

# Document Pack



sirgar.llyw.cymru  
carmarthenshire.gov.wales

**THURSDAY, 15 SEPTEMBER 2022**

**TO: ALL MEMBERS OF THE DYFED PENSION FUND COMMITTEE**

I HEREBY SUMMON YOU TO ATTEND A **MEETING** OF THE **DYFED PENSION FUND COMMITTEE** WHICH WILL BE HELD IN THE **CHAMBER - COUNTY HALL, CARMARTHEN. SA31 1JP AND REMOTELY AT 2.00 PM, ON THURSDAY, 29TH SEPTEMBER, 2022** FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED AGENDA

*Wendy Walters*

**CHIEF EXECUTIVE**

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

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 Denise Owen

# AGENDA

1. APOLOGIES FOR ABSENCE
2. DECLARATIONS OF PERSONAL INTERESTS
3. MINUTES OF THE MEETING OF THE COMMITTEE HELD ON THE 28 JUNE 2022 5 - 10
4. DYFED PENSION FUND PENSION BOARD MINUTES 3 MAY 2022 11 - 22
5. BUDGET MONITORING 1 APRIL 2022 - 30 JUNE 2022 23 - 28
6. CASH RECONCILIATION AS AT 30 JUNE 2022 29 - 34
7. PENSIONS ADMINISTRATION REPORT 35 - 46
8. BREACHES REPORT 2022-2023 47 - 52
9. RISK REGISTER 53 - 84
10. TRAINING PLAN 2022-2023 85 - 90
11. WALES PENSION PARTNERSHIP - OPERATOR UPDATE 91 - 104
12. EQUITY RESTRUCTURE PHASE III 105 - 112
13. EXCLUSION OF THE PUBLIC  
THE REPORTS RELATING TO THE FOLLOWING ITEMS ARE NOT FOR PUBLICATION AS THEY CONTAIN EXEMPT INFORMATION AS DEFINED IN PARAGRAPH 14 OF PART 4 OF SCHEDULE 12A TO THE LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) (WALES) ORDER 2007. IF, FOLLOWING THE APPLICATION OF THE PUBLIC INTEREST TEST, THE COMMITTEE RESOLVES PURSUANT TO THE ACT TO CONSIDER THESE ITEMS IN PRIVATE, THE PUBLIC WILL BE EXCLUDED FROM THE MEETING DURING SUCH CONSIDERATION.
14. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 30 JUNE 2022 113 - 124
15. NORTHERN TRUST PERFORMANCE REPORT TO 30 JUNE 2022 125 - 136
16. INVESTMENT MANAGER REPORTS AT 30 JUNE 2022 137 - 230

This page is intentionally left blank

## Dyfed Pension Fund Committee

Tuesday, 28 June 2022

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

**Councillors:**

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

**Also in attendance:**

A. Brown – Independent Investment Advisor

J. Blewitt – Audit Wales

**The following Officers were in attendance:**

C. Moore, Director of Corporate Services

R. Hemingway, Head of Financial Services

A. Parnell, Treasury & Pension Investments Manager

K. Gerard, Pensions Manager

M. Owens, Pension Investment Officer

S. Rees, Simultaneous Translator

E. Evans, Principal Democratic Services Officer

M.S. Davies, Democratic Services Officer

E. Bryer, Democratic Services Officer

**Virtual Meeting - 2.20 pm - 4.30 pm**

**1. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

The Chair welcomed the new Committee Members to the meeting.

**2. DECLARATIONS OF PERSONAL INTERESTS**

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

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

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

**4. 2022 AUDIT PLAN**

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

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

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

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

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

**UNANIMOUSLY RESOLVED that the 2022 Audit Plan be approved.**

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

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

**6. FINAL BUDGETARY POSITION 2021-2022**

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

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

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

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

**7. CASH RECONCILIATION AS AT 31 MARCH 2022**

The Committee considered the Cash Reconciliation report which provided an update on the cash position in respect of the Dyfed Pension Fund. It was noted that, as at 31 March 2022, £4.5m cash was being held by Carmarthenshire County Council on behalf of the Fund for immediate cash flow requirements to pay pensions, lump sums and investment management costs.

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

## **8. ADMINISTRATION UPDATES**

### **8.1. PENSIONS ADMINISTRATION REPORT**

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

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

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

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

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

### **8.2. PRU COMMUNICATION**

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

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

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

## **9. BREACHES REPORT 2022-2023**

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

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

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

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

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

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

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

## **10. RISK REGISTER**

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

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

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

**UNANIMOUSLY RESOLVED that the risk register report be approved.**

## **11. TRAINING PLAN 2022-2023**

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

**UNANIMOUSLY RESOLVED that the Training Plan update be noted.**

## **12. CARBON FOOTPRINT UPDATE**

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

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



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

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

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

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

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

### **13. EXCLUSION OF THE PUBLIC**

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

### **14. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 31 MARCH 2022**

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

The Committee received the Independent Investment Adviser Report which provided information in relation to the investment managers' performance for the quarterly, 12 month and rolling 3 year periods ending 31 March, 2022.

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

**15. NORTHERN TRUST PERFORMANCE REPORT TO 31 MARCH 2022**

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

The Committee considered the Northern Trust Performance report for the Dyfed Pension Fund as at 31 March 2022, which provided performance analysis at a total fund level and by investment manager for the periods up to inception.

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

**16. INVESTMENT MANAGER REPORTS TO 31 MARCH 2022**

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

The Committee considered the investment managers reports which set out the performance of each manager as at 31<sup>st</sup> March 2022.

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

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

---

CHAIR

---

DATE

## DYFED PENSION FUND COMMITTEE

Date 29/09/2022

### Dyfed Pension Fund Pension Board Minutes 3 May 2022

To inform the Committee of the meeting of the Pension Board that was held on 3 May 2022.

#### Recommendations / key decisions required:

The Committee to note the minutes of the Dyfed Pension Fund Pension Board meeting held on 3 May 2022.

#### Reasons:

To inform the Committee of the meeting of the Pension Board that was held on 3 May 2022.

Relevant scrutiny committee to be consulted: NA

Cabinet Decision Required : NA

Council Decision Required : NA

CABINET MEMBER PORTFOLIO HOLDER:- NA

Directorate: Corporate Services

Name of Head of Service:  
Chris Moore

Report Author: Chris Moore

Designations:

Director of Corporate Services,  
Carmarthenshire County Council

Tel Nos. 01267 224120

E Mail Address:  
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
DATE 29/09/2022**

**Dyfed Pension Fund Pension Board Minutes 3 May 2022**

A meeting of the Dyfed Pension Fund Pension Board took place on 3 May 2022. The following items were considered:

- Draft Minutes of the Pension Fund Committee meeting 29 March 2022
- Budget Monitoring 1 April 2021 – 31 December 2021
- Budget 2022-2023
- Cash reconciliation as at 31 December 2021
- Pensions Administration Report
- Breaches Report 2021-2022
- Risk Register
- Responsible Investment Update
- Draft Responsible Investment Policy
- Business Plan 2022-2023
- Training Plan 2022-2023
- Wales Pension Partnership (WPP) Business Plan
- Wales Pension Partnership (WPP) Link and Russell Update
- Pension Board Work Plan 2022
- Pension Board Budget Monitoring 1 April 2021 – 31 March 2022
- Independent Advisor Performance & Risk Report to 31 December 2021
- Northern Trust Performance Report to 31 December 2021
- Investment Manager Reports to 31 December 2021

**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
<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

# CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

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

NA

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

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

**THERE ARE NONE**

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

# DYFED PENSION FUND PENSION BOARD

3 MAY 2022

**PRESENT:** John Jones (Chair);

**Committee Members:-**

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

**The following Officers were in attendance:**

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

**Also in attendance:**

Mr. A. Brown – Independent Investment Advisor.

**Also present as an observer:-**

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

**Virtual Meeting – 2:00pm - 3:28pm**

**1. APOLOGIES FOR ABSENCE**

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

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

**2. DECLARATIONS OF PERSONAL INTEREST**

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

**3. MINUTES OF THE PENSION BOARD MEETING HELD ON THE 25<sup>TH</sup> JANUARY 2022**

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

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

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

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

##### **4.2. BUDGET MONITORING 1 APRIL 2021 - 31 DECEMBER 2021**

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

**AGREED that the report be noted.**

##### **4.3. BUDGET 2022-2023**

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

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

**AGREED that the report be noted.**

##### **4.4. CASH RECONCILIATION AS AT 31 DECEMBER 2021**

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

**AGREED that the report be noted.**

##### **4.5. PENSIONS ADMINISTRATION REPORT**

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



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

The Board requested to provide further encouragement to those scheme employers that are yet to become active on i-connect.

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

#### **4.6. BREACHES REPORT 2021-22**

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

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

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

#### **4.7. RISK REGISTER**

The Board was advised that the Risk Register highlighted all the risks identified in relation to the functions of the Dyfed Pension Fund. It was advised that the risk register had been reviewed and risk CSV400035 had been amended and a new risk CSV400036 – Global Financial Market Risk had been included.

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

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

**Agreed that the risk register report be noted.**

#### **4.8. RESPONSIBLE INVESTMENT UPDATE**

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

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

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

#### **4.9. DRAFT RESPONSIBLE INVESTMENT POLICY**

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

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

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

#### **4.10. BUSINESS PLAN 2022-2023**

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

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

#### **4.11. TRAINING PLAN 2022-2023**

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

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

#### **4.12. WALES PENSION PARTNERSHIP (WPP) BUSINESS PLAN**

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

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

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

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

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

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

#### **4.14. DRAFT DYFED PENSION FUND COMMITTEE MINUTES - 29<sup>TH</sup> MARCH 2022**

**AGREED that the draft minutes of the meeting of the Dyfed Pension Fund Committee held on the 29<sup>th</sup> March 2022 be noted.**

#### **5. PENSION BOARD WORK PLAN 2022-2023**

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

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

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

The Board received the Pension Board Budget Monitoring report as at 31<sup>st</sup> March 2022. Total actual expenditure incurred was £14.477k. The forecasted expenditure for the year was a £9.683k underspend compared to budget.

**AGREED that the report be noted.**

## **7. EXCLUSION OF THE PUBLIC**

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

## **8. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 31 DECEMBER 2021**

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

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

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

## **9. NORTHERN TRUST PERFORMANCE REPORT TO 31 DECEMBER 2021**

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

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

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

## 10. INVESTMENT MANAGER REPORTS TO 31 DECEMBER 2021

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

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

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

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

\_\_\_\_\_  
CHAIR

\_\_\_\_\_  
DATE

This page is intentionally left blank

## DYFED PENSION FUND COMMITTEE

Date 29/09/2022

### Budget Monitoring 1 April 2022 – 30 June 2022

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

#### **Recommendations / key decisions required:**

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

#### **Reasons:**

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

Relevant scrutiny committee to be consulted NA

Cabinet Decision Required NA

Council Decision Required NA

CABINET MEMBER PORTFOLIO HOLDER:- NA

Directorate: Corporate Services

Name of Head of Service:  
Chris Moore

Report Author: Chris Moore

Designations:

Director of Corporate Services,  
Carmarthenshire County Council

Tel Nos. 01267 224120

E Mail Address:  
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
DATE 29/09/2022**

**Budget Monitoring 1 April 2022 – 30 June 2022**

The position as at 30 June 2022 was an under spend compared to budget of £3.9m on cash items.

Expenditure

Expenditure is projected to be underspent by £612k. This is due to lower than budgeted management expenses being forecast.

Income

The net effect of Contributions and Investment Income is an increase of £3.3m over budget. This is mainly due to higher than budgeted investment income being forecast.

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

**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
<b>NONE</b>	<b>NONE</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

### Finance

Overall, the Fund needs to maintain a positive cash flow balance to meet its obligations. The cash flow projection was positive by £3.9m as at 30 June 2022.

# CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

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

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

**THERE ARE NONE**

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

**Dyfed Pension Fund**

**Budget Monitoring**

1st April 2022 - 30th June 2022

	Budget Type	Actual 2021-2022	Budget 2022-2023	Total income/ expenditure to date	Forecast Commitments	Forecast 2022-2022	End of year variance		Assumptions/Comments
	Controllable / Non Controllable	£ '000 (a)	£ '000 (b)	£ '000 (c)	£ '000 (d)	£ '000 (e)	£ '000 (f)	%	
<b>Expenditure</b>									
<b>Benefits Payable</b>	Both	<b>92,402</b>	<b>93,908</b>	<b>22,321</b>	<b>71,587</b>	<b>93,908</b>	<b>0</b>	<b>0.0</b>	Forecast in line with budget
Pensions Payable	Controllable	77,006	80,408	20,013	60,395	80,408	0		
Commutation and lump sum retirement benefits	Non Controllable	14,169	12,000	2,101	9,899	12,000	0		Forecast in line with budget
Lump sum death benefits	Non Controllable	1,227	1,500	207	1,293	1,500	0		Forecast in line with budget
<b>Payments to and account of leavers</b>	Non Controllable	<b>3,534</b>	<b>3,120</b>	<b>597</b>	<b>2,523</b>	<b>3,120</b>	<b>0</b>	<b>0.0</b>	Forecast in line with budget
<b>Management Expenses</b>		<b>9,262</b>	<b>10,754</b>	<b>1,770</b>	<b>8,372</b>	<b>10,142</b>	<b>-612</b>	<b>-5.7</b>	
Computer Software	Controllable	443	534	150	384	534	0		
Printing charges	Controllable	11	20	6	14	20	0		
Subscriptions, Legal fees, Conf Exps, Med Exps	Controllable	46	70	10	60	70	0		
Fund Managers									
BlackRock	Controllable	1,756	2,850	247	2,200	2,447	-403		SAIF fees projected to be lower than budgeted due to less transaction costs
Schroders	Controllable	659	749	0	752	752	3		
Wales Pension Partnership	Controllable	4,245	4,200	0	4,104	4,104	-96		Market values lower than budgeted
Partners Group	Controllable	721	700	0	580	580	-120		Administration and other fees lower than budgeted
Custodian									
Northern Trust	Controllable	31	31	0	31	31	0		
Actuary									
Mercer	Controllable	99	175	24	151	175	0		
Performance Manager									
Northern Trust / PIRC / CEM	Controllable	23	26	0	26	26	0		
Independent Advisor									
Other									
Euraplan, LSE, Pension Board	Controllable	26	27	9	18	27	0		
Central recharges	Non Controllable	1,145	1,314	1,314	0	1,314	0		
Audit fees	Controllable	29	28	3	29	32	4		Audit fee not available at budget setting
<b>Controllable Expenditure</b>		<b>85,122</b>	<b>89,848</b>	<b>20,468</b>	<b>68,767</b>	<b>89,233</b>	<b>-612</b>		
<b>Non Controllable Expenditure</b>		<b>20,076</b>	<b>17,934</b>	<b>4,220</b>	<b>13,715</b>	<b>17,934</b>	<b>0</b>		
<b>Total Expenditure</b>		<b>105,198</b>	<b>107,782</b>	<b>24,688</b>	<b>82,482</b>	<b>107,167</b>	<b>-612</b>		
<b>Income</b>									
<b>Contributions</b>									
Employer	Controllable	-66,168	-68,339	-43,769	-24,964	-68,733	-394	0.6	Advance payments made resulting in discounted contributions; Carmar CC, Ceredigion CC, Pembrokeshire CC and Dyfed Powys Police in 2022-23.
Member	Controllable	-22,890	-23,045	-1,570	-21,785	-23,355	-310	1.3	Employee pensionable pay higher than anticipated at budget setting.
<b>Investment Income</b>	Controllable	-18,436	-13,398	-7,768	-8,221	-15,989	-2,591	19.3	Includes higher SAIF and Schroders dividend income than budgeted.
<b>Other Income</b>	Controllable	0	0	0	0	0	0	0.0	
<b>Transfers in from other pension funds</b>	Non Controllable	-4,154	-3,000	-1,338	-1,662	-3,000	0	0.0	
<b>Controllable Income</b>		<b>-107,494</b>	<b>-104,782</b>	<b>-53,109</b>	<b>-54,971</b>	<b>-108,079</b>	<b>-3,296</b>		
<b>Non Controllable Income</b>		<b>-4,154</b>	<b>-3,000</b>	<b>-1,338</b>	<b>-1,662</b>	<b>-3,000</b>	<b>0</b>		
<b>Total Income</b>		<b>-111,648</b>	<b>-107,782</b>	<b>-54,447</b>	<b>-56,633</b>	<b>-111,079</b>	<b>-3,296</b>		
<b>Controllable Total</b>		<b>-22,372</b>	<b>-14,934</b>	<b>-32,641</b>	<b>13,795</b>	<b>-18,847</b>	<b>-3,910</b>		
<b>Non Controllable Total</b>		<b>15,922</b>	<b>14,934</b>	<b>2,882</b>	<b>12,053</b>	<b>14,935</b>	<b>0</b>		
<b>Total</b>		<b>-6,450</b>	<b>0</b>	<b>-29,759</b>	<b>25,848</b>	<b>-3,912</b>	<b>-3,910</b>		
<b>Cash Transfer to Fund Managers</b>	Cash	14,078	0	24,078	-10,000	14,078	14,078		
<b>Net Total of Cash Related Items</b>		<b>7,628</b>	<b>0</b>	<b>-5,681</b>	<b>15,848</b>	<b>10,166</b>	<b>10,168</b>		
<b>Indirect Transactional Management Fees (fees deducted from NAV)</b>	Non Cash	5,150	3,500	0	3,500	3,500	0	0.0	CIPFA Management cost guidance issued to show indirect transactional fees indirectly paid by the funds
<b>Investment Income (fees deducted from NAV)</b>	Non Cash	-5,150	-3,500	0	-3,500	-3,500	0	0.0	Contra entry to the Indirect transactional fees
<b>Realised gain/loss</b>	Non Cash	-55,268	-50,000	3,021	0	3,021	53,021	-106.0	Non Controllable. No impact to cash.
<b>Net Total of Non-Cash Related Items</b>		<b>-55,268</b>	<b>-50,000</b>	<b>3,021</b>	<b>0</b>	<b>3,021</b>	<b>53,021</b>		

This page is intentionally left blank

## DYFED PENSION FUND COMMITTEE

Date 29/09/2022

### Cash Reconciliation as at 30 June 2022

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

#### **Recommendations / key decisions required:**

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

#### **Reasons:**

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

Relevant scrutiny committee to be consulted NA

Cabinet Decision Required NA

Council Decision Required NA

CABINET MEMBER PORTFOLIO HOLDER:- NA

Directorate: Corporate Services	Designations: Director of Corporate Services, Carmarthenshire County Council	Tel Nos. 01267 224120 E Mail Address: CMoore@carmarthenshire.gov.uk
Name of Head of Service: Chris Moore		
Report Author: Chris Moore		

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
DATE 29/09/2022**

**Cash Reconciliation as at 30 June 2022**

The position as at 30 June 2022 reports £11.4m 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
<b>NONE</b>	<b>NONE</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

### 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**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

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

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

**THERE ARE NONE**

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



## Dyfed Pension Fund Cash Reconciliation

June 2022

Balance b/f 1st April 2022		£5,927,558.47
<b><i>Investment trades</i></b>		
Sales	12,179,305.60	
Purchases	-40,369,788.47	
	<hr/>	-£28,190,482.87
Contributions received	£48,969,296.68	
Payments made	-£23,828,848.80	
Dividend Income	£7,819,566.59	£32,960,014.47
		<hr/>
		£10,697,090.07
<b>Total Available for Investment</b>		<b><hr/></b>
		<b>£10,697,090.07</b>
<b><i>Represented by :</i></b>		
Cash at Carmarthenshire		£11,447,650.53
Cash due to be received/deducted		£0.00
CCC Debtors		£261,290.70
CCC Creditors		-£1,011,851.16
		<hr/>
		<b>£10,697,090.07</b>
		<hr/>
		£0.00

This page is intentionally left blank

## DYFED PENSION FUND COMMITTEE

Date 29/09/2022

### 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.

Relevant scrutiny committee to be consulted: NA

Cabinet Decision Required : NA

Council Decision Required : NA

CABINET MEMBER PORTFOLIO HOLDER:- NA

Directorate: Corporate Services  Name of Head of Service: Chris Moore  Report Author: Chris Moore	Designations:  Director of Corporate Services, Carmarthenshire County Council	Tel Nos. 01267 224120  E Mail Address: CMoore@carmarthenshire.gov.uk
---------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------	-------------------------------------------------------------------------------

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
DATE 29/09/2022**

**Pensions Administration Report**

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

- Regulatory matters
- Valuation
- Annual Benefit Statements
- 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
<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

# CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

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

NA

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

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

**THERE ARE NONE**

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

## PENSIONS ADMINISTRATION REPORT – 29<sup>th</sup> September 2022

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

### 1. Regulatory update –

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

### 2. Valuation

Data was forward to the Fund Actuary within set timescales which will enable Employer contribution rates to be reassessed. Preliminary outcomes will be made available to Employers at the Fund ACM.

### 3. Annual Benefit Statements

Annual Benefit Statements were issued by the statutory deadline of 31<sup>st</sup> August in respect of all schemes administered.

#### 4. 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 July 2022 and August 2022 have been included on the breaches register as the scheme members have not replied in order for the refund to be paid.

#### 5. 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 working with their payroll provider to ensure the data required is extracted and inputted into the correct fields on the spreadsheet. Pembrokeshire College have provided test extracts and are working on resolving the queries identified.



<b>Employer</b>	<b>i-Connect status</b>
ABERYSTWYTH TOWN COUNCIL	Active
ADAPT	Active
BURRY PORT MARINA LTD	Active
CAREERS WALES WEST	Active
CARMARTHEN TOWN COUNCIL	Active
CARMARTHENSHIRE AVS	Active
CARMARTHENSHIRE C C	Active
COLEG SIR GAR	
CARMARTHENSHIRE FED OF YFC	Active
CEREDIGION AVO	Active
CEREDIGION C C	Active
COLEG CEREDIGION	
COOMB CHESHIRE HOME	Active
CWARTER BACH COMMUNITY COUNCIL	
CWMAMMAN TOWN COUNCIL	Active
DYFED-POWYS POLICE	
GORSLAS COMMUNITY COUNCIL	Active
GRWP GWALIA	Active
IAITH CYFYNGEDIG	Active
KIDWELLY TOWN COUNCIL	Active
LLANBADARN FAWR COUMMUNITY	Active
LLANEDI COMMUNITY COUNCIL	Active
LLANELLI RURAL COUNCIL	Active
LLANELLI TOWN COUNCIL	Active
LLANGENNECH COMMUNITY COUNCIL	Active
LLANNON COMMUNITY COUNCIL	Active
LLESANT 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

## 6. GMP Reconciliation

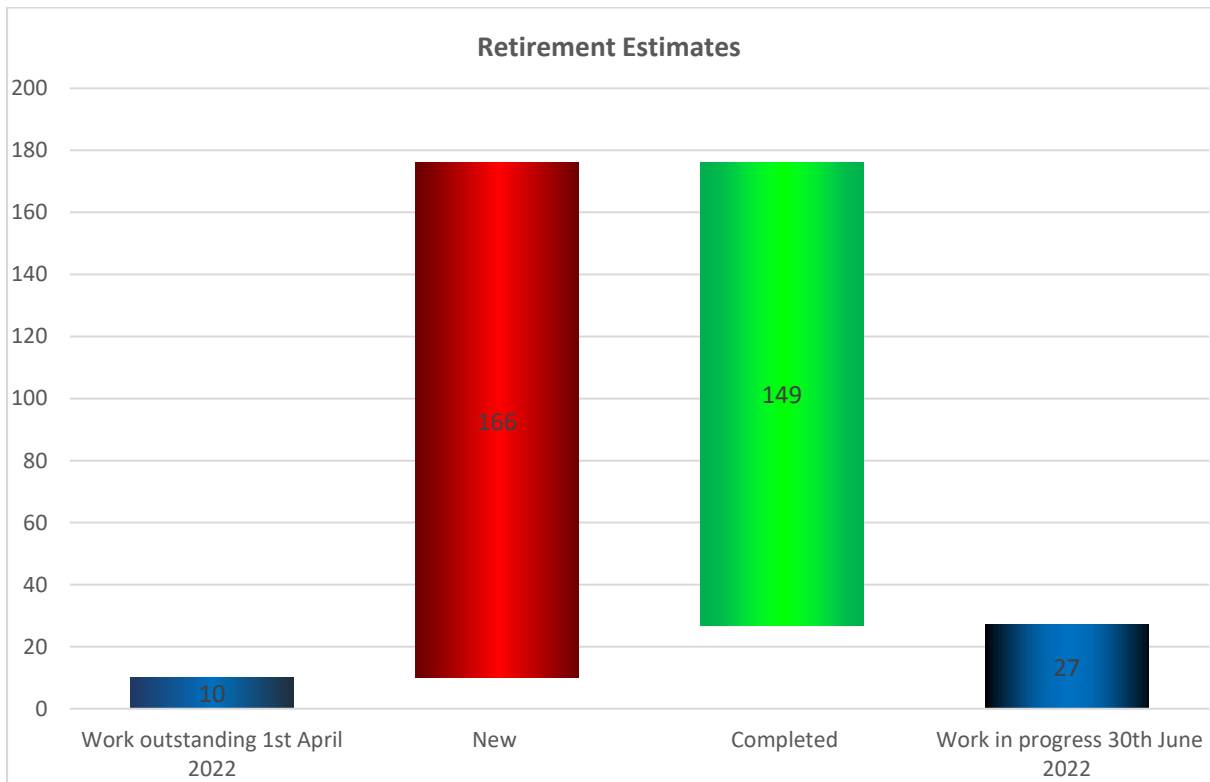
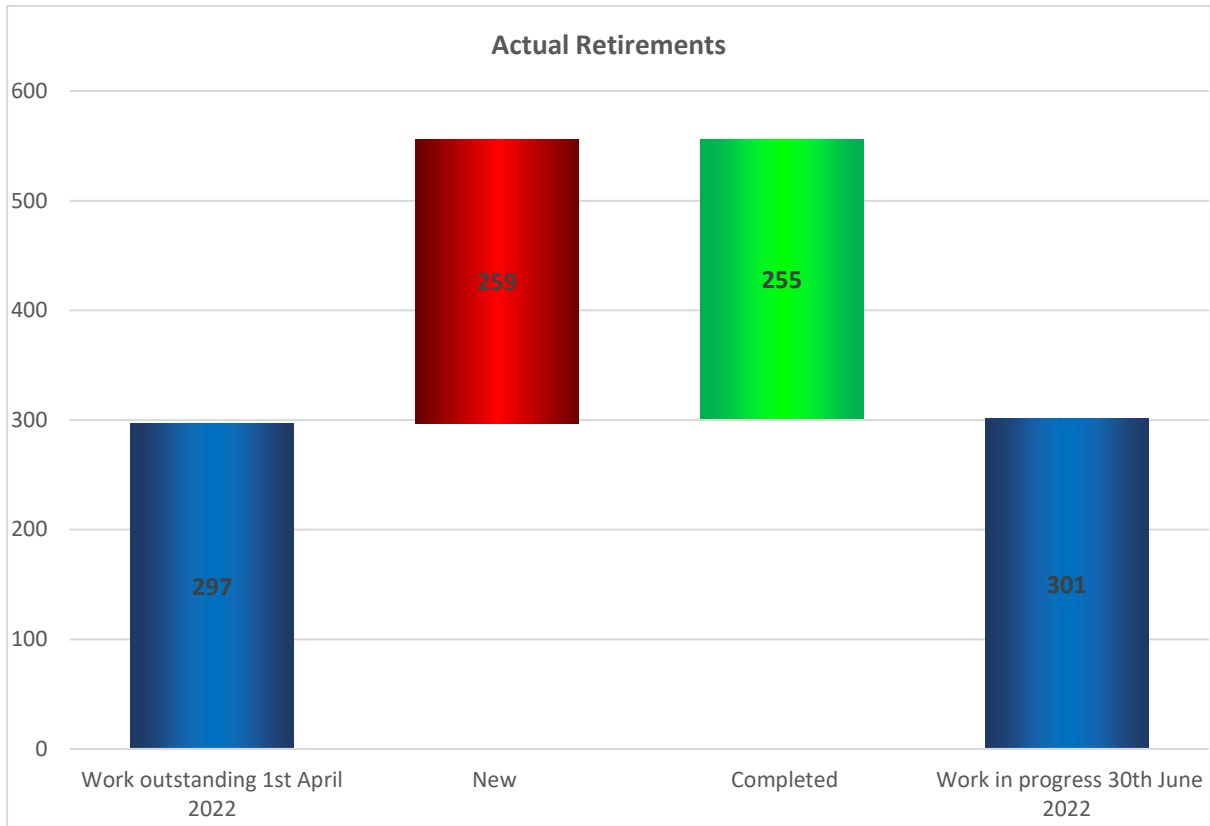
When a scheme member attains State Pension Age, they will be advised of the amount of Guaranteed Minimum Pension (GMP) which is included in their pension. The GMP relates to the part of the pension for the period between April 1978 and April 1997 for which they were 'contracted-out'. For this period,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

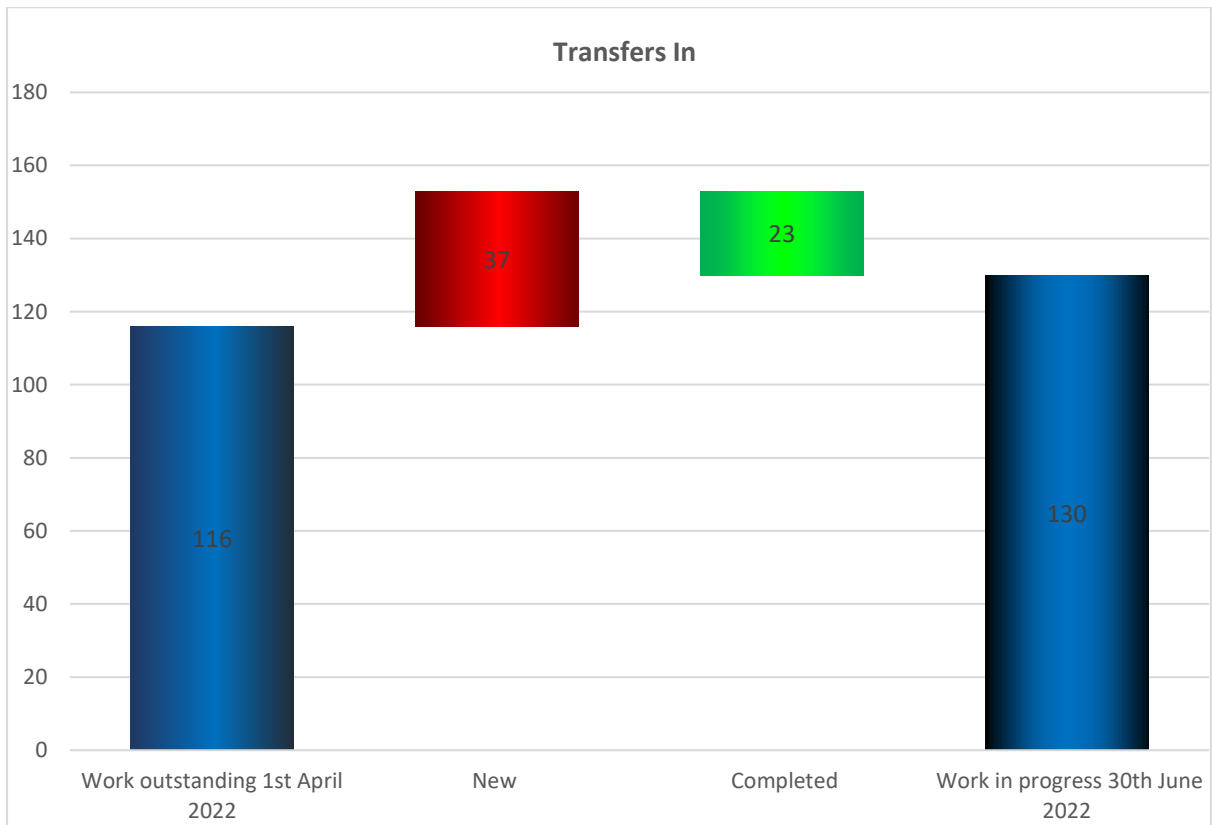
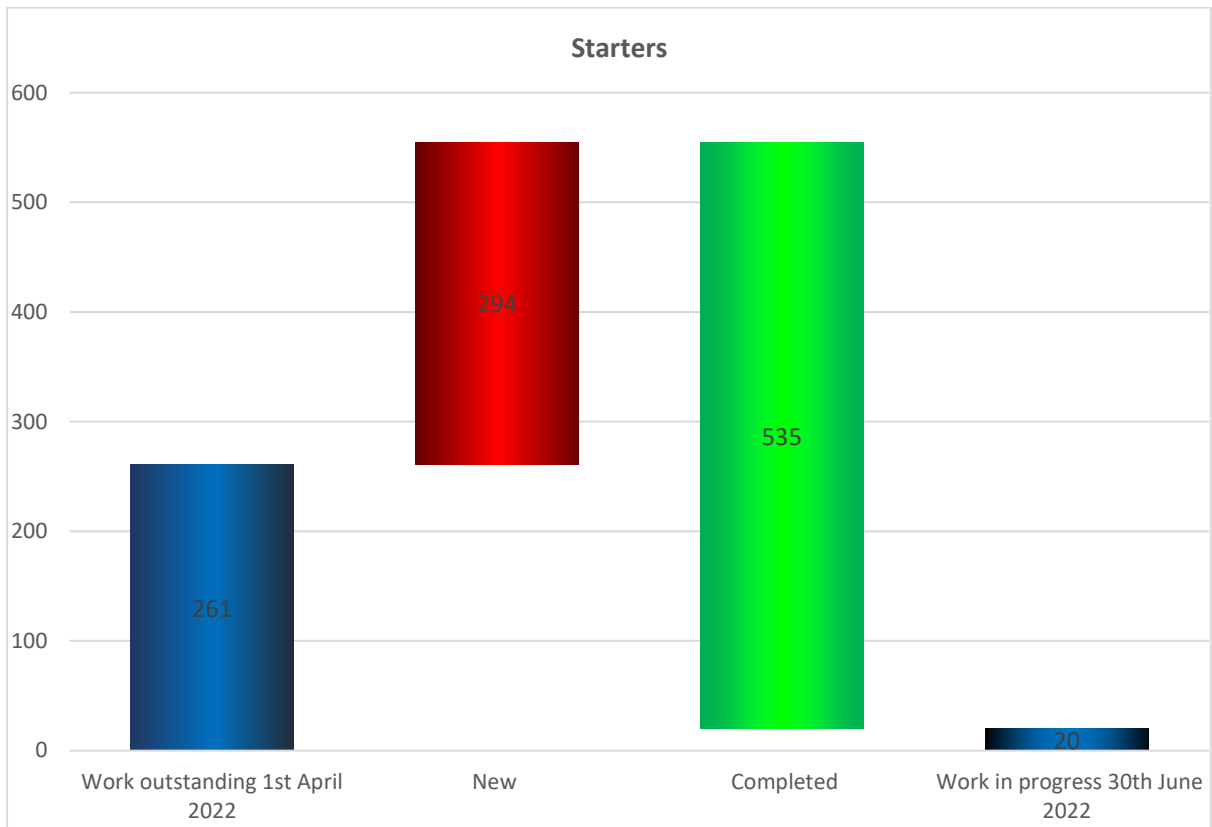
## 7. Workflow

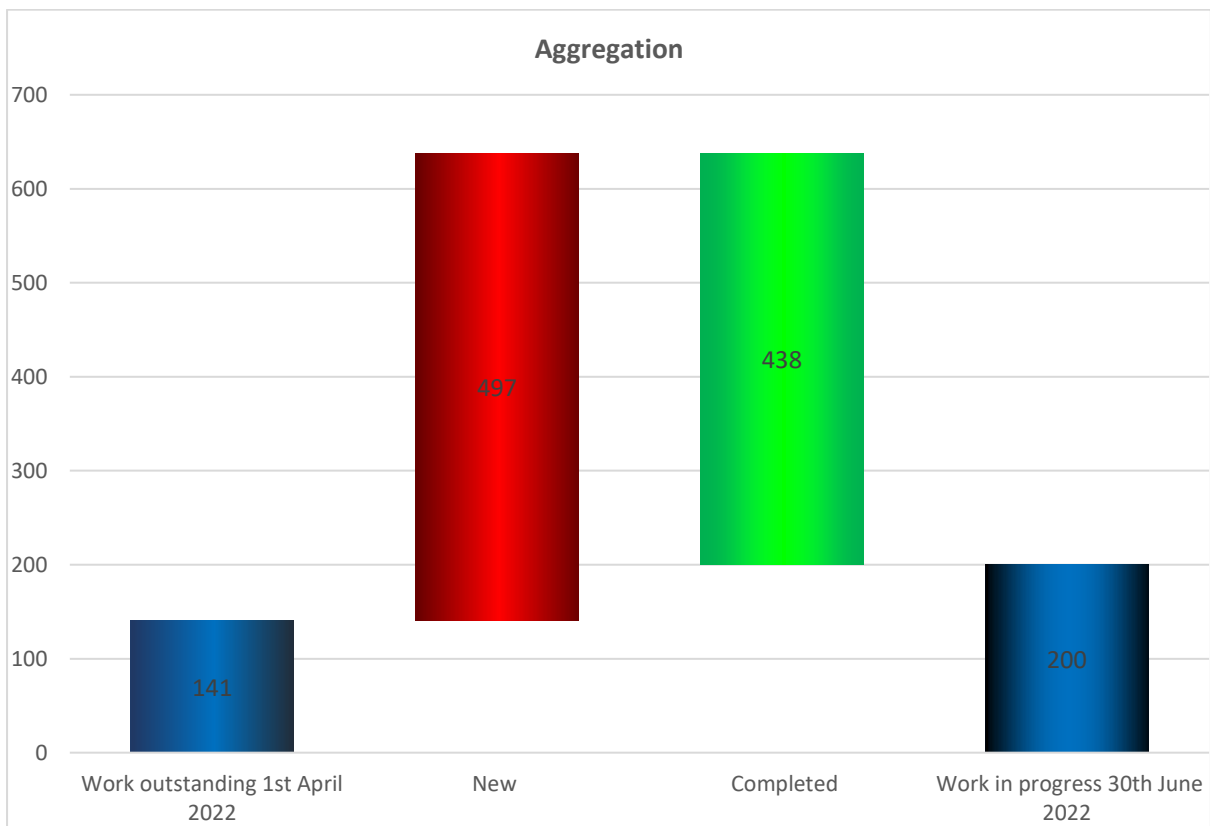
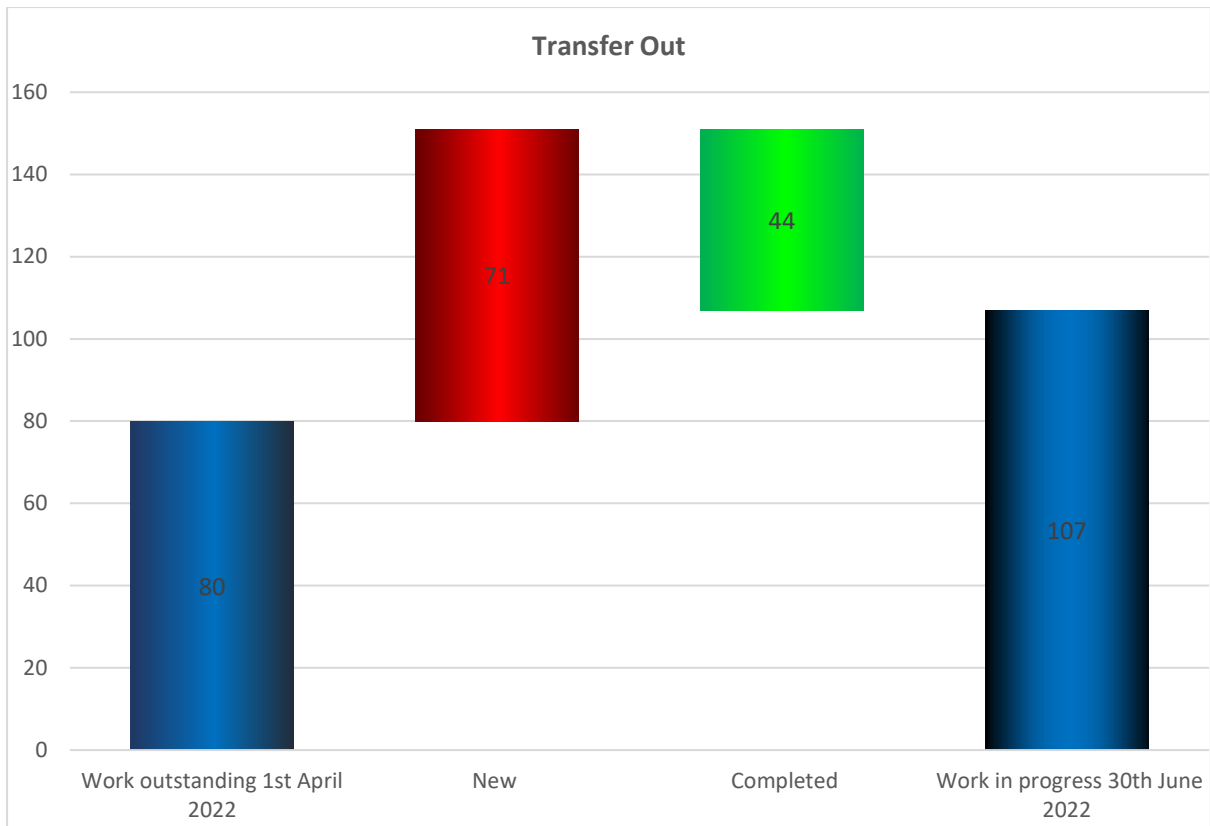
The tables overleaf detail the workflow statistics for the key tasks undertaken in the section for the period 1<sup>st</sup> April 2022 to 30<sup>th</sup> June 2022 in respect of the LGPS only. Please note that in circumstances where multiple iterations for the same calculation date have been undertaken,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

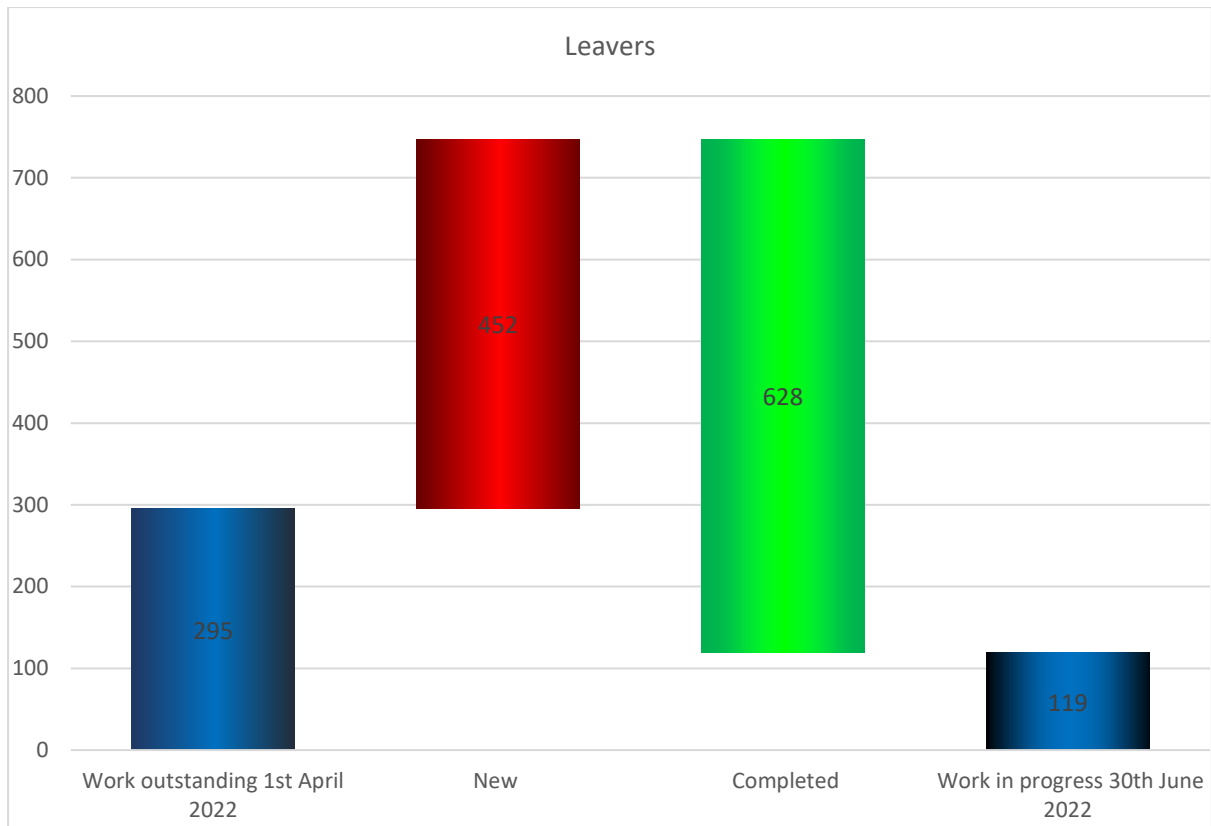
Kevin Gerard

Pensions Manager









## DYFED PENSION FUND COMMITTEE

Date 29/09/2022

### Breaches Report 2022-2023

**In accordance with the Dyfed Pension Fund Breaches Policy to note any breaches that have occurred in 2022-2023**

**Recommendations / key decisions required:**

To note any breaches that have occurred in the Dyfed Pension Fund in 2022-2023.

**Reasons:**

In accordance with the Dyfed Pension Fund Breaches Policy.

Relevant scrutiny committee to be consulted: NA

Cabinet Decision Required : NA

Council Decision Required : NA

CABINET MEMBER PORTFOLIO HOLDER:- NA

Directorate: Corporate Services  Name of Head of Service: Chris Moore  Report Author: Chris Moore	Designations:  Director of Corporate Services, Carmarthenshire County Council	Tel Nos. 01267 224120  E Mail Address: CMoore@carmarthenshire.gov.uk
---------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------	-------------------------------------------------------------------------------

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
DATE 29/09/2022**

**Breaches Report 2022-2023**

**Introduction**

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

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

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

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

**DETAILED REPORT ATTACHED?**

**YES**



# IMPLICATIONS

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

Signed: **C Moore**

**Director of Corporate Services**

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

## CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

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

NA

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

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

**THERE ARE NONE**

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

### Breaches Report

Breach Number	Year	Date of Breach / Likely Breach	Failure Type	A description of the breach (including relevant dates), its cause and effect, including the reasons it is, or is not, believed to be of material significance	Been reported to tPR before	RAG Status	Report to tPR	Actions taken to rectify the breach. A brief descriptions of any longer term implications and actions required to prevent similar types of breaches recurring in the future
117	2022-23	22/4/22	Contributions	March payment of £693.45 not yet received. Finance Manager has been contacted by email.	No	Amber	No Report	Ongoing discussions taking place.
118	2022-23	22/4/22	Contributions	March qtr payment & paperwork not received yet. Clerk (only contributor) passed away in February 2022. Pensions Admin in contact with new clerk regarding paperwork.	No	Amber	No Report	There are no long term implications associated with this breach.
119	2022-23	April 2022, May 2022, June 2022	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. April - 16 members & total refunds = £4374.47, May - 10 members & total refunds = £1821.48, June - 11 members & total refunds = £1883.03	No	Amber	No Report	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.
120	2022-23	22/5/22	Contributions	April payment & remittance not yet received. Finance Manager has been contacted by email.	No	Amber	No Report	Ongoing discussions taking place.
121	2022-23	22/6/22	Contributions	May payment & remittance not yet received.	No	Amber	No Report	Ongoing discussions taking place.
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	Ongoing discussions taking place.
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	Ongoing discussions taking place.

This page is intentionally left blank

## DYFED PENSION FUND COMMITTEE

Date 29/09/2022

### Risk Register

**To ensure that all risks are correctly identified and assessed**

#### Recommendations / key decisions required:

To advise the Committee that the risk register has been reviewed to ensure risks are identified and assessed.

#### Reasons:

To ensure all risks are correctly identified and assessed.

Relevant scrutiny committee to be consulted: NA

Cabinet Decision Required : NA

Council Decision Required : NA

CABINET MEMBER PORTFOLIO HOLDER:- NA

Directorate: Corporate Services

Name of Head of Service:  
Chris Moore

Report Author: Chris Moore

Designations:

Director of Corporate Services,  
Carmarthenshire County Council

Tel Nos. 01267 224120

E Mail Address:  
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
DATE 29/09/2022**

**Risk Register**

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

The register includes:

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

The Risk Register has been reviewed and no changes to individual risks have been identified since the previous Committee meeting. The document has been revised to highlight the risks as operational and strategic.

**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
<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>

## **Risk Management Issues**

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

## CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

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

NA

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

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

**THERE ARE NONE**

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



# Risk Register

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

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
DPFOP0001 - Failure to process accurate pension benefits payments, including lump sum payments, in a timely manner	Significant 3	Unlikely 2	Medium 6	<ul style="list-style-type: none"> <li>• Segregation of duties and authorisation of benefits following calculation by Senior Pensions Officer <i>Implemented</i></li> <li>• Altair Development Officer is responsible for regular system checks regarding calculations <i>Implemented</i></li> <li>• Communication &amp; Training Officer liaises closely with all employing authorities to ensure timely submission of information to DPF <i>Implemented</i></li> <li>• Payroll deadline procedures in place <i>Implemented</i></li> <li>• Item in Business Continuity/Disaster Recovery Plan <i>Implemented</i></li> </ul>	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 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> <li>Participate in National Fraud Initiative (NFI) <i>Implemented</i></li> <li>Life Certificates exercise carried out for all cheque payments <i>Implemented</i></li> <li>Undertake reviews of monthly performance to ensure service standards are maintained <i>Implemented</i></li> <li>IT Contingency/Resilience Plan in place <i>Implemented</i></li> </ul>	Pensions Manager				
<b>DPFOP0002 - Failure to collect and account for full receipt of contributions from employers and employees on time</b> Failure to collect full receipt of pension contributions from employees and employers in line with Regulation guidelines.	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> <li>Contributions monitoring procedures <i>Implemented</i></li> </ul>	Pensions Manager and 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 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)			
	Impact	Probability				Current Risk Rating	Impact	Probability	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"> <li><b>Formal timescales for receipt of contributions</b> <i>Implemented</i></li> <li><b>Budget set and monthly monitoring against the budget</b> <i>Implemented</i></li> <li><b>Escalation of non receipt of contributions</b> <i>Implemented</i></li> <li><b>Systems Audit undertaken by Internal Audit and External Auditors</b> <i>Implemented</i></li> </ul>	<p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p>					

# Risk Register

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

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
DPFOP0003 - Failure to keep pension records up to date and accurate	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> <li>Senior Officers liaise closely with employing authorities to ensure timely and accurate submission of data to DPF <i>Implemented</i></li> <li>i-Connect ensures that data from employers is identified by a direct transfer from payroll on a monthly basis <i>Implemented</i></li> <li>Data accuracy checks undertaken by the pension section prior to continual validation on workflow system <i>Implemented</i></li> <li>Data integrity validation is performed monthly by Altair Development Officer <i>Implemented</i></li> <li>Data validation checks also undertaken by the DPF's partners (e.g.the Actuary at Valuation) <i>Implemented</i></li> </ul>	<p>Pensions Manager</p> <p>Pensions Manager</p> <p>Pensions Manager</p> <p>Pensions Manager</p> <p>Pensions Manager</p>		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 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> <li>Additional validation carried out through NFI <i>Implemented</i></li> <li>Opportunity to escalate non-compliance <i>Implemented</i></li> </ul>	Pensions Manager				
DPFOP0004 - Failure to hold personal data securely	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> <li>Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls <i>Implemented</i></li> <li>Disaster Recovery Plan for pensions system <i>Implemented</i></li> <li>Authorised users have unique usernames and passwords must be changed every 60 days <i>Implemented</i></li> </ul>	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 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> <li>• <b>Documentation is scanned on to the pensions system</b> and paper copies are held for a period of 3 months before shredding <i>Implemented</i></li> <li>• <b>Compliance with the Data Protection Act 1998</b> <i>Implemented</i></li> <li>• <b>Compliance with the Authority's in-house IT policies</b> <i>Implemented</i></li> <li>• <b>Systems and Payroll audit undertaken annually</b> <i>Implemented</i></li> </ul>	Pensions Manager  Pensions Manager  Pensions Manager  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"> <li>• <b>Internal and external audit checks performed to ensure that appropriate and effective controls are in place</b> <i>Implemented</i></li> </ul>	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 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> <li>• Segregation of duties and authorisation of benefits following calculation by Senior Pensions Officer and Pensions Officer <i>Implemented</i></li> <li>• Altair Development Officer undertakes data integrity checks <i>Implemented</i></li> <li>• Systems and Payroll audit undertaken annually <i>Implemented</i></li> </ul>	Pensions Manager				
<b>DPFOP0006 - Normal operations disrupted by uncontrollable external factors</b> 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"> <li>• Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls <i>Implemented</i></li> <li>• Disaster Recovery Plan for pensions system with the software provider <i>Implemented</i></li> </ul>	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 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> <li>Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. <i>Implemented</i></li> </ul>	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"> <li>Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls <i>Implemented</i></li> <li>Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. <i>Implemented</i></li> </ul>	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"> <li>Personal development plan in place to support the development of each officer in the Section <i>Implemented</i></li> </ul>	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 September, 2022**

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

# Risk Register

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

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

Date: **5 September, 2022**

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

# Risk Register

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

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)			
	Impact	Probability				Current Risk Rating	Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> <li><b>Comprehensive website is continually updated and developed</b> <i>Implemented</i></li> <li><b>My Pension Online is used to enhance the service provided to scheme members</b> <i>Implemented</i></li> <li><b>Quarterly meetings with independent adviser and investment managers</b> <i>Implemented</i></li> <li><b>Communications Policy in place</b> <i>Implemented</i></li> <li><b>Annual Employer &amp; Consultative Meeting</b> <i>Implemented</i></li> </ul>	<p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager</p> <p>Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p>				

# Risk Register

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

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
<p><b>DPFOP0012 - Liquidity/cashflow risk - insufficient funds to meet liabilities as they fall due</b>                      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"> <li>• <b>Monthly cash and dividend reconciliations</b> <i>Implemented</i></li> <li>• <b>Quarterly monitoring of investment managers by Pension Committee</b> <i>Implemented</i></li> <li>• <b>Appointment of custodian</b> <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
<p><b>DPFOP0013 - Loss of funds through fraud or misappropriation in investment related functions</b>                      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"> <li>• <b>Internal and External Audit regularly test that appropriate controls are in place and working</b> <i>Implemented</i></li> <li>• <b>Regulatory control reports from investment managers, custodian, etc., are also reviewed by audit.</b> <i>Implemented</i></li> </ul>	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 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		
	Impact	Probability					Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> <li>• <b>Due diligence is carried out whenever a new manager is appointed.</b> <i>Implemented</i></li> <li>• <b>Reliance also placed in Financial Conduct Authority registration.</b> <i>Implemented</i></li> <li>• <b>Quarterly monitoring by Pension Committee and Independent Adviser</b> <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager				
<b>DPFOP0014 - Excessive levels of Pension Fund Cash held within Carmarthenshire County Council investment balances</b> High dividend / interest receipts and low benefit payments being made in period.  Lower cash like return instead of equity or bond investment returns.	<b>Significant</b>  3	<b>Unlikely</b>  2	<b>Medium</b>  6	<ul style="list-style-type: none"> <li>• <b>Monthly cash reconciliations and separate pension fund bank accounts</b> <i>Implemented</i></li> <li>• <b>Quarterly monitoring by Pension Fund Committee</b> <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Significant</b>  3	<b>Improbable</b>  1	<b>Very Low</b>  3

# Risk Register

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

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> <li>Internal Audit and Wales Audit Office review <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager				
<p><b>DPFOP0015 - Lack of expertise on Pension Fund Committee and/or amongst Officers</b> 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>	Significant 3	Likely 4	High 12	<ul style="list-style-type: none"> <li>Ensure Officers are trained and up to date in key areas through courses, seminars, reading, discussions with consultants, etc. <i>Implemented</i></li> <li>Members given induction training on joining Committee with subsequent opportunities to attend other specialist training. <i>Implemented</i></li> <li>Members' training plan and Governance Policy established <i>Implemented</i></li> <li>Specialist assistance available from consultants and independent adviser <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9

# Risk Register

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

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
<b>DPFOP0016 - Prolonged failure of investment managers to achieve the returns specified on their mandates</b> 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"> <li>Quarterly monitoring of investment managers and performance company reports by investment team and Pension Committee <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
<b>DPFOP0017 - Failure to meet statutory deadlines leading to qualification of the accounts</b> 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"> <li>Timetabled Audit Committee cycles <i>Implemented</i></li> <li>Liaise with external audit <i>Implemented</i></li> <li>Establish closedown timetable <i>Implemented</i></li> <li>Establish WAO working paper guidance &amp; planning document <i>Implemented</i></li> </ul>	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 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> <li>Excellent time management skills <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager				
<b>DPFOP0018 - Adequate skilled resources not available for accounts preparation</b> 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"> <li>Appropriate Treasury &amp; Pension Investments structure in place <i>Implemented</i></li> <li>Arrange training courses and seminars, and mentoring <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9
<b>DPFOP0019 - Failure to recover all debts</b> Lack of communication between fund officers and administering authority officers (debtors); lack of monitoring / recovery procedures.  Loss of income to the Fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to Fund employers	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> <li>Use of specialist debt recovery section within the administering authority <i>Implemented</i></li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager		Moderate 2	Improbable 1	Very Low 2



# Risk Register

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

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		
	Impact	Probability					Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> <li>• <b>Monthly monitoring of debts due</b> <i>Implemented</i></li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager				
<p><b>DPFOP0020 - Officers acting outside delegated authority</b> 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><b>Substantial</b></p> <p>4</p>	<p><b>Unlikely</b></p> <p>2</p>	<p><b>Medium</b></p> <p>8</p>	<ul style="list-style-type: none"> <li>• <b>Undertake regular review of Standing Orders &amp; Constitution</b> <i>Implemented</i></li> <li>• <b>Report to Executive Board</b> <i>Implemented</i></li> <li>• <b>Monitoring officer role</b> <i>Implemented</i></li> </ul>	<p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p>		<p><b>Substantial</b></p> <p>4</p>	<p><b>Improbable</b></p> <p>1</p>	<p><b>Low</b></p> <p>4</p>

# Risk Register

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

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
<p><b>DPFOP0021 - Non-performance by Officers and Committee Members</b> 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"> <li>Establish performance measurement system <i>Implemented</i></li> <li>Pension Committee member assessments <i>Implemented</i></li> <li>Officer appraisals in October and March annually <i>Implemented</i></li> <li>Regular internal and external audits <i>Implemented</i></li> </ul>	<p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p>		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 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> <li>Establish &amp; review training plan for officers and members <i>Implemented</i></li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager				
<p><b>DPFOP0022 - Failure to operate strict financial and budgetary controls</b> 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><b>Substantial</b></p> <p>4</p>	<p><b>Possible</b></p> <p>3</p>	<p><b>High</b></p> <p>12</p>	<ul style="list-style-type: none"> <li>Quarterly monitoring of budgets <i>Implemented</i></li> <li>Quarterly forecasting and profiling of budgets <i>Implemented</i></li> <li>Closure of accounts to Audit Committee <i>Implemented</i></li> <li>Monthly reconciliations of contributions, dividends, and pension payroll <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<p><b>Substantial</b></p> <p>4</p>	<p><b>Unlikely</b></p> <p>2</p>	<p><b>Medium</b></p> <p>8</p>

# Risk Register

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

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

Date: **5 September, 2022**

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

# Risk Register

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

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

Date: **5 September, 2022**

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

# Risk Register

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

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		
	Impact	Probability					Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> <li>• <b>Technical Officer ensures legislative accuracy of calculations</b> <i>Implemented</i></li> </ul>	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"> <li>• <b>Participation in all high level Government discussions and consultations</b> <i>Implemented</i></li> <li>• <b>Ensure best practice is implemented and DPF is seen as a centre of excellence for pension administration</b> <i>Implemented</i></li> <li>• <b>Continue to be recognised nationally by peers as one of the leaders in pension administration and facilitate site visits</b> <i>Implemented</i></li> </ul>	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**

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> <li>• <b>Society of Welsh Treasurers review the suitability of existing and any new pension fund arrangements</b> <i>Implemented</i></li> <li>• <b>CIPFA Pensions Network membership</b> <i>Implemented</i></li> <li>• <b>Technical Officer ensures legislative accuracy of calculations</b> <i>Implemented</i></li> </ul>	<p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; 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"> <li>• <b>Inter valuation monitoring and rate reassessment if appropriate</b> <i>Implemented</i></li> </ul>	Pensions Manager		Significant 3	Unlikely 2	Medium 6

# Risk Register

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

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> <li>• <b>Identification of any issue and resolution via regular site visits by Communication &amp; Training Officer</b> <i>Implemented</i></li> <li>• <b>Requirement for employing authorities to issue termination forms for each active member</b> <i>Implemented</i></li> <li>• <b>Validation of membership numbers</b> <i>Implemented</i></li> <li>• <b>Employer covenant checks</b> <i>Implemented</i></li> </ul>	Pensions Manager  Pensions Manager  Pensions Manager  Pensions Manager				
<b>DPFST0004 - Significant rises in employer contributions due to increases in liabilities or fall in assets</b> 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"> <li>• <b>Use qualified actuary who uses assumptions and recommends appropriate recovery period and strategy</b> <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		Significant  3	Possible  3	Medium  9



# Risk Register

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

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
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"> <li><b>Quarterly monitoring of investment managers by Pension Committee</b> <i>Implemented</i></li> <li><b>Diversified Strategic Asset Allocation</b> <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager				
<b>DPFST0005 - Failure of Investment Strategy to deliver investment objectives</b> Inaccurate triennial valuation assumptions used. Incorrect recovery period used.  Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employer's costs.	<b>Significant</b>  3	<b>Likely</b>  4	<b>High</b>  12	<ul style="list-style-type: none"> <li><b>Qualified Actuary makes assumptions and recommends appropriate recovery period and strategy.</b> <i>Implemented</i></li> <li><b>Independent Investment adviser employed to assist the committee in making informed decisions.</b> <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Significant</b>  3	<b>Possible</b>  3	<b>Medium</b>  9
<b>DPFST0006 - Concentration risk - single asset class having disproportionate impact on investment objectives</b> Risk of the performance of a single asset class having a disproportionate	<b>Substantial</b>  4	<b>Possible</b>  3	<b>High</b>  12	<ul style="list-style-type: none"> <li><b>Establish &amp; review diversified strategic asset allocation</b> <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		<b>Substantial</b>  4	<b>Unlikely</b>  2	<b>Medium</b>  8

# Risk Register

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

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
<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"> <li><b>Proactive in decision making</b> <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager				
<p><b>DPFST0007 - Counterparty risk - risk of other party in a transaction failing to meet its obligation to the fund</b> 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>	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li><b>Set appropriate parameters with fund managers and custodian to limit exposure to default risk</b> <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8
<p><b>DPFST0008 - Interest rate risk</b> Arises from risk of exposure to significant interest rate movements on investments.</p> <p>Bond yields and cash decrease in value.</p>	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li><b>Establish &amp; review diversified strategic asset allocation</b> <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8

# Risk Register

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

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
<p><b>DPFST0009 - Discount rate risk</b> 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"> <li>Engage qualified actuary to make assumptions <i>Implemented</i></li> <li>Engage independent adviser to assist the committee in making informed decisions <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
<p><b>DPFST0010 - Price risk</b> 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"> <li>Establish &amp; review a diversified strategic asset allocation. <i>Implemented</i></li> <li>Anticipate long term returns on a prudent basis. <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
<p><b>DPFST0011 - Foreign exchange risk</b> 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"> <li>Establish &amp; review diversified (within regions) strategic asset allocation <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

# Risk Register

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

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

Date: **5 September, 2022**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
contribution rates become unacceptable, causing a potential increase in employers' costs.									
<b>DPFST0012 - Global financial markets impacted by economic climate, national/global austerity measures and geopolitical events</b>	<b>Catastrophic</b> 5	<b>Possible</b> 3	<b>High</b> 15	<ul style="list-style-type: none"> <li>Ongoing review by Pension Committee, Officers and Independent Adviser of the global economy and potential global instability. <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12

## DYFED PENSION FUND COMMITTEE

Date 29/09/2022

### Training Plan 2022-2023

To provide the Dyfed Pension Fund Committee with the Training Plan 2022-2023.

#### Recommendations / key decisions required:

The Committee to approve the Training Plan 2022-2023.

#### Reasons:

To provide the Dyfed Pension Fund Committee with the Training Plan 2022-2023.

Relevant scrutiny committee to be consulted: NA

Cabinet Decision Required : NA

Council Decision Required : NA

CABINET MEMBER PORTFOLIO HOLDER:- NA

Directorate: Corporate Services

Name of Head of Service:  
Chris Moore

Report Author: Chris Moore

Designations:

Director of Corporate Services,  
Carmarthenshire County Council

Tel Nos. 01267 224120

E Mail Address:  
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
DATE 29/09/2022**

**Training Plan 2022-2023**

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

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

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

Signed: **C Moore**

**Director of Corporate Services**

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

# CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

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

NA

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

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

**THERE ARE NONE**

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



## DYFED PENSION FUND

### Committee Members and Officers Training 2022-2023

#### Committee Members

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

#### Officers

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

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

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

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

## DYFED PENSION FUND COMMITTEE

Date 29/09/2022

### Wales Pension Partnership (WPP) – Operator Update

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

**Recommendations / key decisions required:**

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

**Reasons:**

To provide an update on the following key areas:

- Current Fund Holdings
- Fund Launch Progress
- Link / Russell Investments Corporate Update and Engagement

Relevant scrutiny committee to be consulted: NA

Cabinet Decision Required : NA

Council Decision Required : NA

CABINET MEMBER PORTFOLIO HOLDER:- NA

Directorate: Corporate Services  Name of Head of Service: Chris Moore  Report Author: Chris Moore	Designations:  Director of Corporate Services, Carmarthenshire County Council	Tel Nos. 01267 224120  E Mail Address: CMoore@carmarthenshire.gov.uk
---------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------	-------------------------------------------------------------------------------

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
DATE 29/09/2022**

**Wales Pension Partnership (WPP) – Operator Update**

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

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

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

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

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

Signed: **C Moore**

Director

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

## CONSULTATIONS

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

Signed: C Moore

Director

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

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

NA

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

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

**THERE ARE NONE**

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

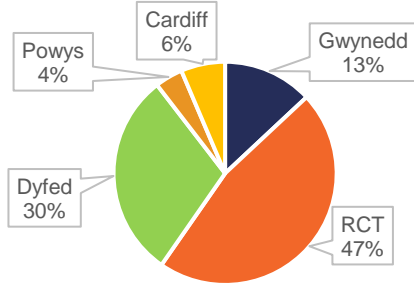
# Wales Pension Partnership

## Q1 2022 review

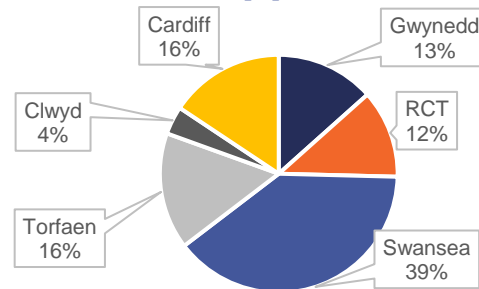
Joint Governance Committee  
8th July 2022

# March 2022 Fund Snapshot - Equities

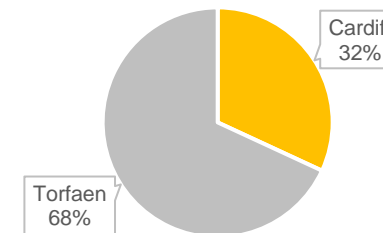
## Global Growth



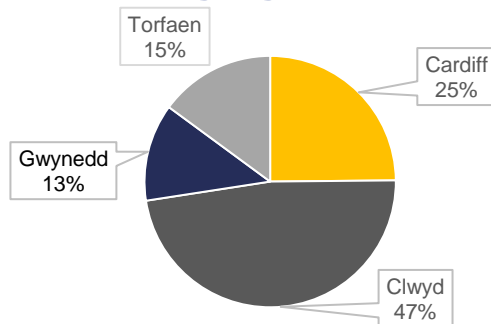
## Global Opportunities



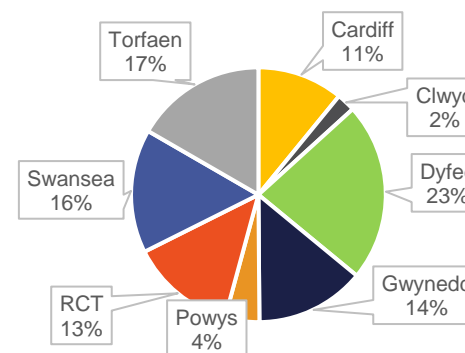
## UK Opportunities



## Emerging Markets



## Passive\*



Key:

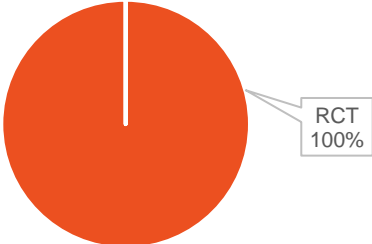
- Dyfed
- Powys
- Gwynedd
- RCT
- Torfaen
- Clwyd
- Swansea
- Cardiff

\* Assets with BlackRock

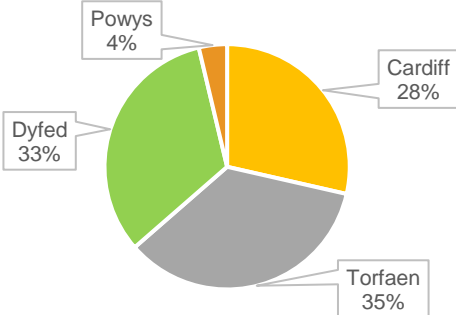


# March 2022 Fund Snapshot - Fixed Income

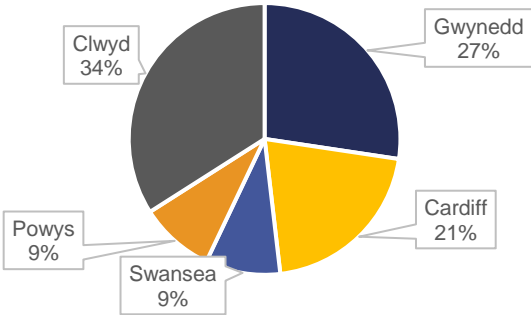
**Sterling Credit**



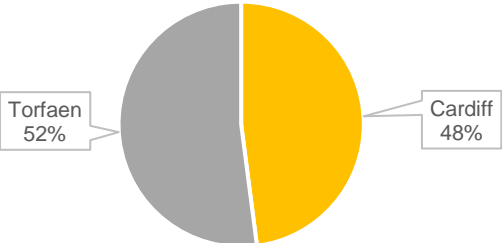
**Global Credit**



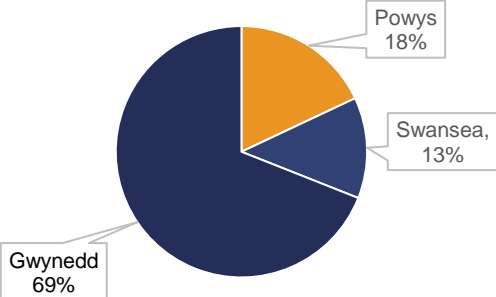
**Multi Asset Credit**



**Global Gov. Bond**



**Absolute Return Bnd**



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

# March 2022 LF Wales PP Fund AUM

Fund	AUM	Inception date
Global Growth	£3,303,494,324	6 <sup>th</sup> Feb 2019
Global Opportunities	£3,387,940,322	14 <sup>th</sup> Feb 2019
UK Opportunities	£730,277,801	10 <sup>th</sup> Oct 2019
Emerging Markets	£464,615,396	20 <sup>th</sup> Oct 2021
Sterling Credit	£574,224,152	19 <sup>th</sup> Aug 2020
Global Credit	£757,658,876	21 <sup>st</sup> Aug 2020
Multi Asset Credit	£723,183,882	12 <sup>th</sup> Aug 2020
Global Government Bond	£507,272,837	20 <sup>th</sup> Aug 2020
Absolute Return Bond	£509,602,394	30 <sup>th</sup> Sept 2020
<b>Total Active Investments</b>	<b>£10,958,269,984</b>	
<b>Total Passive Investments</b>	<b>£5,599,926,568</b>	
<b>Total Pooled Assets</b>	<b>£16,558,196,552</b>	

# Fund Launches & Updates

Progress Report

# Fund Activity in the Period

## Key Achievements & Updates

Fund Launches Progress				
	Overview	Status	Progress in period	Launch / completion dates
<b>UK Opps decarb</b>	<ul style="list-style-type: none"> <li>Addition of the Russell Investments decarb function to the UK Opportunities fund</li> </ul>	In progress	<ul style="list-style-type: none"> <li>Host Authority (on behalf of WPP), Torfaen and Cardiff officially approve the addition of the decarb function on the UK Opportunities fund</li> <li>LFS to progress through internal governance</li> </ul>	June 1 <sup>st</sup> 2022
<b>Sustainable Equity fund</b>	<ul style="list-style-type: none"> <li>Establishment of a sustainable equities fund</li> </ul>	In progress	<ul style="list-style-type: none"> <li>Russell Investments to present paper to JGC 8<sup>th</sup> July 2022</li> </ul>	

# LFS Corporate Update & Engagement

# LFS Corporate Update & Engagement

## LFS updates

- Eamonn Gough, Senior Relationship Manager to the WPP, has left the organisation and is replaced by James Zealander who will take responsibility for the WPP/LFS relationship
- Link Fund Solutions Limited (LFSL) is aware that two law firms have filed a claim in relation to the LF Equity Income Fund (formerly, the LF Woodford Equity Income Fund). The law firms have submitted an application for a Group Litigation Order. LFSL has not yet been served with any proceedings and will vigorously defend itself in such an event.
- The meeting of Link Group shareholders to consider and vote on the proposed acquisition of Link Group by Dye & Durham Corporation is set for 13 July 2022. This is subject to certain approvals being received including the decision of the Australian Competition and Consumer Commission which is due 16 June 2022.

## Key Q1 and future WPP Engagement

### Link attendance at OWG/JGC meetings in period:

- OWG 1<sup>st</sup> Feb 2022
- JGC 23<sup>rd</sup> March 2022

### Link attendance at OWG/JGC meetings in next quarter:

- OWG 24<sup>th</sup> May 2022
- JGC 8<sup>th</sup> July 2022

### Link - Pension Committee attendance in period:

- Gwynedd 17<sup>th</sup> Jan 2022
- Clwyd 9<sup>th</sup> Feb 2022
- RCT 8<sup>th</sup> March 2022
- Dyfed 29<sup>th</sup> March 2022

### Link - Pension Committee attendance in next quarter :

- None

### Other meetings in period

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

### Other meetings in next quarter

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

# LFS Engagement Protocol

## Business as Usual

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

# Link Engagement Protocol continued...

## Business as Usual

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



## DYFED PENSION FUND COMMITTEE

Date 29/09/2022

### Equity Restructure Phase III

**The Committee to approve the Equity Restructure Phase III report.**

**Recommendations / key decisions required:**

The Committee to approve an allocation of 5% of the Fund to the Wales Pension Partnership Sustainable Equity Sub Fund.

**Reasons:**

In response to recent Strategic Asset Allocation and equity reviews.

Relevant scrutiny committee to be consulted: NA

Cabinet Decision Required : NA

Council Decision Required : NA

CABINET MEMBER PORTFOLIO HOLDER:- NA

Directorate: Corporate Services

Name of Head of Service:  
Chris Moore

Report Author: Chris Moore

Designations:

Director of Corporate Services,  
Carmarthenshire County Council

Tel Nos. 01267 224120

E Mail Address:  
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
DATE 29/09/2022**

**Equity Restructure Phase III**

The Committee agreed previous restructures of the equity portfolio in March and December 2021 (incorporating the BlackRock low-Carbon global equity portfolio, the transition of WPP's Baillie Gifford Global Growth investments to Baillie Gifford's Global Alpha Paris Aligned strategy, and a reduction in equity to increase allocations to Schroders (Property) and BlackRock (Strategic Alternative Income Fund)).

The current proposal represents a third phase of the equity restructure aimed at rationalising the legacy regional equity portfolios, reducing the carbon footprint further and continuing our progress on pooling.

**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
<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

### **Finance**

Allocation of 5% of the Fund to the Wales Pension Partnership Sustainable Equity Sub Fund, funded from Dyfed Pension Fund's legacy regional equity portfolios.

## CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

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

NA

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

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

**THERE ARE NONE**

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

REPORT PREPARED FOR

**Dyfed Pension Fund**  
**Equity Restructure (Phase III)**

29 / 9 / 2022

**Adrian Brown**  
**MJ Hudson Allenbridge**

This document is prepared for the Pension Committee of the person on the front cover of this document on the basis of our investment advisory agreement. No liability is admitted to any other user of this report and if you are not the named recipient you should not seek to rely upon it. To the extent this report contains investment advice that advice is restricted to those funds the investment committee has requested that MJ Hudson Allenbridge assess for suitability in meeting the Strategic Asset Allocation.

This document is issued by MJ Hudson Allenbridge. MJ Hudson Allenbridge is a trading name of MJ Hudson Allenbridge Holdings Limited (No. 10232597), MJ Hudson Investment Advisers Limited (04533331), MJ Hudson Investment Consulting Limited (07435167), and MJ Hudson Investment Solutions Limited (10796384). All are registered in England and Wales. MJ Hudson Investment Advisers Limited (FRN 539747) and MJ Hudson Investment Consulting Limited (FRN 541971) are Appointed Representatives of MJ Hudson Advisers Limited (FRN 692447) which is Authorised and Regulated by the Financial Conduct Authority. The Registered Office of MJ Hudson Allenbridge Holdings Limited is 1 Frederick's Place London, EC2R 8AE.

*Note : Performance and valuation data is sourced from custodian (Northern Trust) data, wherever possible. This may differ marginally from manager reported returns due to data sources and calculation methodology. Performances over 1 year are annualised geometrically.*

## Context – Asset Allocation

Asset Allocation refers to the mix of assets which the Fund holds, in order to meet its investment objectives. These objectives clearly require making adequate returns, to allow the Fund to meet its pension payment liabilities, but may also include responsible investment (RI) objectives (eg climate).

The “Strategic Asset Allocation” (SAA) is driven by the *balance* of the investment return required to meet pension liabilities and the desire to minimise employer contributions though taking investment risk when/where the Fund is able, in order to maximise investment returns. It is set every 3 years, at the valuation. The current valuation will be completed early 2023. The table below show the asset allocation at 30 June 2022.

Asset Class	Fund weight (30/06/22)	Target SAA weight	Difference vs. SAA
Equities	70.8%	65%	+5.8%
Fixed Interest	8.8%	10%	- 1.2%
Property	15.7%	15%	+ 0.7%
Alternatives / infrastructure	4.0%	10%	- 6.0%
Cash	0.7%	0%	+0.7%

However, we may adjust the asset allocation (including the sub-asset classes within the asset classes above, eg regional equity allocations) between valuations :-

- To rebalance our portfolio back towards the SAA, taking advantage of market moves
- To meet our RI objectives, notably re: climate-related investment risk, as outlined in the Fund’s RI policy. The Fund currently aims to help drive improved behaviours through active engagement (with consequences), as well as contributing to the transition, through its ambition to reduce the carbon emissions of its investments by 7% per annum over the medium term (compared to a baseline set in Sept 2020.)
- To improve the governance of the Fund. This includes simplifying/improving cost in the manager line-up as well as complying with guidance to Pool assets where practicable (currently 38% of assets are managed by the WPP, rising to c. 80%, including the Blackrock passive assets, managed under Pool-agreed fees).

## Background

The Committee agreed previous restructures of the equity portfolio in March and December 2021 (incorporating the BlackRock low-Carbon global equity portfolio, the switch of WPP’s growth sleeve to Baillie Gifford Global Alpha Paris Aligned strategy, and a modest reduction in equity in favour of property / Secure Assets Income Fund). The current proposals represent a third phase of our proposed actions aimed at rationalising the legacy regional equity portfolios, reducing Carbon footprint, and continuing our progress on Pooling.

The table below details some characteristics of the legacy regional equity portfolios, together with those of the WPP sustainable Equity Fund, discussed below :-

Asset Class	Fund weight (30/06/22)	Index Performance (YTD June, %)	Index P/E (June, x)	C-Intensity /sales (scope 1+2 / 3)
UK	17.6	- 0.4	10.6	135 / 894
Emerging Markets	8.5	- 13.1	11.1	328 / 914
Japan (active)	3.4	- 5.1	12.5	94 / 785
Europe	2.5	- 12.0	12.4	122 / 650
WPP Sustainable Equity* (active)	-	- 15.6	14.0	85/na.

\*MSCI ACWI index

## WPP sustainable equity.

Russell have constructed this portfolio by combining 5 sustainable global equity managers with differing (complementary) investment styles and concentrated portfolios. They combine to offer a performance target of 2% above the MSCI ACWI index, with a 3-5% tracking error (similar return and risk targets to the existing Global Growth portfolio). Fees are expected to be 37bps (WPP GG = 35bps) assuming the strategy raises £500m in total. All 5 managers apply sustainability criteria in their investment decisions, including exclusion of companies involved in thermal coal, oil sands, palm oil tobacco and controversial weapons. In addition, Robeco will manage overall stewardship/engagement and the strategy overall will be Paris-Aligned (ie targeting reducing emissions over time) aiming to reach net-zero emissions by 2040. It is expected to have a Carbon-intensity of c. 85 tCO<sub>2</sub>/£m sales, to be c.3% underweight the Energy sector, with a slight bias to Growth, an overweight to Europe and a modest underweight Emerging Markets.

**The fund will be launched in November/December 2022, so the Committee needs to decide whether to make an allocation now.**

## Proposal

**Allocate 5% (£160m) to the WPP Sustainable Global Equity strategy, funded by taking 3% from UK (passive) and 2% from Emerging Markets (passive) regional equity allocations.**

WPP Sustainable Equity strategy offers an actively managed sustainable portfolio. Active managers will focus not only on currently low carbon emitters, but also on companies which are expected to improve their performance, thereby offering the potential to outperform as well as effecting real change in the carbon outcomes. As such, this Fund will complement the existing allocation to Blackrock's passive low-Carbon Fund, which delivers more exposure to current low emitters.

UK and EM portfolios are not only the highest C-intensity regions, but they are also represent Dyfed's largest regional overweights vs. the global index. In addition, the UK has performed well in the market rotation this year, significantly outperforming the US, making it timely to increase allocations to a global (>50% US) strategy. The 5% allocation is enough to have a material impact on our RI goals, while controlling the risk of investing in a new Fund, and also maintaining a good level of regional diversification within our equity portfolio.

**This transition delivers a more diversified regional equity allocation, an estimated 7% reduction in pro-forma 2022 C-intensity of Dyfed's equity portfolio and a 5% increase in WPP-managed assets.**

The proposed changes are illustrated in the table below :-

Asset Class (Equities)	Fund weight (30/06/22)	Proposed Change (%)	Resultant weight (pro-forma % 31/3/ 22)
UK (passive)	17.6	-3.0	14.6
Emerging Markets (passive)	8.5	-2.0	6.5
Global – WPP Sustainable Equity (active)	-	+5.0	5.0

Including all the equity portfolios, this would result in Dyfed's equity holdings having the following regional weights as % total equity pro-forma as at June 2022.

Region	Dyfed Actual %	MSCI ACWI %	Proposed % (pro-forma)
N. America	36	64	38
UK	30	4	27
Europe ex UK	12	13	12
Dev. Asia	9	9	10
EM	15	11	13
Total Equity	100	100	100

This page is intentionally left blank



# Agenda Item 14

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

Document is Restricted

This page is intentionally left blank

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.

Document is Restricted

This page is intentionally left blank

# Agenda Item 15

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

Document is Restricted

This page is intentionally left blank

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.

Document is Restricted

This page is intentionally left blank



# 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.

Document is Restricted

This page is intentionally left blank

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.

Document is Restricted

This page is intentionally left blank

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.

Document is Restricted

This page is intentionally left blank

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.

Document is Restricted

This page is intentionally left blank



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.

Document is Restricted

This page is intentionally left blank

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.

Document is Restricted

This page is intentionally left blank