703 1205 735">▪ Link Client Team <li data-bbox="958 751 1182 783">▪ Northern Trust <li data-bbox="958 799 1245 831">▪ Russell Investments <li data-bbox="958 839 1397 871">▪ Other consultants (e.g. bFinance)
Annual Shareholder Day	Frequency	Objective
<ul data-bbox="91 1007 461 1038" style="list-style-type: none"> <li data-bbox="91 1007 461 1038">▪ Open to all involved parties 	<ul data-bbox="600 943 719 975" style="list-style-type: none"> <li data-bbox="600 943 719 975">▪ Annual 	<ul data-bbox="958 943 1995 1150" style="list-style-type: none"> <li data-bbox="958 943 1778 975">▪ Open day for presentations on strategy and performance (with IM) <li data-bbox="958 991 1205 1023">▪ Link Client Team <li data-bbox="958 1038 1182 1070">▪ Northern Trust <li data-bbox="958 1086 1995 1118">▪ Russell Investments and other Investment Managers (e.g. Global Growth Managers) <li data-bbox="958 1126 1532 1158">▪ Other consultants as required (e.g. bFinance)
Pension Fund Committees		Objective
<ul data-bbox="91 1286 674 1318" style="list-style-type: none"> <li data-bbox="91 1286 674 1318">Individual Pension Fund Committee meetings 		<ul data-bbox="958 1230 1809 1437" style="list-style-type: none"> <li data-bbox="958 1230 1592 1262">▪ General update on the ACS and planned initiatives <li data-bbox="958 1278 1563 1310">▪ James Zealander, Senior Relationship Manager <li data-bbox="958 1326 1787 1358">▪ Alistair Coyle/Heidi Robinson, Relationship Managers (as required) <li data-bbox="958 1366 1809 1398">▪ Richard Thornton, Head of Relationship Management, Asset Owners <li data-bbox="958 1406 1240 1437">▪ Russell Investments

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DYFED PENSION FUND COMMITTEE DATE 26/06/2023

Training Plan 2023-2024

To provide the Dyfed Pension Fund Committee with the Training Plan 2023-2024.

Recommendations / key decisions required:

The Committee to note the Training Plan 2023-2024.

Reasons:

To provide the Dyfed Pension Fund Committee with the Training Plan 2023-2024.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

<p>Directorate: Corporate Services</p> <p>Name of Director: Chris Moore</p> <p>Report Author: Chris Moore</p>	<p>Designations: Director of Corporate Services, Carmarthenshire County Council</p>	<p>Tel Nos. 01267 224120</p> <p>E Mail Address: CMoore@carmarthenshire.gov.uk</p>
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**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 26/06/2023**

Training Plan 2023-2024

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

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

Committee Members and Officers Training 2023-2024

Committee Members

Councillor Elwyn Williams (EW) – Chair
Councillor Dai Thomas (DT) – Committee Member
Councillor Rob James (RJ) – Committee Member
Councillor Neil Lewis (NL) – 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>
19 April 2023	Business Meeting	LAPFF	Hybrid/ London	AP & DT
25 – 26 April 2023	Pooling Symposium	LAPF	The Belfry	AP
2 & 3 May 2023	Schroders Briefing		London	CM, RH, AP, EW, DT & RJ
8 June 2023	WPP Training Session		Online	CM, RH, AP & all members
26 June 2023	Committee Meeting		Hybrid	CM, RH, AP, KG, MO, EW, DT & RJ
26 – 28 June 2023	LA Conference	PLSA	Glouc.	CM, KG, AP & EW
4 – 6 July 2023	Strategic Investment Forum	LAPF	The Grove Hotel, Herts	AP
12 July 2023	Business Meeting	LAPFF	Hybrid/ London	AP & DT
7 & 8 September 2023	Investment Summit	LGC	Leeds	RH, MO & RJ
22 September 2023	Committee Meeting		Hybrid	CM, RH, AP, KG, MO, EW, DT & RJ

4 October 2023	AGM & Business Meeting	LAPFF	Hybrid/ London	AP & DT
19 & 26 October 2023	Fundamentals Training	LGPC	Online	RJ & NL
21 -22 November 2023	Pension Managers Conference	SWPE	Torquay	KG & MM
16 & 23 November 2023	Fundamentals Training	LGPC	Online	RJ & NL
14 November 2023	ACM		Llanelli	All members & officers
15 November 2023	Committee Meeting		Hybrid	CM, RH, AP, KG, MO, EW, DT & RJ
6 – 8 December 2023	Annual Conference	LAPFF	Bournemouth tbc	
11 & 19 December 2023	Fundamentals Training	LGPC	Online	RJ & NL
January 2024 (tbc)	Business Meeting	LAPFF	London	AP & tbc
February 2024 (tbc)	Pension Fund Accounts	CIPFA	Online	MO
March 2024 (tbc)	Committee Meeting		Hybrid	CM, RH, AP, KG, MO, EW, DT & RJ
March 2024 (tbc)	Investment Seminar	LGC	Carden Park	AP & tbc

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 COMMITTEE

DATE 26/06/2023

Strategic Asset Allocation (SAA) Review

To provide the Dyfed Pension Fund Committee with information in relation to a SAA Review.

Recommendations / key decisions required:

The Committee to approve the work associated with a SAA Review.

Reasons:

Further to the results of the 2022 Triennial Valuation, a review will examine the overall SAA of the investment portfolio. Recommendations will be made as to where any portfolio optimisation may be implemented to meet the Fund's objectives and requirements.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate Services,
Carmarthenshire County Council

Tel Nos.
01267 224120

E Mail Address:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 26/06/2023**

Strategic Asset Allocation (SAA) Review

The review will examine the overall SAA of the investment portfolio and provide recommendations as to where any portfolio optimisation may be implemented to meet the Fund's objectives and requirements.

As part of the review the following data would be examined:

- Latest Investment Strategy Statement.
- Actuarial Valuation Report as at 31 March 2022.
- Latest SAA and current asset allocations as at 31 December 2022.
- Latest investment returns.
- Projections of cashflow requirements (including projected liabilities and contributions).

There are several investment consultants who could undertake this review. They all have significant experience in this area of work. One such consultant, MJ Hudson (APEX Group), has recently completed a similar exercise for a number of other Local Authority Pension Funds. They are therefore well placed to undertake this piece of work and have an understanding of the Fund through other services they provide.

They have significant resources in terms of actuarial expertise and available technology to assist with the review, using a proprietary model to suggest a range of alternative portfolios, which might offer the best risk-adjusted return available to the Fund.

Appointing MJ Hudson, with their existing knowledge of the Fund, will ensure the work is conducted in an efficient manner with officer time spent on the review minimised. Their understanding of the Fund and resources available to them will also increase the likelihood that the review is conducted to a high standard and any recommendations are relevant to the Fund's risk appetite.

The proposed fee at £19,750 is competitive compared with the other investment consultants. The review will take a few months to complete.

DETAILED REPORT ATTACHED?

NO

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
YES	NONE	YES	NONE	YES	NONE	NONE

Policy

The outcome of the review will have an impact on the Fund's policies in terms of Strategic Asset Allocation and Investment Strategy. Any amendments to the Investment Strategy will be formally approved by Committee once the review has been completed.

Finance

The proposed fee for this piece of work is £19,750. This fee has been included in the Fund's 2023-2024 budget.

Risk Management

The review will ensure that the risk profile of the Fund's investment portfolio is appropriate in terms of its funding position as per the results of the 2022 Triennial Valuation.

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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DYFED PENSION FUND COMMITTEE

DATE 26/06/2023

Carbon Intensity Analysis

Members of the committee to note the Fund's Carbon Intensity Analysis

Recommendations / key decisions required:

The Committee to note the Fund's Carbon Intensity Analysis.

Reasons:

To provide the Dyfed Pension Fund Committee with an update on the Fund's Carbon Intensity.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate Services,
Carmarthenshire County Council

Tel Nos.
01267 224120

E Mail Address:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 26/06/2023**

Carbon Intensity Analysis

A paper has been prepared to update the Committee on the Fund's Carbon Intensity position. The paper illustrates the Weighted Average Carbon Intensity of the Fund's equity portfolio.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

THERE ARE NONE

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



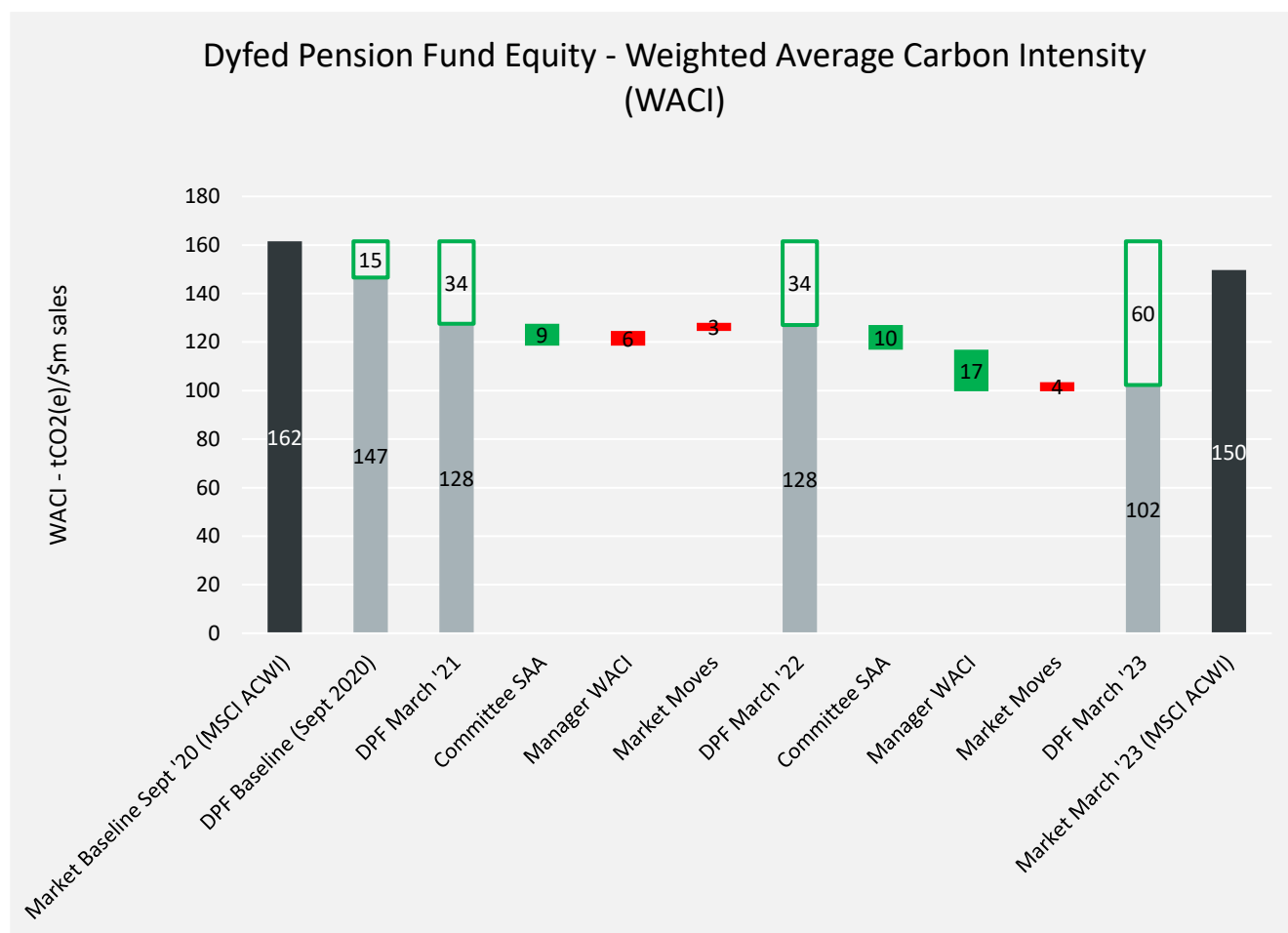
Carbon Intensity Analysis

Dyfed Pension Fund

MARCH 2023

Weighted Average Carbon Intensity

DYFED PENSION FUND EQUITY - WEIGHTED AVERAGE CARBON INTENSITY (WACI)



Source : AUM data sourced from Custodian reports, as at 31/3/23. Carbon Intensity data is latest available from managers : March 2023 for all strategies except WPP Global Sustainable Equity (estimated, Sept '21 : The Fund is due to launch in Q2 2023).

Committee decisions reflected :-

2021/2 - £60m rebalance from regional passive equity into Schroders UK real estate

2022/3 - £160m investment into WPP Global Sustainable Equity (funded from UK and EM passive equity) and £50m rebalance from UK passive equity into WPP Global Credit.

Appendix - 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).



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Agenda Item 16

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

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Agenda Item 17

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Agenda Item 18

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