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THURSDAY, 13 JUNE 2024

TO: ALL MEMBERS OF THE DYFED PENSION FUND COMMITTEE

I HEREBY SUMMON YOU TO ATTEND A **MULTI-LOCATION 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 WEDNESDAY, 19TH JUNE, 2024** FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED AGENDA

Wendy Walters

CHIEF EXECUTIVE

Democratic Officer:	Julie Owens
Telephone (direct line):	01267 224088
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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 Peter Cooper

NOMINATED SUBSTITUTE (1)

Councillor Neil Lewis

AGENDA

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF PERSONAL INTERESTS**
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15. **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THE REPORTS RELATING TO THE FOLLOWING ITEMS ARE NOT FOR PUBLICATION AS THEY CONTAIN EXEMPT INFORMATION AS DEFINED IN PARAGRAPH 14 OF PART 4 OF SCHEDULE 12A TO THE LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT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.
16. **INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 31 MARCH 2024** 135 - 146
17. **NORTHERN TRUST PERFORMANCE REPORT TO 31 MARCH 2024** 147 - 158
18. **INVESTMENT MANAGER REPORTS TO 31 MARCH 2024** 159 - 270

UNANIMOUSLY RESOLVED that the minutes of the Dyfed Pension Fund Pension Board meeting held on the 22nd January 2024 be noted.

5. DYFED PENSION FUND PENSION BOARD REPORT 22 JANUARY 2024

The Committee received the Pension Board report presented by the Chair of the Dyfed Pension Fund Pension Board providing an update of the items discussed at the Board meeting held on 22nd January 2024.

In response to a question on investments in fossil fuels, the Director of Corporate Services confirmed the investment portfolio was on a journey to achieving a reduction in carbon exposure.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Pension Board Report for the Meeting held on 22nd January 2024 be received.

6. BUDGET MONITORING 1 APRIL 2023 - 31 DECEMBER 2023

The Committee received the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the 2023/24 financial year. It was noted that the current position, as at 31st December 2023, was an under spend compared to budget of £1.8m.

It was reported that whilst the expenditure was projected to be overspent by £2.8m, due to lump sum retirement benefits forecasted to be £3.9m more than the budget, transfers out of £715k more than budget and management expenses of £310k more than budget. Offsetting those overspends were pensions payable forecasted to be £1.1m underspent and lump sum death benefits forecasted to be underspent by £1m. In relation to pensions payable, at the budget setting for 2023-24, an increase of 2.2% had been included to estimate the additional pensions paid on new pensioner members for the year and, to date, the actual increase in pensioner membership had been closer to 1%.

In terms of income, contributions were forecasted to be £4.6m more than budgeted, mostly attributable to employee pensionable pay being higher than anticipated at budget setting due to a higher pay award. Furthermore, a higher augmentation income than anticipated at the budget setting had been received from Employers. Transfers in were forecasted to exceed the budget by £1.8m and investment income was forecasted to be below budget by £1.8m.

Overall, total expenditure was estimated at £125.6m and total income estimated at £127.4m which resulted in a positive cash flow position of £1.8m.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Budget Monitoring Report for the period 1st April 2023 to 31st December 2023 be received.

7. DYFED PENSION FUND BUDGET 2024-2025

Note: These minutes are subject to confirmation at the next meeting.

The Committee considered the Dyfed Pension Fund Budget for 2024-25 and noted that the expenditure budget had been set at £133.6m and the income budget at £133.6m, resulting in a zero net budget thereby providing the Fund with flexibility to utilise investment income based on budgetary requirements.

With regard to expenditure levels, the Committee noted that benefits payable had been estimated to be £118m which included provision for a 6.7% pensions' increase, based on the September 2023 CPI, together with a 1.5% increase in pensioner and deferred members. In addition, an increase in budget had also been allocated for lump sum retirement benefits and payments to and account of leavers.

Management expenses had been estimated at £11.9m, of which £9.4m had been budgeted for investment manager fees.

It was noted that contributions were estimated at £104.5m comprising employer contributions of £76.1m and employee contributions of £28.4m. Contribution rates for employers had been amended to reflect the results of the 2022 triennial valuation. An additional 4% had also been factored in for pay awards for the year.

It was further noted that investment income was estimated at £25.7m to maintain a cash neutral budget so the fund was not holding onto surplus cash that could be invested.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Budget for 2024-25 be approved.

8. CASH RECONCILIATION AS AT 31 DECEMBER 2023

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 December 2023, £15.4m of cash was being held by Carmarthenshire County Council on behalf of the Fund for immediate cash flow requirements to pay pensions, lump sums and investment management costs.

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

9. PENSIONS ADMINISTRATION REPORT

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

In response to a question, it was confirmed the Pensions team was liaising and assisting Coleg Ceredigion. Coleg Sir Gar, Pembrokeshire College and the Dyfed Powys Police on transitioning to i-connect.

Note: These minutes are subject to confirmation at the next meeting.

With regard to the operation of the Business Continuity Plan, it was confirmed two data centres were operational and that should one suffer a breakdown, the secondary centre would become operational.

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

10. BREACHES REPORT

The Committee received for consideration the Breaches Report in relation to the Dyfed Pension Fund which had been prepared in accordance with Section 70 of the Pension Act 2004, Code of Practice no 14 and the Dyfed Pension Fund Breaches Policy.

The Committee's attention was referred to the list of breaches appended to the report which detailed the instances where employee/employer contributions had not been received on time. In that regard, the Pension Investment Officer reminded the Committee of a breach previously reported in relation to Burry Port Marina Ltd who had regularly failed to pay contributions as required into the Fund. The report confirmed that The Pensions Regulator had also been advised of the Breach and that the Employer had now entered into administration with the contributions owed to the Fund at that time being estimated to be £7,230.56. Subsequently, and following an agreement reached with the company's administrators, it was noted those contributions had been paid over to the fund on the 29th February 2024.

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

11. RISK REGISTER

The Committee received for consideration the Risk Register which detailed the risks identified in relation to the functions of the Dyfed Pension Fund.

The Committee was advised that following significant work undertaken in reviewing the register, a new risk had been added being risk G8 – Environmental, Social and Governance

The Committee was further advised that risks had now been categorised into three new sub-headings of Governance and Regulatory (8 risks), Funding and Investments (13 risks) and Operational (16 risks) which would be reviewed at its June, September and November meetings respectively.

UNANIMOUSLY RESOLVED that the risk register report be noted.

12. GOVERNANCE POLICY AND COMPLIANCE STATEMENT

The Committee considered an updated Governance Policy and Compliance Statement for the Dyfed Pension Fund following a recent review which set out the

Note: These minutes are subject to confirmation at the next meeting.

Fund's compliance with best practice principles relating to structure, representation, selection, voting, training, meetings, access, scope and publicity.

It was noted that the Policy detailed arrangements in relation to:

- The Governance of the Fund
- Terms of Reference for the Pension Committee
- Delegation to the Director of Corporate Services and Head of Financial Services
- Committee meetings
- The Annual Consultative Meeting
- The Pension Board

UNANIMOUSLY RESOLVED that the updated Governance Policy and Compliance Statement for the Dyfed Pension Fund be approved.

13. INVESTMENT STRATEGY STATEMENT

The Committee considered an updated Investment Strategy Statement for the Dyfed Pension Fund reflecting the Revised Strategic Asset Allocation Review approved by the Committee on the 22nd September 2023 that recommended a 5% allocation to Private Credit funded from the Equity Portfolio, as detailed in the report

The Committee noted that The Investment Strategy Statement was an important governance document for the Fund that set out the current investment strategy of the Fund, provided transparency in relation to how the Fund's investments were managed, acted as a high-level risk register, and had been designed to be informative for all stakeholders.

UNANIMOUSLY RESOLVED that the updated Investment Strategy Statement for the Dyfed Pension Fund be approved.

14. BUSINESS PLAN 2024-2025

The Committee received for consideration the Dyfed Pension Fund Business Plan for the period 2024-2025 the purpose of which was to:

- Provide information about the Fund and how it was run.
- Explain the background and governance structure of the Fund.
- Outline the principal responsibilities of the Fund.
- Introduce the Fund's key documents.
- Highlight the Fund's investment strategy including strategic asset allocation.
- Provide key statistics for the Fund.
- Outline the financial budget for the next year.
- Outline the priorities and business objectives of the Fund over the next year.

Note: These minutes are subject to confirmation at the next meeting.

Following a question, it was confirmed the 2022 Triennial Review of the Dyfed Pension Fund had resulted in a reduction of Employer contributions for some of the Employers in the scheme depending on their individual circumstances and member profiles. It was noted that preparatory works had also commenced on the 2025 review.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund's Business Plan for the period 2024-25 be approved.

15. TRAINING PLAN

The Committee received for consideration an update on the 2023/24 Training Plan which detailed the schedule of committee meetings, and training events for members and officers of the Dyfed Pension Fund, together with the proposed 2024-2025 plan.

UNANIMOUSLY RESOLVED that the Training Plan for 2023/24 be noted and the Training Plan for 2024/25 be approved.

16. WALES PENSION PARTNERSHIP (WPP) BUSINESS PLAN 2024-2027

The Committee received for consideration the Wales Pension Partnership (WPP) Business Plan for the period 2024-2027, drafted in accordance with Section 6 of the Inter Authority Agreement, detailing the Fund's priorities and areas of focus over the plan period with the purpose being to:

- Explain the background and governance structure of the WPP.
- Outline the priorities and objectives of the WPP over the next three years.
- Introduce the WPP's policies and plans.
- Outline the financial budget for the relevant Business Plan period.
- Summarise the WPP's Investments & Performance Objectives.

It was noted that, if approved, by all partners, the Plan would be constantly monitored, formally reviewed and agreed annually.

UNANIMOUSLY RESOLVED, that the Wales Pension Partnership Business Plan for the period 2024-27 be approved.

17. WALES PENSION PARTNERSHIP (WPP) JOINT GOVERNANCE COMMITTEE (JGC) UPDATE

The Committee received for consideration an update from the WPP's JGC meeting held on the 13th March 2024 providing an update on the following:

- Governance
- On-going Sub-Fund Development
- Operator Services
- Investments and Reporting
- Communication and Training

Note: These minutes are subject to confirmation at the next meeting.

- Resources, Budget and Fees
- Training Plan

The report also appended a summary and commentary on WPP's investment performance for Q4 2023 (October - December 2023) together with a report from GCM Grosvenor detailing Infrastructure Investments as the Dyfed Pension Fund had invested in its closed-ended infrastructure fund.

UNANIMOUSLY RESOLVED that the Wales Pension Partnership update on the Joint Governance Committee be received.

18. WALES PENSION PARTNERSHIP RESPONSIBLE INVESTMENT UPDATE - 31 DECEMBER 2023

The Committee received the WPP's Responsible Investments December 2023 update report detailing recent Responsible Investments activity together with information on the following Sub-Funds in which the Dyfed Pension Fund had invested:

- Global Growth
- Sustainable Active Equity
- Global Credit

In addition to the above, the update also provided a Stewardship Summary together with the relevant appendices numbered 1-4 within the report.

UNANIMOUSLY RESOLVED that the update report be received.

19. EXCLUSION OF THE PUBLIC

(NOTE: Following conclusion of this item, the Committee adjourned for a 10 minute comfort break)

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

20. WPP OPERATOR PROCUREMENT RECOMMENDATION REPORT

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute Item 19 above, to consider this matter in private, with the public excluded from the meeting as disclosure would be likely to adversely impact upon the Pension Fund to the detriment of fund members.

The Committee considered a report on the recent tender exercise undertaken for a new operator contract for the Wales Pension Partnership.

Note: These minutes are subject to confirmation at the next meeting.

UNANIMOUSLY RESOLVED that the appointment of bidder 3 as the preferred bidder for the New Wales Pension Partnership Operator Contract be approved.

21. ROBECO ENGAGEMENT REPORT 1 JULY 2023 - 30 SEPTEMBER 2023

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 19 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund to the detriment of fund members.

Committee received for consideration the Robeco engagement report for the reporting period 1 July 2023 – 30 September 2023. The report provided detailed statistics in relation to engagement activities undertaken on the WPP portfolio during the quarter, and a selection of case studies of engagement activity undertaken in relation to Net Zero Carbon Emissions.

UNANIMOUSLY RESOLVED that the Robeco Engagement Report for the reporting period 1 July 2023 – 30 September 2023 be noted.

22. ROBECO ENGAGEMENT REPORT 1 OCTOBER 2023 - 31 DECEMBER 2023

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 19 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund to the detriment of fund members.

Committee received for consideration the Robeco engagement report for the reporting period 1 October 2023 – 31 December 2023. The report provided detailed statistics in relation to engagement activities undertaken on the WPP portfolio during the quarter, and a selection of case studies of engagement activity undertaken in relation to Responsible Executive Remuneration.

UNANIMOUSLY RESOLVED that the Robeco Engagement Report for the reporting period 1 October 2023 – 31 December 2023 be noted.

23. GLOBAL SECURITIES LENDING REVIEW AS AT 31 DECEMBER 2023

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 19 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund to the detriment of fund members.

The Committee received for consideration a report in respect of the Global Securities Lending Review as at 31 December 2023 which provided information in terms of the securities lending which had commenced in March 2020. Northern

Note: These minutes are subject to confirmation at the next meeting.

Trust had provided a Securities Lending Performance review for Quarter 4 2023 (quarter ending 31 December 2023)

UNANIMOUSLY RESOLVED that the Global Securities Lending Review for the quarter ending 31st December 2023 be noted.

24. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 31 DECEMBER 2023

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 19 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund to the detriment of fund members.

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 December, 2023. The report also included the global market background and issues for the Committee to consider.

UNANIMOUSLY RESOLVED that the Independent Investment Adviser Report as at 31 December 2023 be noted.

25. NORTHERN TRUST PERFORMANCE REPORT TO 31 DECEMBER 2023

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 19 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund to the detriment of fund members.

The Committee considered the Northern Trust Performance report for the Dyfed Pension Fund as at 31 December 2023, which provided performance analysis at a total fund level and by investment manager for the periods since inception.

UNANIMOUSLY RESOLVED that the Northern Trust Performance report for the Dyfed Pension Fund as at 31 December 2023 be noted.

26. INVESTMENT MANAGER REPORTS TO 31 DECEMBER 2023

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 19 above, to consider this matter in private, with the public excluded from the meeting as disclosure would impact upon the Pension Fund to the detriment of fund members.

The Committee considered the investment managers reports which set out the performance of each manager as at 31st December 2023.

Note: These minutes are subject to confirmation at the next meeting.

- BlackRock – Quarterly Report 31 December 2023;
- Schroders – Q4 2023 Investment Report;
- Partners Group – Quarterly Report Q4 2023;
- WPP Global Growth Fund – 31 December 2023;
- WPP Global Credit Fund – 31 December 2023
- WPP Sustainable Active Equity Fund – 31 December 2023.

UNANIMOUSLY RESOLVED that the investment manager reports for the Dyfed Pension Fund as at 31st December 2023 be noted.

CHAIR

DATE

Note: These minutes are subject to confirmation at the next meeting.

DYFED PENSION FUND COMMITTEE DATE 19/06/2024

Dyfed Pension Fund Pension Board Minutes 14 May 2024

To inform the Committee of the meeting of the Pension Board that was held on 14 May 2024

Recommendations / key decisions required:

The Committee to note the minutes of the Dyfed Pension Fund Pension Board meeting held on 14 May 2024.

Reasons:

To inform the Committee of the meeting of the Pension Board that was held on 14 May 2024.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:

Director of Corporate
Services,
Carmarthenshire County
Council

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**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 19/06/2024**

Dyfed Pension Fund Pension Board Minutes 14 May 2024

A meeting of the Dyfed Pension Fund Pension Board took place on 14 May 2024. The following items were considered:

- Draft Minutes of the Pension Fund Committee meeting 27 March 2024
- Dyfed Pension Fund Pension Board Report 22 January 2024
- Budget Monitoring 1 April 2023 – 31 December 2023
- Dyfed Pension Fund Budget 2024-25
- Cash reconciliation as at 31 December 2023
- Pensions Administration Report
- Breaches Report
- Risk Register
- Governance Policy & Compliance Statement
- Investment Strategy Statement
- Business Plan 2024-25
- Training Plan 2023-24 & 2024-25
- Wales Pension Partnership (WPP) Business Plan 2024-2027
- WPP Joint Governance Committee Update
- WPP Responsible Investment Update – December 2023
- Pension Board Budget Monitoring 1 April 2023 – 31 March 2024
- Pension Board Work Plan 2024
- Dyfed Pension Fund Investment within the Bute Group of Companies
- WPP Operator Procurement Recommendation Report
- Robeco Engagement Report 1 July 2023 – 30 September 2023
- Robeco Engagement Report 1 October 2023 – 31 December 2023
- Global Securities Lending Review as at 31 December 2023
- Independent Advisor Performance & Risk Report to 31 December 2023
- Northern Trust Performance Report to 31 December 2023
- Investment Manager Reports to 31 December 2023

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 Manage- ment Issues	Staffing Implications	Physical Assets	Bio- diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

N/A

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

THERE ARE NONE

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

DYFED PENSION FUND PENSION BOARD

TUESDAY, 14 MAY 2024

PRESENT (In Person) J. Jones (Chair)

Board Members (In Person):

M. Evans – Employee Member Representative;
T. Bowler – Union Member Representative
Councillor A. Lenny – Employer Member Representative;

Board Member(Virtually):

R. Edwards – Employee Member Representative

Also present as an observer (Virtual):

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

Also in attendance (Virtual):

A. Brown – Independent Advisor

Also Present (In Person):

R. Hemingway, Head of Financial Services
A. Parnell, Treasury & Pension Investments Manager
K. Gerard, Pensions Manager
J. Williams, Assistant Accountant
S. Rees, Simultaneous Translator
D. Hall-Jones, Member Support Officer
K. Thomas, Democratic Services Officer

Also Present (Virtually):

E. Evans, Principal Democratic Services Officer

Chamber - County Hall, Carmarthen. SA31 1JP and remotely - 2.00 - 3.50 pm

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Wyn Thomas (Employer Member Representative) and Mr M. Rogers (Pension Member Representative).

2. DECLARATIONS OF PERSONAL INTEREST

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

3. MINUTES OF THE PENSION BOARD MEETING HELD ON THE 22ND JANUARY 2024

AGREED that the minutes of the meeting for the Pension Board held on the 22nd January, 2024 be confirmed as a correct record.

Note: These minutes are subject to confirmation at the next meeting.

4. DYFED PENSION FUND COMMITTEE MEETING 27TH MARCH 2024

4.1. DYFED PENSION FUND PENSION BOARD REPORT 22 JANUARY 2024

The Board received a report from the Independent Chair, providing an update from the Pension Board meeting held on the 22nd January, 2024 where the items discussed included:

- Audit of Financial Statements Report
- Budget Monitoring
- Pensions Administration Update
- Risk Register
- Wales Pension Partnership Update
- Robeco Engagement Report
- Investment Performance

The Pension Board welcomed the introduction of the Chair's report which would be featured on all future Pension Board agendas.

AGREED that the Dyfed Pension Fund Pension Board Report, 22nd January, 2024 be noted.

4.2. BUDGET MONITORING 1 APRIL 2023 - 31 DECEMBER 2023

The Board considered the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the period 1st April 2023 – 31st December 2023. The Committee was informed of an under spend compared to budget of £1.8m.

With regard to a question on the cost of Commutation and lump sum payments of £17.8m, being higher than budgeted, the Board was advised that was attributable to the fact the Budget, which was set in January 2023, was based on an estimate on the level of scheme members who would retire during 2023-2024.

AGREED that the report be noted.

4.3. DYFED PENSION FUND BUDGET 2024-2025

The Committee considered the Dyfed Pension Fund Budget for 2024-25 and noted that the expenditure budget had been set at £133.6m and the income budget at £133.6m, resulting in a zero net budget thereby providing the Fund with flexibility to utilise investment income based on budgetary requirements.

With regard to expenditure levels, the Committee noted that benefits payable had been estimated to be £118m which included provision for a 6.7% pensions' increase, based on the September 2023 CPI, together with a 1.5% increase in

Note: These minutes are subject to confirmation at the next meeting.

pensioner and deferred members. In addition, an increase in budget had also been allocated for lump sum retirement benefits and payments to and account of leavers.

Management expenses had been estimated at £11.9m, of which £9.4m had been budgeted for investment manager fees.

It was noted that contributions were estimated at £104.5m comprising employer contributions of £76.1m and employee contributions of £28.4m. Contribution rates for employers had been amended to reflect the results of the 2022 triennial valuation. An additional 4% had also been factored in for pay awards for the year.

It was further noted that investment income was estimated at £25.7m to maintain a cash neutral budget so the fund was not holding onto surplus cash that could be invested.

Reference was made to the impact the transfer of funds to the Wales Pension Partnership (WPP) would have on the level of investment managers fees payable. It was advised that as the transfers of funds progressed, the managers fees payable to the WPP would increase whilst, correspondingly, the fees payable to the other investment Fund managers would decrease.

AGREED that the report be noted.

4.4. CASH RECONCILIATION AS AT 31 DECEMBER 2023

The Board considered the Cash Reconciliation report which provided an update on the cash position in respect of the Dyfed Pension Fund as at 31st December, 2023 with £15.4m being held by Carmarthenshire County Council on the Fund's behalf to meet immediate cash flow requirements to pay pensions, lump sum sums and investment management costs.

It was confirmed any interest accrued on cash balances would be retained within the Fund.

AGREED that the report be noted.

4.5. PENSIONS ADMINISTRATION REPORT

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

The Pensions Manager provided an update on the activities within the Pensions Administration service which included regulatory matters, breaches register, i-Connect, GMP reconciliation, Business Continuity Plan and workflows.

The Pensions Manager referred to item 1d within the report on the Judicial Review, in February 2024, on the impact of the McCloud judgement on the cost management process. He advised that as the review had not been

Note: These minutes are subject to confirmation at the next meeting.

rejected, the McCloud costs would now be deemed as a scheme member cost.

The Pensions Manager also referred to the number of employers using i-connect, being over 90%, and advised that the authority was working with the remaining employers to assist with their transition thereto.

With regard to the introduction of the Pensions Dashboard in October 2025, the Board was advised of the 1 year lead in period provided for within the legislation from September 2024. It was informed that 3 months prior to September, guidance would be received from the Pensions Regulator thereon and the Board would be advised of that guidance once received.

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

4.6. BREACHES REPORT

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 previously reported to the Board, reference was made to an Employer who had regularly failed to pay contributions as required into the Fund, with an estimated £7,230.56 being owed. That breach had been reported to The Pensions Regulator and the Employer had now entered administration. However, following an agreement reached with the company's administrators, those contributions had been paid over to the fund on the 29th February 2024.

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

4.7. RISK REGISTER

The Board received for consideration a report providing an update on the Risk Register.

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

Note: These minutes are subject to confirmation at the next meeting.

The Board noted that following significant work undertaken in reviewing the register, a new risk had been added being risk G8 – Environmental, Social and Governance.

It further noted that risks had now been categorised into three new sub-headings of Governance and Regulatory (8 risks), Funding and Investments (13 risks) and Operational (16 risks) which would be reviewed at the Pension Committees June, September and November meetings respectively.

The Board welcome the new focussed review and a view was expressed that should any risks be identified under the above headings it was important they were drawn to the Board's attention at the earliest meeting and not held back until the next scheduled review.

Agreed that the risk register report be noted.

4.8. GOVERNANCE POLICY AND COMPLIANCE STATEMENT

The Board noted an updated Governance Policy and Compliance Statement for the Dyfed Pension Fund had been developed following a recent review which set out the Fund's compliance with best practice principles relating to structure, representation, selection, voting, training, meetings, access, scope and publicity.

It was noted that the Policy detailed arrangements in relation to:

- The Governance of the Fund
- Terms of Reference for the Pension Committee
- Delegation to the Director of Corporate Services and Head of Financial Services
- Committee meetings
- The Annual Consultative Meeting
- The Pension Board

In response to a question regarding the membership structure of the Dyfed Pension Fund Committee only comprising representatives from Carmarthenshire County Council and not therefore being fully compliant with best practice, the Board was advised that the structure was considered acceptable but it would be reviewed in the coming year.

AGREED that the updated Governance and Compliance Statement be noted.

4.9. INVESTMENT STRATEGY STATEMENT

The Board noted the updated Investment Strategy Statement for the Dyfed Pension Fund reflecting the Revised Strategic Asset Allocation Review approved by the Committee on the 22nd September 2023 that recommended a 5%

Note: These minutes are subject to confirmation at the next meeting.

allocation to Private Credit funded from the Equity Portfolio, as detailed in the report

It also noted that the Investment Strategy Statement was an important governance document for the Fund that set out its current investment strategy, provided transparency in relation to how the Fund's investments were managed, acted as a high-level risk register, and had been designed to be informative for all stakeholders.

AGREED that the Investment Strategy Statement be noted.

4.10. BUSINESS PLAN 2024-2025

The Board received for consideration the Dyfed Pension Fund Business Plan for the period 2024-2025 the purpose of which was to:

- Provide information about the Fund and how it was run.
- Explain the background and governance structure of the Fund.
- Outline the principal responsibilities of the Fund.
- Introduce the Fund's key documents.
- Highlight the Fund's investment strategy including strategic asset allocation.
- Provide key statistics for the Fund.
- Outline the financial budget for the next year.
- Outline the priorities and business objectives of the Fund over the next year.

AGREED that the Dyfed Pension Fund's Business Plan for the period 2024-25 be noted.

4.11. TRAINING PLAN 2023-2024 & 2024-2025

The Board received an update on the 2023/24 Training Plan for members and officers of the Dyfed Pension Fund Committee detailing the schedule of committee meetings, and training events together with the proposed 2024-2025 plan.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Training Plan for 2023/24 and 2024/25 be noted.

4.12. WALES PENSION PARTNERSHIP BUSINESS PLAN 2024-2027

The Board received the Wales Pension Partnership (WPP) Business Plan for the period 2024-2027, drafted in accordance with Section 6 of the Inter Authority Agreement, detailing the Fund's priorities and areas of focus over the plan period with the purpose being to:

- Explain the background and governance structure of the WPP.
- Outline the priorities and objectives of the WPP over the next three years.

Note: These minutes are subject to confirmation at the next meeting.

- Introduce the WPP's policies and plans.
- Outline the financial budget for the relevant Business Plan period.
- Summarise the WPP's Investments & Performance Objectives.

It was noted that, if approved, by all partners, the Plan would be constantly monitored, formally reviewed and agreed annually.

AGREED that the Wales Pension Partnership's 2024-2027 Business Plan be noted.

4.13. WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE UPDATE

The Board considered a report providing details of the JGC's meeting held on the 13th March 2024 that included:

- Governance
- On-going Sub-Fund Development
- Operator Services
- Investments and Reporting
- Communication and Training
- Resources, Budget and Fees
- Training Plan

The update report also referenced the WPP's training plan, Operator's report, investment performance for Q4 together with a report from GCM Grosvenor on infrastructure investments.

AGREED that the Wales Pension Partnership updates be noted.

4.14. WALES PENSION PARTNERSHIP RESPONSIBLE INVESTMENT UPDATE - DECEMBER 2023

The Committee considered the WPP's Responsible Investments December 2023 update report detailing recent Responsible Investments activity together with information on the following Sub-Funds in which the Dyfed Pension Fund had invested:

- Global Growth
- Sustainable Active Equity
- Global Credit

In addition to the above, the update also provided a Stewardship Summary together with the relevant appendices numbered 1-4 within the report.

UNANIMOUSLY RESOLVED that the update report be received.

4.15. DRAFT MINUTES OF THE DYFED PENSION FUND COMMITTEE MEETING 27TH MARCH 2024

Note: These minutes are subject to confirmation at the next meeting.

AGREED that the draft minutes of the meeting of the Dyfed Pension Fund Committee held on the 27th March, 2024 be noted.

5. PENSION BOARD BUDGET MONITORING 1 APRIL 2023 - 31 MARCH 2024

The Board received the Pension Board Budget Monitoring report as at 31st March, 2024. Total actual expenditure incurred was £21.2k. The forecasted expenditure for the year was a £3k underspend compared to budget.

AGREED that the report be noted.

6. PENSION BOARD WORK PLAN 2024

The Board considered the Pension Board Workplan for 2024 outlining the proposed work of the Pension Board and the items to be presented at each meeting.

AGREED to note the Pension Board Workplan for 2024.

7. DYFED PENSION FUND INVESTMENT WITHIN THE BUTE GROUP OF COMPANIES

The Board received a letter submitted by Carmarthenshire County Council's Employer Representative on the Board requesting that it give consideration to the following suggested actions in relation to the Dyfed Pension Fund's investment within the Bute Group of Companies:

- a) To explore whether there is cause or opportunity to obtain a release for the Dyfed Pension Fund from the arrangement for the funding of Bute and from any ongoing commitment to advance Dyfed Pension Funds to the Bute Group.
- b) For each of the partners within the Welsh Pension Partnership to discuss the relevant concerns.
- c) To explore whether there is cause or opportunity to obtain a release for the Welsh Pension Partnership from the funding arrangement involving the Bute Group.
- d) To explore whether any such release could entail a recovery of the sum advanced to date or any part thereof.
- e) To explore whether any such release could entail the withholding of the balance of funds relevant to the total investment which was envisaged.
- f) To examine and consider if in the context of the funding relationship which exists the Dyfed Pension Fund or the Welsh Pension Partnership can encourage and assist Green Generation Energy Networks Cymru (GGENC) towards a more appropriate or expedient direction.
- g) To liaise with Copenhagen Infrastructure Partners (CIP), which appears to be the primary investor in the Bute Group, as to the concerns which exist as to the direction and approach of GGENC, and to examine how those

Note: These minutes are subject to confirmation at the next meeting.

issues affect the management and operational obligations of CIP, pursuant to the Environment, Social and Governance Standards and the UN Sustainable Development Goals.

- h) To explore with CIP, whether CIP would consider that there is cause or opportunity for CIP or any other party to obtain a release from funding arrangements involving the Bute Group.
- i) To explore with CIP whether CIP, as the main funder, and as a Danish based organisation, taking into account that national policy in Denmark is understood to involve undergrounding all lines at 132KV, would be able to encourage and assist GGENC towards a more appropriate or expedient direction.

The Employer representative referred in detail to his letter of representation, as appended to the report, outlining the reasons for its submission with regard to the GGENC's Tywi-Usk and Tywi/Teifi projects and leading to the above suggested actions. He accordingly requested that the Board give consideration to submitting the following resolution to the Dyfed Pension Fund Committee with regard to the above.

"The Dyfed Pension Fund Board agrees to ask the Dyfed Pension Fund Committee to:

- Explore, discuss and consider whether there is cause or opportunity for the Dyfed Pension Fund or the WPP, separately or in conjunction with its funding partners or associates, to obtain a release from any arrangement for funding of one or more of the companies within the Bute Group and to explore whether any such release could entail a recovery of any sum advanced to date or of any part, or could entail the withholding of funds.
- Explore whether in the context of any funding relationship which exists the Dyfed Pension Fund and any of its funding partners or associates are able to engage with GGENC/Bute towards ensuring appropriate and expedient direction, such as a full and proper evaluation of undergrounding cables by way of cable ploughing.
- Request law firm Burgess Salmon LLP and the Bute Group to clarify whether Burgess Salmon has at any time assisted one or more of the companies within the Bute Group.
- Initiate a discussion with each of the funding partners/associates and with the Bute Group and Ofgem relevant to issues to be explored pursuant to this resolution."

AGREED that the above suggested resolution be endorsed and referred to the Dyfed Pension Fund Committee for its consideration.

8. EXCLUSION OF THE PUBLIC

UNANIMOUSLY RESOLVED, pursuant to the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, that the public be excluded from the meeting during

Note: These minutes are subject to confirmation at the next meeting.

consideration of the following items as the reports contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.

9. WPP OPERATOR PROCUREMENT RECOMMENDATION REPORT

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

The Board considered a report on the appointment of bidder 3 as the Pension Partnership's preferred bidder for the new Wales Pension Partnership Operator Contract.

AGREED that the WPP Operator Procurement Recommendation Report be noted.

10. ROBECO ENGAGEMENT REPORT 1 JULY 2023 - 30 SEPTEMBER 2023

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

The Board considered the Robeco Engagement report for the period 1st July 2023 - 30th September 2023.

AGREED that the report be noted.

11. ROBECO ENGAGEMENT REPORT 1 OCTOBER 2023 - 31 DECEMBER 2023

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

The Board considered the Robeco Engagement report for the period 1st October 2023 – 31st December 2023.

AGREED that the report be noted.

12. GLOBAL SECURITIES LENDING REVIEW AS AT 31 DECEMBER 2023

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 8 above, to

Note: These minutes are subject to confirmation at the next meeting.

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 considered a report providing an update on stock lending during quarter 4, as at 31st December, 2023.

AGREED that the Global Securities Lending Review as at 31st December, 2023 be noted.

13. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 31 DECEMBER 2023

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

The Board considered the Independent Investment Adviser Performance and Risk Report which provided details in relation to the Investment Managers' performance for the quarterly 12 month and rolling 3-year period ending 31st December, 2023. The report also included the global market background and issues for the pension board to consider.

AGREED that the Independent Adviser Performance and Risk Report as at 31st December, 2023 be noted.

14. NORTHERN TRUST PERFORMANCE REPORT TO 31 DECEMBER 2023

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

The Board considered the Northern Trust Performance report which detailed the performance of the Dyfed Pension Fund as at 31st December, 2023. The report provided performance analysis at a total fund level and by Investment Manager for the periods up to inception.

AGREED that the Northern Trust Performance Report as at 31st December, 2023 be noted.

15. INVESTMENT MANAGER REPORTS TO 31 DECEMBER 2023

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute Item 8 above, to consider this matter in private, with the public excluded from the meeting

Note: These minutes are subject to confirmation at the next meeting.

as disclosure would adversely impact upon the Pension Fund by putting investment performance at risk.

The Board considered a report providing an update on Investment Manager performance as at 31st December, 2023.

AGREED that the Investment Manager Reports as at 31st December 2023 be noted.

CHAIR

DATE

Note: These minutes are subject to confirmation at the next meeting.

DYFED PENSION FUND COMMITTEE DATE 19/06/2024

Dyfed Pension Fund Pension Board Report

Recommendations / key decisions required:

The Committee to note the Dyfed Pension Fund Pension Board Report.

Reasons:

The Dyfed Pension Fund Pension Board's Independent Chair has prepared a report to provide Pension Committee with an update from the Pension Board meeting on 14 May 2024.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate
Services,
Carmarthenshire County
Council

Tel: 01267 224120

Email addresses:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 19/06/2024**

Dyfed Pension Fund Pension Board Report

The Independent Chair has provided a report detailing the Dyfed Pension Fund Pension Board's update from the Pension Board meeting on 14 May 2024.

The items discussed at the Pension Board meeting include:

- Budget Monitoring
- Budget 2024-25
- Pensions Administration
- Risk Register
- Governance Policy & Compliance Statement
- Training
- Engagement Reports
- Pension Board recommendation to Pension Committee
- Investment Performance and Current Asset Allocation

Further details of the discussions which took place at the Pension Board meeting are included in the Independent Chair's report which is attached.

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 Manage- ment Issues	Staffing Implications	Physical Assets	Bio- diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

N/A

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

THERE ARE NONE

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

Pension Board Submission to the Dyfed Pension Fund Committee

To: Dyfed Pension Fund Committee

From: John Jones Independent Chair Dyfed Pension Board

Date: 19 June 2024

1. The Pension Board held a hybrid meeting on Tuesday 14th May 2024. The main items on the agenda were consideration of the budget monitoring statement for the 9 months to 31st December 2023 and the Pension Fund budget for 2024/25; a review of the risk register and a presentation and discussion on the issues raised by an investment in the Bute Group of companies. The meeting was attended in the room or online by 5 of the 7 Board members. Councillor Elwyn Williams was also present as an observer.
2. There was a discussion and some questions raised on the budget for 2024/25 and the monitoring statement for the period to end December 2023, in particular on future employer contribution rates and increases in management expenses. It was also confirmed that interest received on cash balances accrues to the Dyfed Pension Fund.
3. The pensions administration report was reviewed, and the progress being made to introduce i-connect into the remaining 4 organisations was made clear to the Board at the meeting. Following a discussion at the previous Board meeting over resources needed to implement the new dashboard requirements, an assurance was given that these will be put in place.
4. The Board welcomed the updated and new format for the risk register. It was agreed to review the register in sections at meetings during the year, but with the proviso that any adverse changes in individual risks are reported at each meeting together with a summary sheet to identify and confirm changes since the previous meeting. Some questions were asked about individual risk ratings compared to those reported previously. The risk register is a key document in the overall governance of the Fund and as such should be reviewed at each Board and Committee meeting.

5. The Fund Governance Policy and Compliance statement was discussed and agreed. Questions were asked about the areas of non-compliance and whether further work and/or changes should be made to address these areas.
6. The increase in training activity for Members of the Committee was welcomed as this is important in the overall governance of the Fund. In particular the quarterly training sessions organised by the Wales Pension Partnership (WPP) for all Committee and Board members across Wales was strongly endorsed by the Board. The Board continues to support additional courses for Members to meet their individual training needs.
7. The report from Robeco on engagement covers a wide range of issues and includes a volume of information on activity to promote ESG issues in the Fund's investment portfolio. Including an executive summary of the report, together with publicising the action being taken are steps that should be introduced by the Dyfed Pension Fund to raise the profile of the Fund's activity in this area.
8. Cllr Lenny sent a letter to me in connection with the transfer of electricity generated on shore following an investment by the Wales Pension Partnership, and asked that this be considered by the Board. Cllr Lenny introduced the issue and following a discussion the recommendations were agreed, and the matter was referred to the Committee for consideration of the next steps.
9. Finally, the Independent Adviser to the Fund explained the rationale behind the current asset allocation of the Fund as part of his report on the performance of the current investment portfolio.

John Jones
21st May 2024

DYFED PENSION FUND COMMITTEE DATE 19/06/2024

Audit Plan 2024		
To provide the Dyfed Pension Fund Committee with the Audit Plan 2024.		
Recommendations / key decisions required: The Committee to approve the Audit Plan 2024.		
Reasons: To provide the Dyfed Pension Fund Committee with the Audit Plan 2024.		
Cabinet Decision Required N/A Council Decision Required N/A		
CABINET MEMBER PORTFOLIO HOLDER:- N/A		
Directorate: Corporate Services Name of Director: Chris Moore Report Author: Chris Moore	Designations: Director of Corporate Services, Carmarthenshire County Council	Tel: 01267 224120 Email addresses: CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 19/06/2024**

Audit Plan 2024

Audit Wales (AW) to present the Audit Plan 2024 to the Dyfed Pension Fund Committee. The purpose of this plan is to set out the proposed scope of the plan, when it will be undertaken, how much it will cost and who will undertake it.

AW's responsibility is to issue a report on the accounting statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:

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

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 Manage- ment Issues	Staffing Implications	Physical Assets	Bio- diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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Dyfed Pension Fund – Audit Plan 2024

Audit year: 2023-24

Date issued: April 2024

Document reference: 4216A2024



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

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

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

About Audit Wales

Our aims and ambitions

Assure



the people of
Wales that public
money is well
managed

Explain



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

Inspire



and empower
the Welsh
public sector to
improve



Fully exploit
our unique
perspective,
expertise and
depth of insight



Strengthen our
position as an
authoritative,
trusted and
independent
voice



Increase our
visibility,
influence and
relevance



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

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Introduction

I have now largely completed my planning work.

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

It sets out the work my team intends undertaking to address the audit risks identified and other key areas of focus during 2024.

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



Adrian Crompton

Auditor General for
Wales

Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their 'truth and fairness' and whether the statements have been 'properly prepared'. I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities.

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

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material is set out later in this plan.

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

Your audit at a glance



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

My audit planning has identified the following risks:

Significant financial statement risk

- Risk of Management Override



Materiality

Materiality	£31.367 million
Reporting threshold	£1.568 million

Financial statements' materiality



Materiality £31.367 million

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

Materiality is calculated using:

- 2022-23 actual gross assets of £3,137 million
- Materiality percentage of 1%

I report to those charged with governance any misstatements above a trivial level (set at 5% of materiality i.e. £1.568 million).



Areas of specific interest

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

- Key Management Personnel £1,000
- Related party disclosures £10,000 (Individuals), £31.367 million (Other Bodies)

Significant financial statements' risks

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

Exhibit 1: significant financial statement risks

Significant risk	Our planned response
<p>Risk of Management Override The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].</p>	<p>The audit team will:</p> <ul style="list-style-type: none">• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;• review accounting estimates for bias; and• evaluate the rationale for any significant transactions outside the normal course of business.

Other areas of focus

I set out other identified risks of material misstatement which, whilst not determined to be significant risks as above, I would like to bring to your attention.

Exhibit 2: other areas of focus

Audit risk	Our planned response
<p>The investments balance contains a mix of investments which are complex to value and there is subjectivity in their valuation.</p> <p>There is therefore a risk that the investments balances are materially misstated.</p>	<p>The audit team will:</p> <ul style="list-style-type: none">• agree the valuations to appropriate supporting documentation;• review 'control assurance' reports from the relevant fund managers; and• evaluate the risk of residual material misstatement and the need for additional audit procedures.

Financial statements' audit timetable

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

Exhibit 3: key dates for delivery of planned outputs

Planned output	Work undertaken	Report finalised
2024 Audit Plan	March to May 2024	May 2024
Audit of financial statements work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on the Financial Statements	July to November 2024	November 2024

Fee and audit team

In January 2024 we published our [Fee Scheme](#) for the 2024-25 year as approved by the Senedd Finance Committee. My fee rates for 2024-25 have increased by an average of 6.4% as a result of unavoidable inflationary pressures and the ongoing need to invest in audit quality.

I estimate your total audit fee will be £38,424.

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with officers.

Our financial audit fee is based on the following assumptions:

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

Exhibit 4: breakdown of audit fee

Audit area	Proposed fee for 2024 (£) ¹	Actual fee for 2023 (£)
Audit of Financial Statements	38,424	36,113
Total fee	38,424	36,113

Statutory audit functions

In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

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

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

The main members of my team, together with their contact details, are summarised in **Exhibit 5**.

Exhibit 5: my local audit team

Name	Role	Contact details
Derwyn Owen	Engagement Director	derwyn.owen@audit.wales
Jason Blewitt	Audit Manager	jason.blewitt@audit.wales
Eleanor Ansell	Audit Lead	eleanor.ansell@audit.wales

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

Audit quality

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

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD* and our Chair, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2023](#).

Our People



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

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

Arrangements for achieving audit quality



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

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

Independent assurance



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





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

* QAD is the quality monitoring arm of ICAEW.

Supporting you

Audit Wales has developed a range of resources to support the scrutiny of Welsh public bodies and to support those bodies in continuing to improve the services they provide to the people of Wales.

Visit our website to find:

	our <u>Good Practice</u> work where we share emerging practice and insights from our audit work in support of our objectives to assure, to explain and to inspire.
	our <u>newsletter</u> which provides you with regular updates on our public service audit work, good practice, and events.
	our <u>publications</u> which cover our audit work completed at public bodies.
	information on our <u>forward performance audit work programme 2023-2026</u> which is shaped by stakeholder engagement activity and our picture of public services analysis.
	various <u>data tools</u> and <u>infographics</u> to help you better understand public spending trends including a range of other insights into the scrutiny of public service delivery.

You can find out more about Audit Wales in our [Annual Plan 2024-25](#) and [Our Strategy 2022-27](#).



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Website: www.audit.wales

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

DYFED PENSION FUND COMMITTEE DATE 19/06/2024

Final Budgetary Position 2023-2024

To provide the Dyfed Pension Fund Committee with the final budgetary position as at 31 March 2024

Recommendations / key decisions required:

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

Reasons:

To provide the Dyfed Pension Fund Committee with the final budgetary position as at 31 March 2024.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:

Director of Corporate
Services,
Carmarthenshire County
Council

Tel: 01267 224120

Email addresses:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 19/06/2024**

Final Budgetary Position 2023-2024

The final position as at 31 March 2024 was an under spend compared to budget of £2.2m.

Expenditure

Expenditure was overspent by £5.6m. Lump sum retirement benefits were £6.2m more than budget and transfers out £1.2m more than budget. Offsetting these overspends, pensions payable was underspent by £1.1m, lump sum death benefits by £526k and management expenses by £180k. In relation to pensions payable, at budget setting for 2023-24 an increase of 2.2% was included to estimate the additional pensions paid on new pensioner members for the year, the actual increase in pensioner membership was around 1%.

Lump sum retirement benefits, transfers out of the scheme and lump sum death benefits depend on the number of retirements, leavers, and deaths throughout the year which cannot be anticipated at budget setting stage.

Income

Income exceed budget by £7.8m. Contributions were £7.2m more than budgeted which is mostly due to employee pensionable pay being more than anticipated at budget setting due to a higher pay award. Furthermore, augmentation income received from employers was higher than was anticipated at budget setting.

Transfers in exceed budget by £2.5m and investment income was below budget by £1.9m.

Overall, total expenditure was £128.4m and total income was £130.6m.

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	Bio-diversity & Climate Change
NONE	NONE	YES	NONE	NONE	NONE	NONE	NONE

Finance

Total expenditure was £128.4m and total income was £130.6m.

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

N/A

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

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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Dyfed Pension Fund						
Final Budgetary Position						
1st April 2023 - 31st March 2024						
	Budget Type	Actual 2022-2023	Budget 2023-2024	Actual 2023-2024	End of year variance	
	Controllable / Non Controllable	£ '000 (a)	£ '000 (b)	£ '000 (e)	£ '000 (f)	%
Expenditure						
Benefits Payable	Both	99,422	108,932	113,570	4,638	4.3
Pensions Payable	Controllable	81,126	92,432	91,349	-1,083	
Commutation and lump sum retirement benefits	Non Controllable	15,626	14,000	20,247	6,247	
Lump sum death benefits	Non Controllable	2,670	2,500	1,974	-526	
Payments to and account of leavers	Non Controllable	4,529	3,670	4,829	1,159	31.6
Management Expenses		9,253	10,211	10,031	-180	-1.8
Computer Software	Controllable	579	500	499	-1	
Printing charges	Controllable	8	20	34	14	
Subscriptions, Legal fees, Conf Exps, Med Exps	Controllable	51	70	67	-3	
Fund Managers						
BlackRock	Controllable	1,650	1,600	1,359	-241	
Schroders	Controllable	708	750	666	-84	
Wales Pension Partnership	Controllable	4,062	4,900	5,131	231	
Partners Group	Controllable	657	700	546	-154	
Custodian						
Northern Trust	Controllable	39	31	41	10	
Actuary						
Mercer	Controllable	242	125	109	-16	
Performance Manager						
Northern Trust / PIRC / CEM	Controllable	9	26	8	-18	
Independent Advisor	Controllable	28	30	28	-2	
Other						
Euraplan, LSE, Pension Board	Controllable	23	47	42	-5	
Central recharges	Non Controllable	1,164	1,380	1,462	82	
Audit fees	Controllable	33	32	39	7	
Controllable Expenditure		89,215	101,263	99,918	-1,345	
Non Controllable Expenditure		23,990	21,550	28,512	6,962	
Total Expenditure		113,205	122,813	128,430	5,617	
Income						
Contributions						
Employer	Controllable	-71,232	-69,522	-75,585	-6,063	8.7
Member	Controllable	-24,699	-25,577	-26,693	-1,116	4.4
Investment Income	Controllable	-19,436	-24,214	-22,288	1,926	-8.0
Other Income	Controllable	0	0	0	0	0.0
Transfers in from other pension funds	Non Controllable	-4,986	-3,500	-6,038	-2,538	72.5
Controllable Income		-115,367	-119,313	-124,566	-5,253	
Non Controllable Income		-4,986	-3,500	-6,038	-2,538	
Total Income		-120,353	-122,813	-130,604	-7,791	
Controllable Total		-26,152	-18,050	-24,648	-6,598	
Non Controllable Total		19,004	18,050	22,474	4,424	
Total		-7,148	0	-2,174	-2,174	
Cash Transfer to Fund Managers	Cash	12,000	0	2,918	2,918	
Net Total of Cash Related Items		4,852	0	744	744	
Indirect Transactional Management Fees (fees deducted from NAV)	Non Cash	4,314	5,000	3,002	-1,998	-40.0
Investment Income (fees deducted from NAV)	Non Cash	-4,314	-5,000	-3,002	1,998	-40.0
Realised gain/loss	Non Cash	4,696	-50,000	-64,861	-14,861	29.7
Net Total of Non-Cash Related Items		4,696	-50,000	-64,861	-14,861	

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DYFED PENSION FUND COMMITTEE DATE 19/06/2024

Cash Reconciliation as at 31 March 2024

To provide the Dyfed Pension Fund Committee with the final cash position as at 31 March 2024

Recommendations / key decisions required:

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

Reasons:

To provide the Dyfed Pension Fund Committee with the final cash position as at 31 March 2024.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:

Director of Corporate
Services,
Carmarthenshire County
Council

Tel: 01267 224120

Email addresses:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 19/06/2024**

Cash Reconciliation as at 31 March 2024

The final position as at 31 March 2024 reports £6.3m cash held by Carmarthenshire County Council on behalf of the Fund for immediate cash flow requirements to pay pensions, lump sums and investment management costs.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets	Bio-diversity & Climate Change
NONE	NONE	YES	NONE	NONE	NONE	NONE	NONE

Finance

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

N/A

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

THERE ARE NONE

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Dyfed Pension Fund Cash Reconciliation**End of Year 2023-24**

Balance b/f 1st April 2023		£5,855,271.44
	0.00	
<i>Investment trades</i>	0.00	
Sales	423,734,548.75	
Purchases	-466,015,709.86	
		<hr/>
		-£42,281,161.11
Contributions received	£111,429,030.22	
Payments made	-£125,538,969.70	
Dividend Income	£59,026,930.58	£44,916,991.10
		<hr/>
		£8,491,101.43
Total Available for Investment		<hr/> £8,491,101.43 <hr/>
 <i>Represented by :</i>		
Cash at Carmarthenshire		£6,266,277.96
Cash due to be received/deducted		£0.00
CCC Debtors		£5,988,305.26
CCC Creditors		-£3,763,481.79
		<hr/>
		£8,491,101.43 <hr/>

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DYFED PENSION FUND COMMITTEE DATE 19/06/2024

Pensions Administration Report

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

Recommendations / key decisions required:

The Committee to note the Pensions Administration Report.

Reasons:

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

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate
Services,
Carmarthenshire County
Council

Tel: 01267 224120

Email addresses:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 19/06/2024**

Pensions Administration Report

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

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

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: C Moore

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Manage- ment Issues	Staffing Implications	Physical Assets	Bio- diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

N/A

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

THERE ARE NONE

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PENSIONS ADMINISTRATION REPORT – 19th June 2024

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

1. Regulatory update –

- a. McCloud/Sargeant update – You will recall from the previous report that the remedy would require the recalculation all pensions (including dependants pensions), death grants, and deferred benefits calculated since 1st April 2014 for those that were active on 31st March 2012. This will require employers to provide the hours for each part time scheme member, including any changes, for the remedy period 1st April 2014 to 31st March 2022. This will enable all benefits to be recalculated on a service and final salary basis for comparison with CARE benefits accrued during the remedy period. All Employers have also been provided with data extracts to undertake data comparisons and identify any issues. Data reconciliation and validation continues to progress well along with query resolution.
- b. Amending regulations were issued by 31st October 2023 and made a number of related changes to the underpin to ensure it meets policy intent for aggregation, transfers, flexible retirement and divorce calculations. Given the complexity of the remedy and the volume of additional work that is required, statutory guidance is key to ensuring the new regulations are implemented on a consistent basis across all funds. DLUHC have issued initial guidance which needs to be expanded and the GAD is updating actuarial guidance to reflect the changes.
- c. Pension Dashboards- The Pensions Schemes Act requires schemes to provide information to a pensions dashboard in order that individuals can access pensions information in one place online. The Government hopes this will support individuals to plan for their retirement whilst giving better understanding of their pensions. Compliance with Pensions Dashboard is a legal requirement for public sector pension schemes. We must be in a position to go live on 1st October 2025, however, there must also be a 1-year lead in connection period which will start no later than 1st October 2024. We are continuing to work with our software provider to meet this legislative requirement. The Pensions Regulator is responsible for ensuring compliance and will be enforcing this by the use of fines. This will also require an increase in resources to initially focus on data matching, the calculation of value data and the provision of AVC data. Interviews were successfully undertaken for this role on 31st May 2024. There is potential for the role to expand as Pension Dashboard requirements develop.

2. Breaches Register

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

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

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

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

The refunds scheduled to be automatically paid in March 2024 to June 2024 have been included on the breaches register as the scheme members have not replied in order for the refund to be paid.

3. I-connect

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

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

Coleg Ceredigion and Coleg Sir Gar (CSG) are continuing to work with their payroll provider to ensure the data required is extracted and inputted into the correct fields. They have been given additional access to ‘test’ load the files in

order that discrepancies can be immediately identified. CSG are continuing to upload test files. Pembrokeshire College are still working on resolving the outstanding queries before submitting further files.

Dyfed Powys Police have confirmed their intention remains to implement i-connect with assistance from their payroll provider but postpone it from April 2024 to September 2024.

Employer	i-Connect status
ABERYSTWYTH TOWN COUNCIL	Active
ADAPT	Active
BURRY PORT MARINA LTD	Active
CAREERS WALES WEST	Active
CARMARTHEN TOWN COUNCIL	Active
CARMARTHENSHIRE AVS	Active
CARMARTHENSHIRE C C	Active
COLEG SIR GAR	
CARMARTHENSHIRE FED OF YFC	Active
CEREDIGION AVO	Active
CEREDIGION C C	Active
COLEG CEREDIGION	
CWARTER BACH COMMUNITY COUNCIL	Active
CWMAMMAN TOWN COUNCIL	Active
DYFED-POWYS POLICE	
GORSLAS COMMUNITY COUNCIL	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
LLESIAANT DELTA WELLBEING LTD	Active
MENTER BRO DINEFWR	Active
MENTER CASTELL NEDD PT	Active
MENTER CWM GWENDRAETH	Active
MENTER GORLLEWIN SIR GAR	Active
MID & WEST WALES FIRE	
NARBERTH AND DISTRICT SPORTS ASSOC	Active
PEMBREY AND BURRY PORT TOWN COUNCIL	Active
PEMBROKE DOCK TOWN COUNCIL	Active
PEMBROKE TOWN COUNCIL	Active
PEMBROKESHIRE AVS	Active
PEMBROKESHIRE C C	Active
PEMBROKESHIRE COAST NAT PARK	Active
PEMBROKESHIRE COLLEGE	
PLANED	Active
TAI CEREDIGION	Active
TENBY TOWN COUNCIL	Active
TRINITY COLLEGE	Active

UNIVERSITY COLLEGE OF WALES	Active
WELSH BOOKS COUNCIL	Active
WEST WALES ACTION FOR MENTAL HEALTH	Active
VALUATION TRIBUNAL FOR WALES	Active
VISIT PEMBROKESHIRE	Active

4. GMP Reconciliation

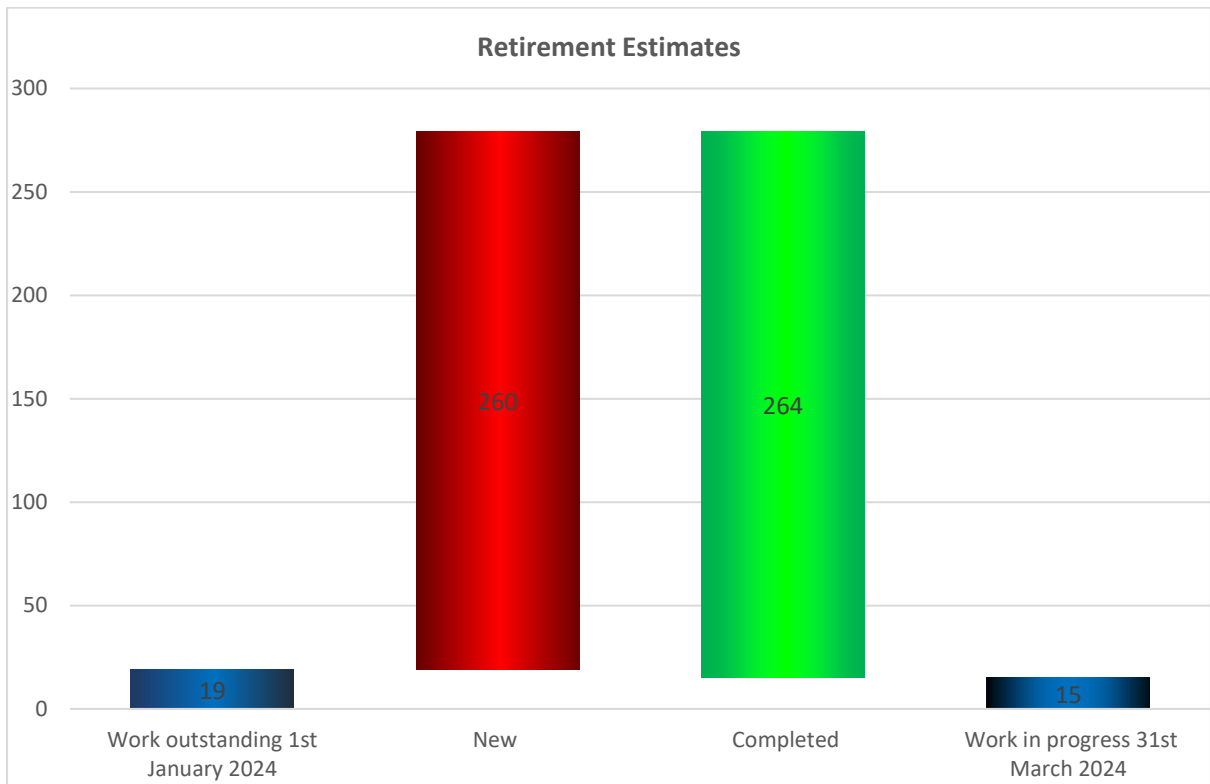
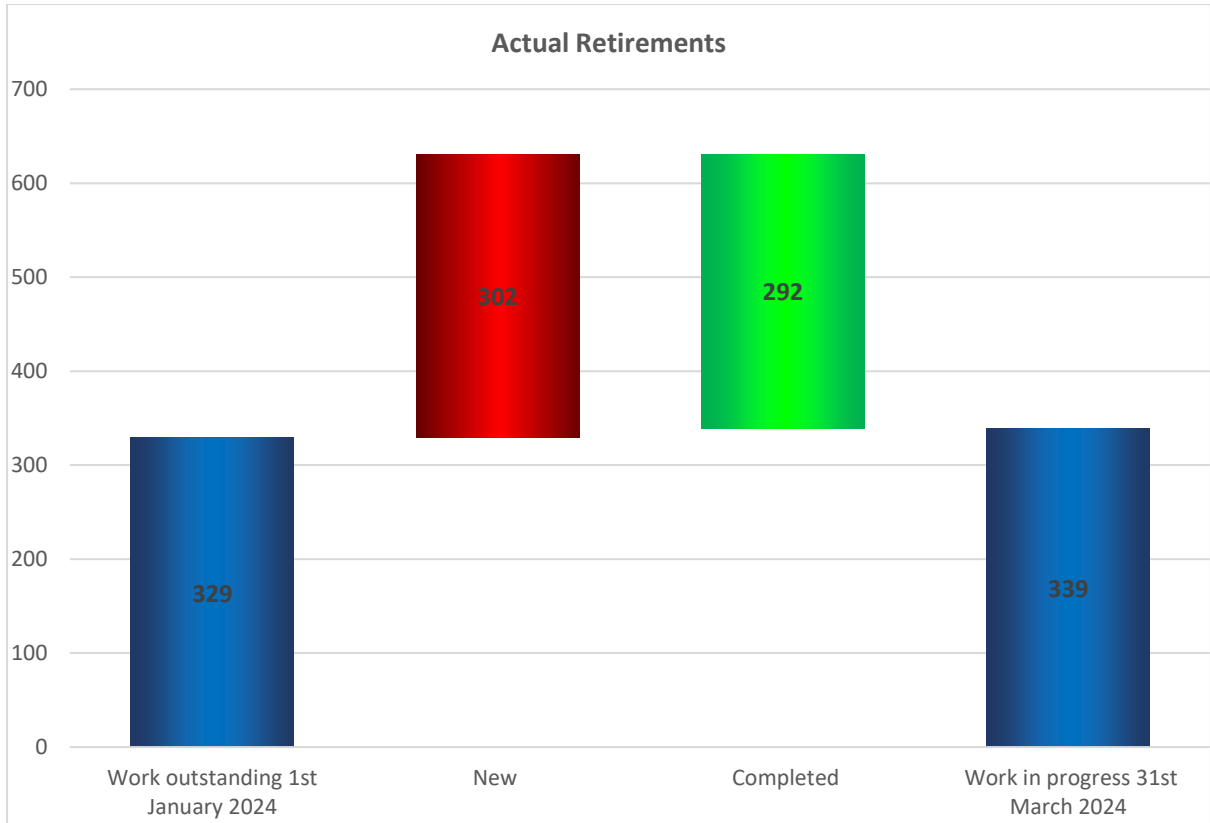
When a scheme member attains State Pension Age, they will be advised of the amount of Guaranteed Minimum Pension (GMP) which is included in their pension. The GMP relates to the part of the pension for the period between April 1978 and April 1997 for which they were 'contracted-out'. For this period,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

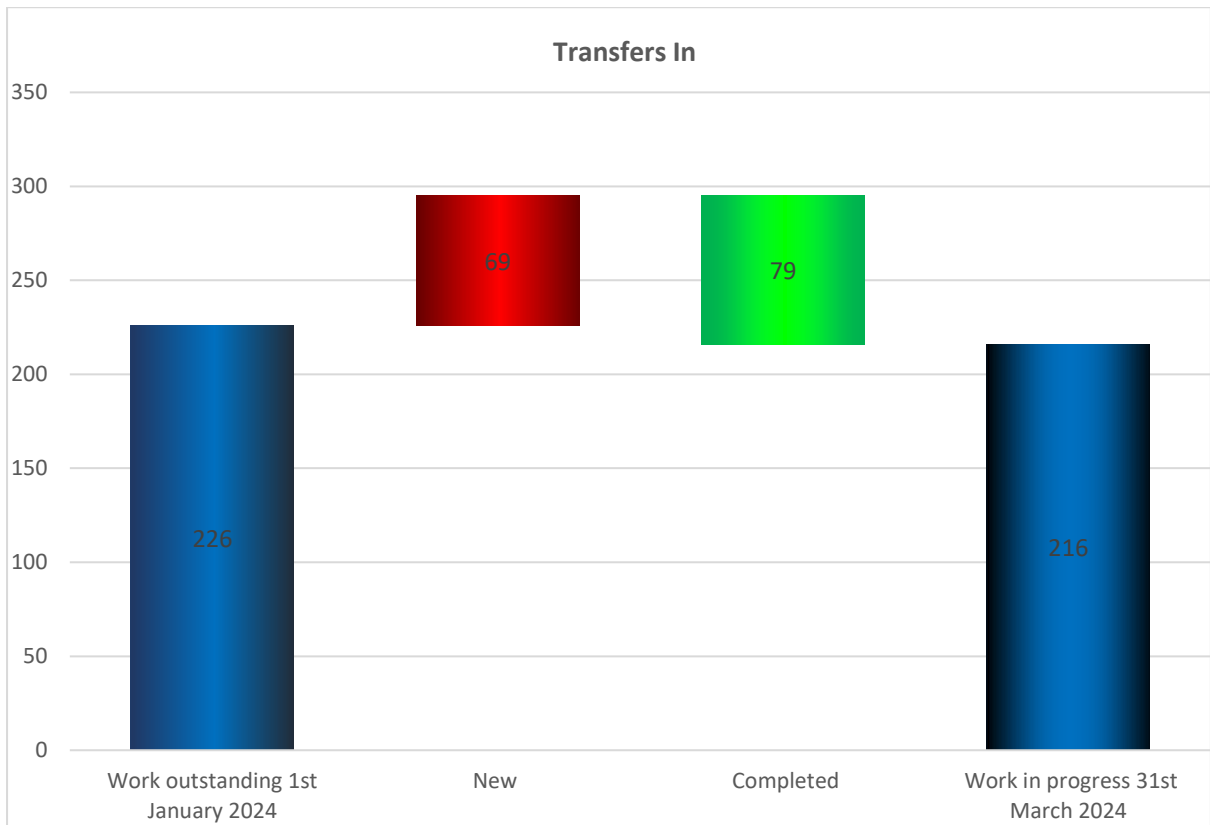
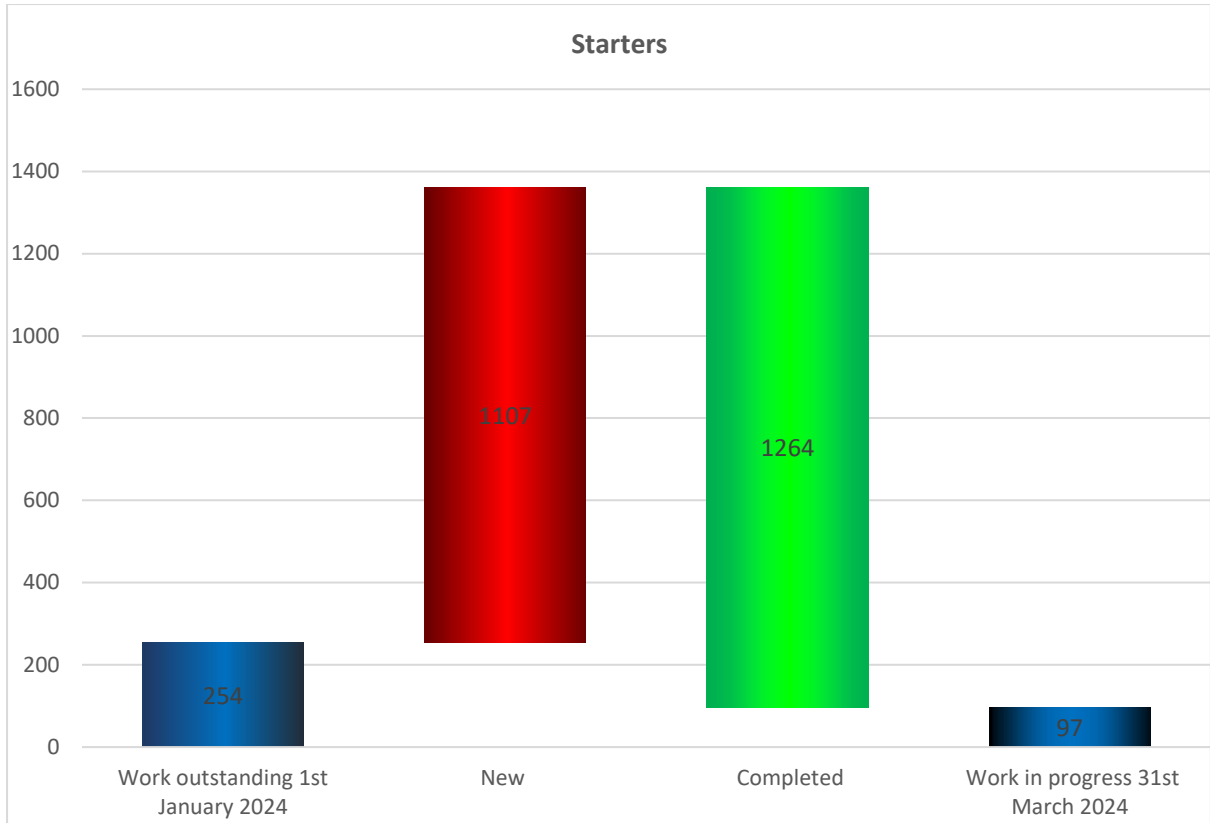
5. Workflow

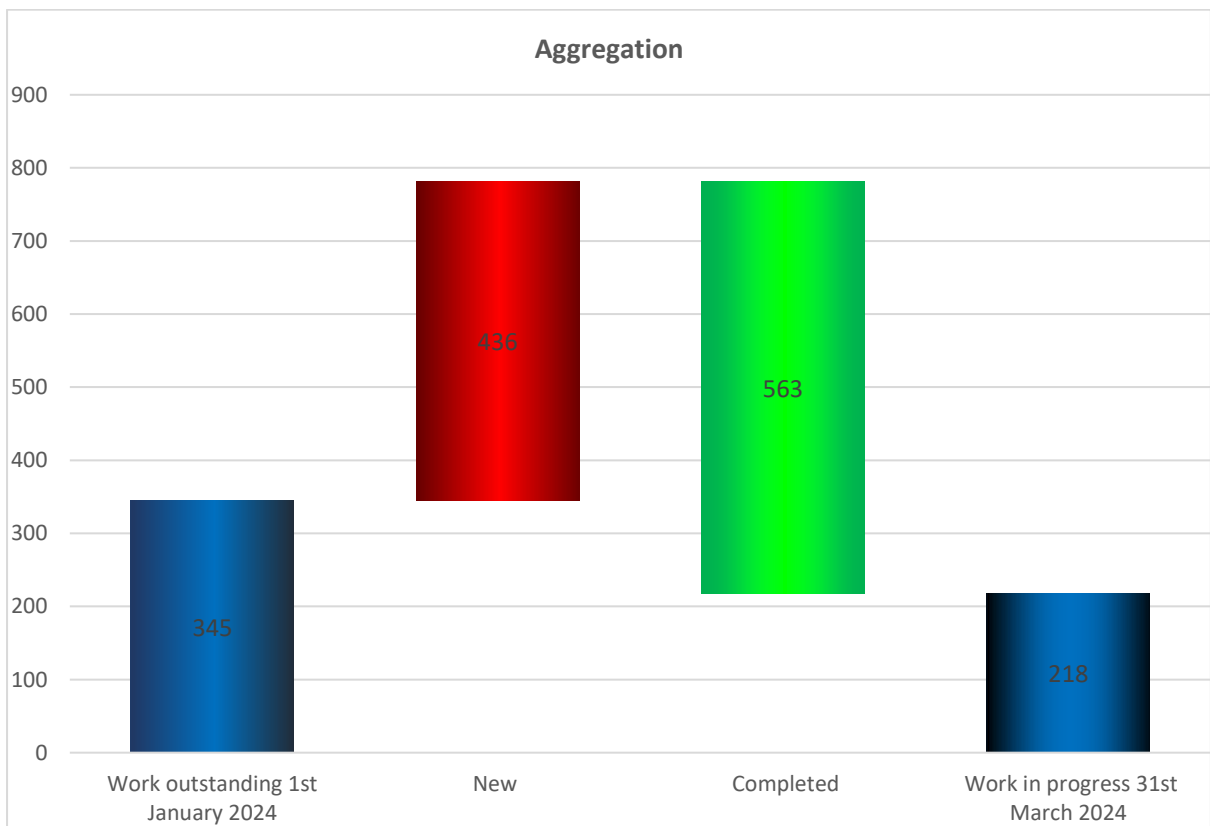
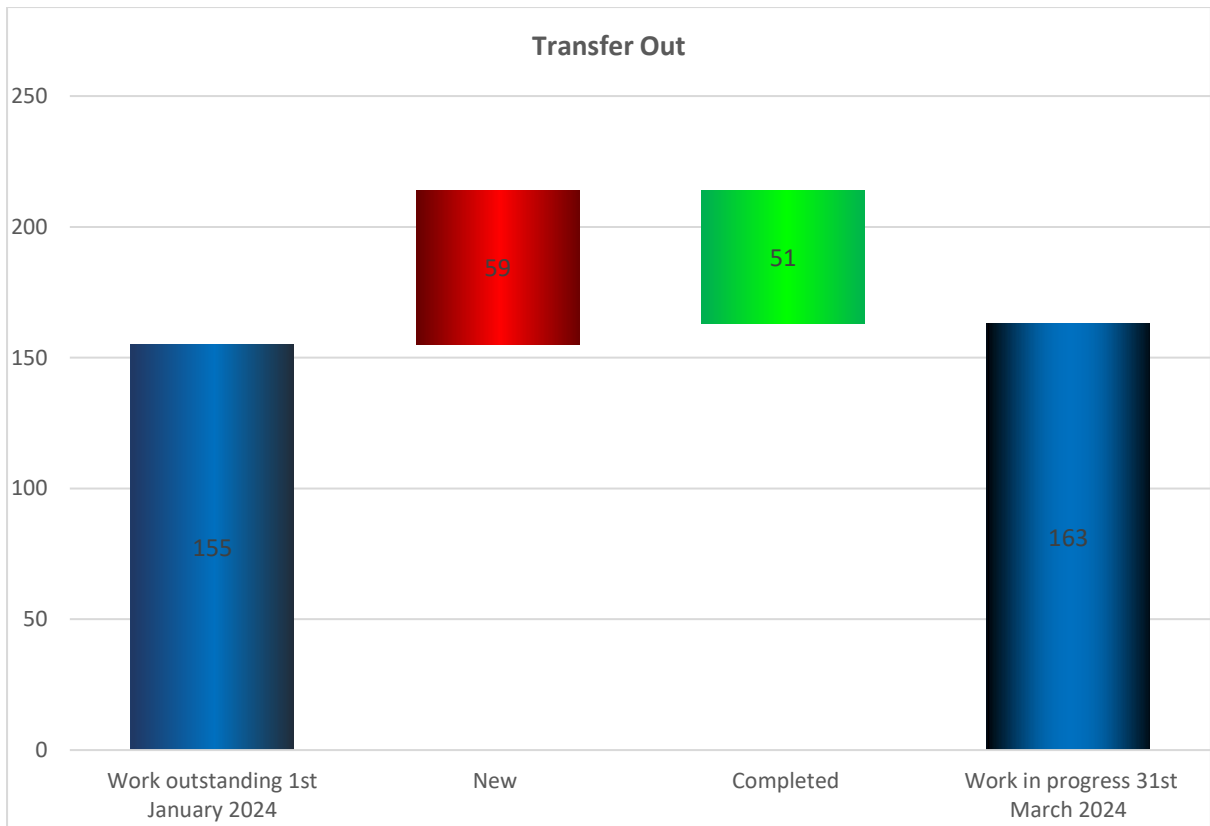
The tables overleaf detail the workflow statistics for the key tasks undertaken in the section for the period 1st January 2024 to 31st March 2024 in respect of the LGPS only. Please note that in circumstances where multiple iterations for the same calculation date have been undertaken, this is recorded as a single estimate. The workflow statistics are recorded on a quarterly basis.

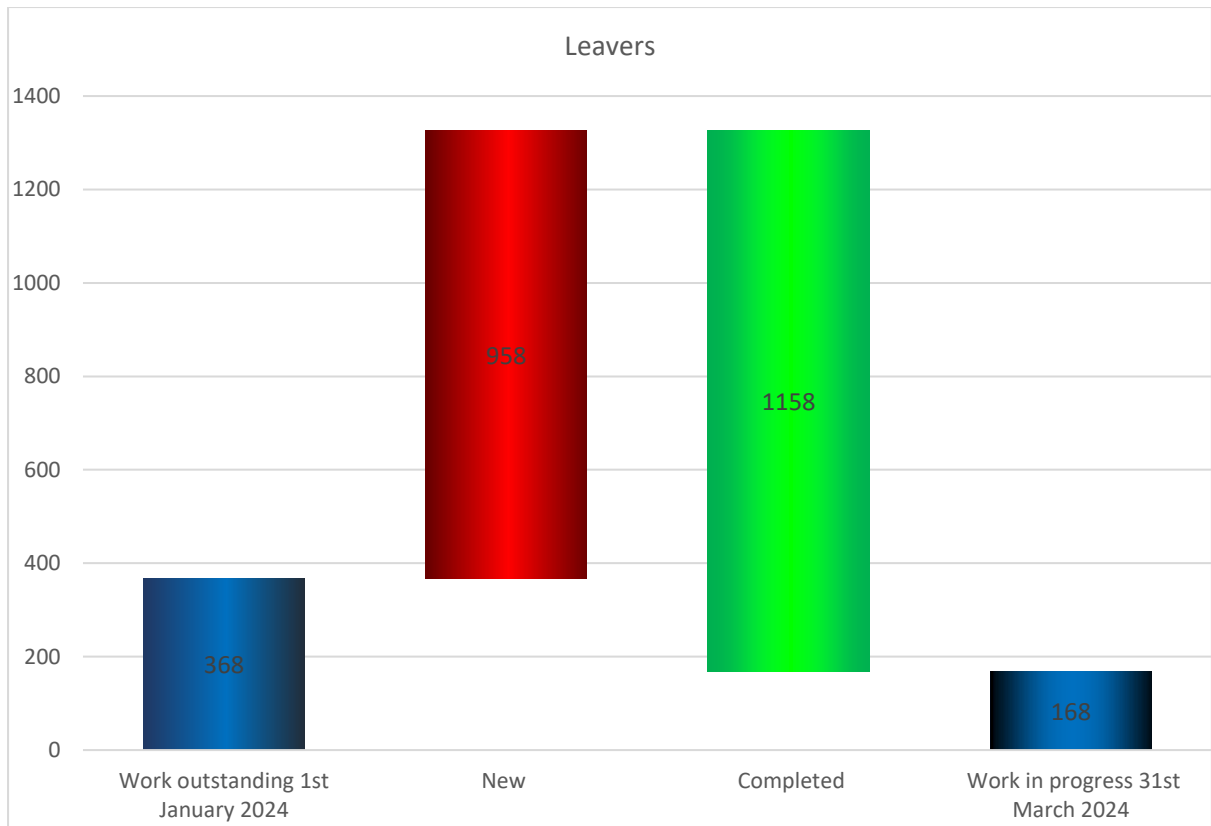
Kevin Gerard

Pensions Manager









DYFED PENSION FUND COMMITTEE

DATE 19/06/2024

Breaches Report

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

Recommendations / key decisions required:

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

Reasons:

In accordance with the Dyfed Pension Fund Breaches Policy.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:

Director of Corporate
Services,
Carmarthenshire County
Council

Tel: 01267 224120

Email addresses:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 19/06/2024**

Breaches Report

Introduction

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

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

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

The up to date breaches report is attached. Since the last Committee meeting there have been a few instances where employee/employer contributions have not been received on time. 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 Manage- ment Issues	Staffing Implications	Physical Assets	Bio- diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

THERE ARE NONE

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

Breach Number	Year	Date of Breach / Likely Breach	Failure Type	A description of the breach (including relevant dates), its cause and effect, including the reasons it is, or is not, believed to be of material significance	Been reported to tPR before	RAG Status	Report to tPR	Actions taken to rectify the breach. A brief descriptions of any longer term implications and actions required to prevent similar types of breaches recurring in the future
140	2023-24	22/5/23	Contributions	No paperwork or payment received for April contributions. Payment received 29.2.2024.	No	Amber	Yes	Ongoing discussions taking place with the Administrators. The Pensions Regulator has been updated that the pension contributions are now up to date.
141	2023-24	22/5/23	Contributions	April contributions of £5,373.96 received 2 days late. Payment not actioned by finance team.	No	Amber	No Report	There are no long term implications associated with this breach.
142	2023-24	March 2023, April 2023, May 2023	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. March 2023 - 20 members & total refunds = £10211.91, April - 12 members & total refunds = £3294.38, May - 12 members & total refunds = £4924.85	No	Amber	No Report	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.
143	2023-24	June 2023, July 2023, August 2023	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. June 2023 - 17 members & total refunds = £16888.08, July - 21 members & total refunds = £2344.57, August - 39 members & total refunds = £12963.03	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.
144	2023-24	Ongoing	Contributions	No paperwork or payments received for May-July contributions. Payments received 29.2.2024	No	Amber	Yes	Ongoing discussions taking place with the Administrators. The Pensions Regulator has been updated that the pension contributions are now up to date.
145	2023-24	September & October 2023	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. September 2023 - 28 members & total refunds = £13112.89, October 2023 - 18 members & total refunds = £8670.27	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.
146	2023-24	22/09/2023	Contributions	August contributions of £10,529.94 received 18 days late. Payroll had completed this on time but there was an issue with the finance team who were late paying it.	No	Amber	No Report	There are no long term implications associated with this breach.
147	2023-24	Ongoing	Contributions	No paperwork or payments received for August-September contributions. Payments received 29.2.2024.	No	Amber	Yes	Ongoing discussions taking place with the Administrators. The Pensions Regulator has been updated that the pension contributions are now up to date.
148	2023-24	22/10/23	Contributions	September contributions of £2,758.46 received 1 day late. Finance officer off sick and IT issues prevented the payment being sent whilst working from home.	No	Amber	No Report	There are no long term implications associated with this breach.
149	2023-24	22/10/23	Contributions	September qtr contributions of £7,563.16 received 2 days late. Clerk sent remittance but forgot to action the payment.	No	Amber	No Report	There are no long term implications associated with this breach.
150	2023-24	22/10/23	Contributions	September qtr contributions of £385.11 received 5 days late. Clerk in hospital and delay with payroll.	No	Amber	No Report	There are no long term implications associated with this breach.

151	2023-24	Ongoing	Contributions	No paperwork or payments received for October contributions.	No	Amber	Yes	Ongoing discussions taking place with the Administrators. The Pensions Regulator has been updated that the pension contributions are now up to date.
152	2023-24	22/11/23	Contributions	October contributions of £1,550.34 received 14 days late. Finance Team confirmed a technical issue with the system caused the payment to be delayed.	No	Amber	No Report	There are no long term implications associated with this breach.
153	2023-24	22/11/23	Contributions	The cheque for the October contributions (£439.51) was sent in on time by the Employer, there was a delay in the cheque being received at the Cash Desk (15 days late). In the meantime, Employer sent in new cheque to cover October & November, original cheque has been destroyed.	No	Amber	No Report	There are no long term implications associated with this breach.
154	2023-24	Ongoing	Contributions	No paperwork or payments received for November contributions. Payment received 29.2.2024	No	Amber	Yes	Ongoing discussions taking place with the Administrators. The Pensions Regulator has been updated that the pension contributions are now up to date.
155	2023-24	Ongoing	Contributions	No paperwork or payments received for December contributions. Payment received 29.2.2024	No	Amber	Yes	Ongoing discussions taking place with the Administrators. The Pensions Regulator has been updated that the pension contributions are now up to date.
156	2023-24	November 23 to February 24	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. November 2023 - 12 members & total refunds = £2556.20, December 2023 - 7 members & total refunds = £747.43, January 2024 - 19 members & total refunds = £6821.93, February 2024 - 16 members & total refunds = £3047.67	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.
157	2023-24	22/2/24	Contributions	January contributions of £1,621.23 received 5 days late. Employer has confirmed that a request for payment has been actioned late.	No	Amber	No Report	There are no long term implications associated with this breach.
158	2023-24	Ongoing	Contributions	Paperwork or payments not received on time for January contributions. However, a payment was received on the 29.2.2024 for £14,549.09 which covers the period September 2022-February 2024.	No	Amber	Yes	Ongoing discussions taking place with the Administrators. The Pensions Regulator has been updated that the pension contributions are now up to date.
159	2023-24	1/3/24	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. March 2024 - 29 members & total refunds = £6605.54	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.
160	2024-25	22/5/24	Contributions	April contributions of £871.55 received 1 day late. Issue with team that make the payment.	No	Amber	No Report	There are no long term implications associated with this breach.
161	2024-25	22/5/24	Contributions	April contributions of £490.68 received 2 days late. Payment hadn't been included in the payment run.	No	Amber	No Report	There are no long term implications associated with this breach.
162	2024-25	April 24 to June 24	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 2024 - 15 members & total refunds = £3422.06, May 2024 - 14 members & total refunds = £3625.24, June 2024 - 11 members & total refunds = £4186.14	No	Amber	No Report	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.

DYFED PENSION FUND COMMITTEE

DATE 19/06/2024

Risk Register

To ensure that all risks are correctly identified and assessed

Recommendations / key decisions required:

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

Reasons:

To ensure all risks are correctly identified and assessed.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:

Director of Corporate
Services,
Carmarthenshire County
Council

Tel: 01267 224120

Email addresses:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 19/06/2024**

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

As agreed at the previous Pension Committee, the focus of the Risk Register review for this meeting will be the Governance and Regulatory risks. There are eight risks, and these are referenced on the register as risk numbers G1 – G8. The risks have been reviewed and there have been no changes since the register was approved at the previous Committee meeting.

As noted at the last meeting, risk number G8 (concerning Environmental, Social and Governance (ESG) factors) was added as part of the recent review prior to submission to Pension Committee for approval in March 2024.

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	Bio-diversity & Climate Change
NONE	NONE	NONE	NONE	YES	NONE	NONE	NONE

Risk Management Issues

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

N/A

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Dyfed Pension Fund - Risk Register

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
Governance and Regulatory						
G1	Failure to hold personal data securely.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls. Disaster Recovery Plan for pensions system. Authorised users have unique usernames and passwords must be changed every 60 days. Documentation is scanned on to the pensions system and paper copies are held for a period of 3 months before shredding. Compliance with the Data Protection Act 1998. Compliance with the Authority's in-house IT policies. Systems and Payroll audit undertaken annually. Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. 	Pensions Manager
		Uncontrolled Risk				
		Substantial 4	Unlikely 2	Medium 8		
		Controlled Risk				
		Significant 3	Improbable 1	Very Low 3		
G2	<p>Lack of expertise on Pension Fund Committee and/or amongst Investment Officers.</p> <p>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>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Ensure Investment Officers are trained and up to date in key areas through courses, seminars, reading, discussions with consultants, etc. Members given induction training on joining Committee with subsequent opportunities to attend other specialist training. Members' training plan and Governance Policy established. Specialist assistance available from consultants and independent adviser. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Significant 3	Likely 4	High 12		
		Controlled Risk				
		Significant 3	Possible 3	Medium 9		
G3	<p>Officers acting outside delegated authority.</p> <p>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>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Undertake regular review of Standing Orders & Constitution. Report to Executive Board. Monitoring officer role. 	Pensions Manager and Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Substantial 4	Unlikely 2	Medium 8		
		Controlled Risk				
		Substantial 4	Improbable 1	Low 4		

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
G4	<p>Non-performance by Officers and Committee Members.</p> <p>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>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Establish performance measurement system. * Officer appraisals in October and March annually. * Regular internal and external audits. * Establish & review training plan for officers and members. * Pension Committee member assessments. ** 	<p>*Pensions Manager and Treasury & Pension Investments Manager</p> <p>**Treasury & Pension Investments Manager</p>
Uncontrolled Risk		Substantial 4	Possible 3	High 12		
Controlled Risk		Substantial 4	Unlikely 2	Medium 8		
G5	<p>Failure to comply with LGPS regulations as well as other overriding regulations.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Altair Development Officer undertakes Altair system checks to ensure compliance with LGPS regulations. Network Groups (Altair & LGPC). Communication & Training Officer responsible for the maintenance of Online Procedure manuals, and the provision of training to all section staff and employing bodies via site visits. Continue to act as an "Early Adopter" in conjunction with the system provider to ensure system meets regulatory requirements. Technical Officer ensures legislative accuracy of calculations. 	<p>Pensions Manager</p>
Uncontrolled Risk		Substantial 4	Unlikely 2	Medium 8		
Controlled Risk		Substantial 4	Improbable 1	Low 4		
G6	<p>Failure to respond to major change to the LGPS following Public Sector Pension Review.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Participation in all high-level Government discussions and consultations. * Society of Welsh Treasurers review the suitability of existing and any new pension Fund arrangements. * CIPFA Pensions Network membership. * Ensure best practice is implemented and DPF is seen as a centre of excellence for pension administration. ** Continue to be recognised nationally by peers as one of the leaders in pension administration and facilitate site visits. ** Technical Officer ensures legislative accuracy of calculations. ** 	<p>*Pensions Manager and Treasury & Pension Investments Manager</p> <p>**Pensions Manager</p>
Uncontrolled Risk		Substantial 4	Possible 3	High 12		
Controlled Risk		Substantial 4	Improbable 1	Low 4		

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to		
G7	Global financial markets impacted by economic climate, national/global austerity measures and geopolitical events.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Ongoing review and any subsequent actions taken by Pension Committee, Investment Officers and Independent Adviser with reference to the global economy and global instability. 	Treasury & Pension Investments Manager		
Uncontrolled Risk		Catastrophic	Possible	High				
5		3					15	
Controlled Risk		Substantial	Possible	High				
4		3			12	<ul style="list-style-type: none"> The establishment of a Responsible Investment (RI) Policy. Ongoing review by Pension Committee, Investment Officers and Independent Advisor of the fund's carbon exposure and other ESG factors. ESG considerations embedded in investment decision making. Significant work undertaken in conjunction with the Wales Pension Partnership, including the establishment of an RI sub-group, appointment of a voting and engagement provider and being a signatory to the UK Stewardship Code. 	Treasury & Pension Investments Manager	
G8		Impact	Probability	Risk rating				
The Fund fails to adequately account for the investment, governance and reputational risk associated with climate change, climate risk and Environmental, Social and Governance (ESG) factors.		Catastrophic	Possible	High				
5		3			15			
Controlled Risk		Substantial	Possible	High	<ul style="list-style-type: none"> ESG considerations embedded in investment decision making. Significant work undertaken in conjunction with the Wales Pension Partnership, including the establishment of an RI sub-group, appointment of a voting and engagement provider and being a signatory to the UK Stewardship Code. 	Treasury & Pension Investments Manager		
4		3					12	
Funding and Investment								
F1	<p>Failure to collect and account for full receipt of contributions from employers and employees on time and in line with Regulation guidelines.</p> <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>	Impact	Probability	Risk rating			<ul style="list-style-type: none"> Contributions monitoring procedures. Formal timescales for receipt of contributions. Budget set and monthly monitoring against the budget. Escalation of non-receipt of contributions. Systems Audit undertaken by Internal Audit and External Auditors. 	Pensions Manager and Treasury & Pension Investments Manager
Uncontrolled Risk		Substantial	Possible	High				
4		3			12			
Controlled Risk		Substantial	Unlikely	Medium				
4		2			8			

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to													
F2	<p>Liquidity/cashflow risk Insufficient funds to meet liabilities as they fall due.</p> <p>Failure of employers to pay contributions on time; low dividend income; significant number of liabilities paid out at the same time.</p> <p>Immediate cash contribution would be required via employers; delay in the payment of promised liabilities; negative publicity and an adverse audit report.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>	Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Robust current and future cashflow forecasting. Monthly cash and dividend reconciliations. Quarterly monitoring of investment managers by Pension Committee. Appointment of custodian. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																	
Uncontrolled Risk																			
Substantial 4	Possible 3	High 12																	
Controlled Risk																			
Substantial 4	Unlikely 2	Medium 8																	
F3	<p>Excessive levels of Pension Fund Cash held within Carmarthenshire County Council investment balances.</p> <p>High dividend / interest receipts and low benefit payments being made in period.</p> <p>Lower cash like return instead of equity or bond investment returns.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Unlikely 2</td> <td>Medium 6</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Improbable 1</td> <td>Very Low 3</td> </tr> </tbody> </table>	Impact	Probability	Risk rating	Uncontrolled Risk			Significant 3	Unlikely 2	Medium 6	Controlled Risk			Significant 3	Improbable 1	Very Low 3	<ul style="list-style-type: none"> Monthly cash reconciliations and separate pension Fund bank accounts. Quarterly monitoring by Pension Fund Committee. Internal Audit and Wales Audit Office review. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																	
Uncontrolled Risk																			
Significant 3	Unlikely 2	Medium 6																	
Controlled Risk																			
Significant 3	Improbable 1	Very Low 3																	
F4	<p>Prolonged failure of investment managers to achieve the returns specified on their mandates.</p> <p>Under-performance by the investment managers; lack of monitoring and challenging by the Committee.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Likely 4</td> <td>Significant 16</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>	Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Likely 4	Significant 16	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Quarterly monitoring of investment managers and performance company reports by investment team and Pension Committee. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																	
Uncontrolled Risk																			
Substantial 4	Likely 4	Significant 16																	
Controlled Risk																			
Substantial 4	Unlikely 2	Medium 8																	

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to															
F5	<p>Failure to recover all debts.</p> <p>Lack of communication between fund officers and administering authority officers (debtors); lack of monitoring / recovery procedures.</p> <p>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>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Likely 4</td> <td>Significant 16</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Moderate 2</td> <td>Improbable 1</td> <td>Very Low 2</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Likely 4	Significant 16	Controlled Risk			Moderate 2	Improbable 1	Very Low 2	<ul style="list-style-type: none"> Use of specialist debt recovery section within the administering authority. Monthly monitoring of debts due. 	Pensions Manager and Treasury & Pension Investments Manager
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Substantial 4	Likely 4	Significant 16																			
Controlled Risk																					
Moderate 2	Improbable 1	Very Low 2																			
F6	<p>Significant rises in employer contributions due to increases in liabilities or fall in assets.</p> <p>Scheme liabilities increase disproportionately as a result of increased longevity or falling bond yields. Poor economic conditions, incorrect investment strategy, poor selection of investment managers.</p> <p>Poor / negative returns leading to potential increase in employer's costs.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Likely 4</td> <td>Significant 16</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Possible 3</td> <td>Medium 9</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Likely 4	Significant 16	Controlled Risk			Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> Use qualified actuary who uses assumptions and recommends appropriate recovery period and strategy. * Quarterly monitoring of investment managers by Pension Committee. ** Diversified Strategic Asset Allocation. ** 	<p>*Pensions Manager and Treasury & Pension Investments Manager</p> <p>**Treasury & Pension Investments Manager</p>
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Substantial 4	Likely 4	Significant 16																			
Controlled Risk																					
Significant 3	Possible 3	Medium 9																			
F7	<p>Failure of Investment Strategy to deliver investment objectives.</p> <p>Inaccurate triennial valuation assumptions used. Incorrect recovery period used.</p> <p>Funding level decreases: employer contribution rates become unacceptable, causing potential increase in employer's costs.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Likely 4</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Possible 3</td> <td>Medium 9</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Significant 3	Likely 4	High 12	Controlled Risk			Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> Work with and challenge qualified actuary when making assumptions to ensure that the triennial valuation is robust in delivering the fund's investment objectives. * Independent Investment adviser employed to assist the committee in making informed decisions. ** 	<p>*Pensions Manager and Treasury & Pension Investments Manager</p> <p>**Treasury & Pension Investments Manager</p>
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Significant 3	Likely 4	High 12																			
Controlled Risk																					
Significant 3	Possible 3	Medium 9																			

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to															
F8	<p>Concentration risk Single asset class having disproportionate impact on investment objectives.</p> <p>Risk of the performance of a single asset class having a disproportionate impact on the ability to meeting investment objectives.</p> <p>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>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Establish & review diversified strategic asset allocation. Continually reviewing the strategic asset allocation with the Independent Investment Advisor and taking any actions as necessary. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Substantial 4	Possible 3	High 12																			
Controlled Risk																					
Substantial 4	Unlikely 2	Medium 8																			
F9	<p>Counterparty risk of other party in a transaction failing to meet its obligation to the Fund.</p> <p>This arises from deposits held with banks and other financial institutions, as well as credit exposures to the fund's employers.</p> <p>Loss of capital; decrease in asset values; cost of legal proceedings; adverse publicity.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Set appropriate parameters with Fund managers and custodian to limit exposure to default risk. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Substantial 4	Possible 3	High 12																			
Controlled Risk																					
Substantial 4	Unlikely 2	Medium 8																			
F10	<p>Interest rate risk Arises from risk of exposure to significant interest rate movements on investments.</p> <p>Bond yields and some equity investments decrease in value.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Possible 3</td> <td>Medium 9</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> Establish & review diversified strategic asset allocation. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Substantial 4	Possible 3	High 12																			
Controlled Risk																					
Significant 3	Possible 3	Medium 9																			

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to															
F11	<p>Discount rate risk</p> <p>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>	<table border="1"> <thead> <tr> <th data-bbox="631 261 779 300">Impact</th> <th data-bbox="779 261 945 300">Probability</th> <th data-bbox="945 261 1122 300">Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="631 300 1122 328">Uncontrolled Risk</td> </tr> <tr> <td data-bbox="631 328 779 357">Substantial 4</td> <td data-bbox="779 328 945 357">Possible 3</td> <td data-bbox="945 328 1122 357">High 12</td> </tr> <tr> <td colspan="3" data-bbox="631 389 1122 418">Controlled Risk</td> </tr> <tr> <td data-bbox="631 418 779 446">Substantial 4</td> <td data-bbox="779 418 945 446">Unlikely 2</td> <td data-bbox="945 418 1122 446">Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Engage qualified actuary to make assumptions. Engage independent adviser to assist the committee in making informed decisions. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Substantial 4	Possible 3	High 12																			
Controlled Risk																					
Substantial 4	Unlikely 2	Medium 8																			
F12	<p>Price risk</p> <p>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>	<table border="1"> <thead> <tr> <th data-bbox="631 533 779 571">Impact</th> <th data-bbox="779 533 945 571">Probability</th> <th data-bbox="945 533 1122 571">Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="631 571 1122 600">Uncontrolled Risk</td> </tr> <tr> <td data-bbox="631 600 779 628">Substantial 4</td> <td data-bbox="779 600 945 628">Possible 3</td> <td data-bbox="945 600 1122 628">High 12</td> </tr> <tr> <td colspan="3" data-bbox="631 660 1122 689">Controlled Risk</td> </tr> <tr> <td data-bbox="631 689 779 718">Substantial 4</td> <td data-bbox="779 689 945 718">Unlikely 2</td> <td data-bbox="945 689 1122 718">Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Establish & review a diversified strategic asset allocation. Anticipate long term returns on a prudent basis. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Substantial 4	Possible 3	High 12																			
Controlled Risk																					
Substantial 4	Unlikely 2	Medium 8																			
F13	<p>Foreign exchange risk</p> <p>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 contribution rates become unacceptable, causing a potential increase in employers' costs.</p>	<table border="1"> <thead> <tr> <th data-bbox="631 820 779 858">Impact</th> <th data-bbox="779 820 945 858">Probability</th> <th data-bbox="945 820 1122 858">Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="631 858 1122 887">Uncontrolled Risk</td> </tr> <tr> <td data-bbox="631 887 779 916">Substantial 4</td> <td data-bbox="779 887 945 916">Possible 3</td> <td data-bbox="945 887 1122 916">High 12</td> </tr> <tr> <td colspan="3" data-bbox="631 948 1122 976">Controlled Risk</td> </tr> <tr> <td data-bbox="631 976 779 1005">Substantial 4</td> <td data-bbox="779 976 945 1005">Unlikely 2</td> <td data-bbox="945 976 1122 1005">Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Establish & review diversified (within regions) strategic asset allocation. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Substantial 4	Possible 3	High 12																			
Controlled Risk																					
Substantial 4	Unlikely 2	Medium 8																			

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
Operational						
O1	Failure to process accurate pension benefits payments, including lump sum payments, in a timely manner.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Segregation of duties and authorisation of benefit following calculation by Senior Pensions Officer. Altair Development Officer is responsible for regular system checks regarding calculations. Communication & Training Officer liaises closely with all employing authorities to ensure timely submission of information to DPF. Payroll deadline procedures in place. Item in Business Continuity/Disaster Recovery Plan. Participate in National Fraud Initiative (NFI). Life Certificates exercise carried out for all cheque payments. Undertake reviews of monthly performance to ensure service standards are maintained. IT Contingency/Resilience Plan in place. 	Pensions Manager
		Uncontrolled Risk				
		Significant 3	Unlikely 2	Medium 6		
		Controlled Risk				
		Significant 3	Improbable 1	Very Low 3		
O2	Failure to keep pension records up to date and accurate.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Senior Officers liaise closely with employing authorities to ensure timely and accurate submission of data to DPF. i-Connect ensures that data from employers is identified by a direct transfer from payroll on a monthly basis. Data accuracy checks undertaken by the pension section prior to continual validation on workflow system. Data integrity validation is performed monthly by Altair Development Officer. Data validation checks also undertaken by the DPF's partners (e.g. the Actuary at Valuation). Additional validation carried out through NFI. Opportunity to escalate non-compliance. 	Pensions Manager
		Uncontrolled Risk				
		Significant 3	Possible 3	Medium 9		
		Controlled Risk				
		Significant 3	Improbable 1	Very Low 3		
O3	Loss of funds through fraud or misappropriation in administration related functions.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Internal and external audit checks performed to ensure that appropriate and effective controls are in place. Segregation of duties and authorisation of benefits following calculation by Senior Pensions Officer and Pensions Officer. Altair Development Officer undertakes data integrity checks. Systems and Payroll audit undertaken annually. 	Pensions Manager
		Uncontrolled Risk				
		Substantial 4	Unlikely 2	Medium 8		
		Controlled Risk				
		Moderate 2	Unlikely 2	Low 4		

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
O4	Normal operations disrupted by uncontrollable external factors. Service delivery threats from fire, bomb, extreme weather, electrical faults, etc. Insufficient daily back up, disaster recovery, and IT cover to support systems. Temporary loss of ability to provide service to stakeholders.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls. * Disaster Recovery Plan for pensions system with the software provider. ** Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. ** 	*Pensions Manager and Treasury & Pension Investments Manager **Pensions Manager
		Uncontrolled Risk				
Substantial	Possible	High				
4	3	12				
Controlled Risk						
Significant	Improbable	Very Low				
3	1	3				
O5	Inability to keep service going due to loss of main office, computer system, or staff.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls. Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. 	Pensions Manager
		Uncontrolled Risk				
Moderate	Unlikely	Low				
2	2	4				
Controlled Risk						
Moderate	Improbable	Very Low				
2	1	2				
O6	Lack of expertise among some Pension Administration officers.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Personal development plan in place to support the development of each officer in the Section. Specific courses / seminars attended by officers to further their knowledge and understanding. 	Pensions Manager
		Uncontrolled Risk				
Significant	Unlikely	Medium				
3	2	6				
Controlled Risk						
Significant	Improbable	Very Low				
3	1	3				
O7	Over reliance on key Pensions Administration and Investment Officers. Specialist nature of the work means there are relatively few experts in LGPS administration and investments. Significant knowledge gap left if experts leave.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Key officers convey specialist knowledge to colleagues on a function or topic basis by mentoring. Enhance training by bespoke sessions / courses / workshops. Specific relevant qualifications for administration and investment staff. External consultants and independent adviser available for short term assistance for investment matters. 	Pensions Manager and Treasury & Pension Investments Manager
		Uncontrolled Risk				
Significant	Possible	Medium				
3	3	9				
Controlled Risk						
Significant	Unlikely	Medium				
3	2	6				

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
O8	Failure to appropriately attract, manage, develop, and retain pensions administration staff at all levels.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Training and Development Plan established. Carmarthenshire County Council recruitment and retention policy implemented. 	Pensions Manager
Uncontrolled Risk		Substantial 4	Possible 3	High 12		
Controlled Risk		Substantial 4	Unlikely 2	Medium 8		
O9	<p>Failure to communicate properly with stakeholders.</p> <p>Lack of clear communications.</p> <p>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.</p> <p>Communication with investment managers, custodian, independent adviser, Fund employers, pensioners, scheme members, actuary, and government organisations.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Dedicated Communication & Training Officer will continue to fulfil all the communication requirements of the DPF, in accordance with the Communications Policy Statement* My Pension Online is used to enhance the service provided to scheme members. * Quarterly meetings with independent adviser and investment managers. ** Comprehensive website is continually updated and developed. *** Communications Policy in place. *** Annual Employer & Consultative Meeting. *** 	<p>*Pensions Manager</p> <p>**Treasury & Pension Investments Manager</p> <p>***Pensions Manager and Treasury & Pension Investments Manager</p>
Uncontrolled Risk		Significant 3	Unlikely 2	Medium 6		
Controlled Risk		Significant 3	Improbable 1	Very Low 3		
O10	<p>Loss of funds through fraud or misappropriation in investment related functions.</p> <p>Fraud or misappropriation of funds by an employer, investment managers or custodian.</p> <p>Financial loss to the Fund.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Internal and External Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc. are also reviewed by audit. Due diligence is carried out whenever a new manager is appointed. Reliance also placed in Financial Conduct Authority registration. Quarterly monitoring by Pension Committee and Independent Adviser. 	Treasury & Pension Investments Manager
Uncontrolled Risk		Substantial 4	Possible 3	High 12		
Controlled Risk		Substantial 4	Unlikely 2	Medium 8		

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
O11	<p>Failure to meet deadlines or maintain robust working papers which do not provide assurance of the accuracy of the accounts.</p> <p>Lack of planning for closure of accounts; lack of training; loss of expert knowledge.</p> <p>Qualified audit report; potential bad publicity; members' loss of confidence on officers' abilities.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> • Timetabled Governance & Audit Committee cycles. • Liaise with external audit. • Establish closedown timetable. • Establish Audit Wales working paper guidance & planning document. • Excellent time management skills. • Attendance at CIPFA Pension Fund Accounts Training & CIPFA Pension Fund Example Accounts reviewed. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
Substantial 4	Possible 3	High 12				
Controlled Risk						
Substantial 4	Unlikely 2	Medium 8				
O12	<p>Adequate skilled resources not available for accounts preparation.</p> <p>Lack of training; loss of expert knowledge; annual or study leave.</p> <p>Qualified audit report; unsatisfactory internal audit report; failure to meet statutory closure deadlines; employee stress.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> • Appropriate Treasury & Pension Investments structure in place. • Arrange training courses and seminars, and mentoring. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
Significant 3	Likely 4	High 12				
Controlled Risk						
Significant 3	Possible 3	Medium 9				
O13	<p>Failure to operate strict financial and budgetary controls.</p> <p>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 investment 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>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> • Quarterly monitoring of budgets. • Quarterly forecasting and profiling of budgets. • Closure of accounts to Audit Committee. • Monthly reconciliations of contributions, dividends, and pension payroll. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
Substantial 4	Possible 3	High 12				
Controlled Risk						
Substantial 4	Unlikely 2	Medium 8				

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
O14	Insufficient resources to provide information requirements for the Wales Pension Partnership on the management of the Fund.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Staffing resources to be kept under review to ensure the Fund's interests are properly met when developing investment pooling arrangements. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Substantial 4	Possible 3	High 12		
		Controlled Risk				
		Substantial 4	Unlikely 2	Medium 8		
O15	<p>Coronavirus COVID-19 Service delivery threats from COVID-19 and / or similar pandemics / epidemics.</p> <p>Insufficient daily back up, disaster recovery, and IT cover to support systems and staff.</p> <p>Temporary loss of ability to provide service to stakeholders.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls. * Hybrid working arrangements with access to key systems through CCC IT equipment and software. * Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. ** 	*Pensions Manager and Treasury & Pension Investments Manager **Pensions Manager
		Uncontrolled Risk				
		Substantial 4	Possible 3	High 12		
		Controlled Risk				
		Moderate 2	Possible 3	Medium 6		
O16	No appropriate procedures for Employer bodies transferring out of the pension Fund or Employer bodies closing to new membership.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Inter valuation monitoring and rate reassessment if appropriate. Identification of any issue and resolution via regular site visits by Communication & Training Officer. Requirement for employing authorities to issue termination forms for each active member. Validation of membership numbers. Employer covenant checks. 	Pensions Manager
		Uncontrolled Risk				
		Significant 3	Possible 3	Medium 9		
		Controlled Risk				
		Significant 3	Unlikely 2	Medium 6		

DYFED PENSION FUND COMMITTEE DATE 19/06/2024

Training Plan 2024-2025

To provide the Dyfed Pension Fund Committee with the Training Plan 2024-2025.

Recommendations / key decisions required:

The Committee to note the Training Plan 2024-2025.

Reasons:

To provide the Dyfed Pension Fund Committee with the Training Plan 2024-2025.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

<p>Directorate: Corporate Services</p> <p>Name of Director: Chris Moore</p> <p>Report Author: Chris Moore</p>	<p>Designations:</p> <p>Director of Corporate Services, Carmarthenshire County Council</p>	<p>Tel: 01267 224120</p> <p>Email addresses: CMoore@carmarthenshire.gov.uk</p>
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**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 19/06/2024**

Training Plan 2024-2025

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 Manage- ment Issues	Staffing Implications	Physical Assets	Bio- diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

N/A

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

THERE ARE NONE

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

DYFED PENSION FUND

Committee Members and Officers Training 2024-2025

Committee Members

Councillor Elwyn Williams (EW) – Chair
Councillor Dai Thomas (DT) – Committee Member
Councillor Peter Cooper (PC) – Committee Member
Councillor Neil Lewis (NL) – Substitute Committee Member

Officers

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

<u>Date</u>	<u>Subject</u>	<u>Provider</u>	<u>Venue</u>	<u>Attendees</u>
17 April 2024	Business Meeting	LAPFF	Hybrid/ London	AP & NL
23 – 24 April 2024	Pooling Symposium	LAPF	The Belfry	AP
11 – 13 June 2024	LA Conference	PLSA	Glouc.	RH, KG, MO & PC
18 June 2024	WPP Training Session (Product Knowledge & Cyber Security)		Online	CM, RH, AP, MO, EW, DT, PC & NL
19 June 2024	Committee Meeting		Hybrid/ Carmarthen	CM, RH, AP, KG, MO, EW, DT, PC & NL
19 June 2024	Schroders Briefing		Hybrid/ Carmarthen	CM, RH, AP, KG, MO, EW, DT, PC & NL
12 July 2024	Business Meeting	LAPFF	Hybrid/ London	AP & NL
September 2024 (tbc)	WPP Training Session (Policies)		Online	CM, RH, AP, MO, EW, DT, PC & NL
12 – 13 September 2024	Investment Summit	LGC	Birmingham	CM, AP, EW & PC
19 September 2024	Committee Meeting		Hybrid/ Carmarthen	CM, RH, AP, KG, MO, EW, DT, PC & NL

16 October 2024	AGM & Business Meeting	LAPFF	Hybrid/ London	AP & NL
October 2024 (tbc)	Fundamentals Training	LGPC	Online	PC
11 November 2024	Committee Meeting		Hybrid/ Carmarthen	CM, RH, AP, KG, MO, EW, DT, PC & NL
12 November 2024	ACM		Llanelli	All members & officers
November 2024 (tbc)	Fundamentals Training	LGPC	Online	PC
19 – 20 November 2024	Pension Managers Conference	SWPE	Torquay	KG & MM
4 – 6 December 2024	Annual Conference	LAPFF	Bournemouth	RH & NL
December 2024 (tbc)	Fundamentals Training	LGPC	Online	PC
December 2024 (tbc)	WPP Training Session (Responsible Investment)		Online	CM, RH, AP, MO, EW, DT, PC & NL
January 2025 (tbc)	Business Meeting	LAPFF	Hybrid/ London	AP & NL
30 – 31 January 2025	LGPS Governance Conference	LGA	Hybrid/ Bournemouth	tbc
February 2025 (tbc)	Pension Fund Accounts	CIPFA	Online	MO
March 2025 (tbc)	Investment Seminar	LGC	Carden Park	CM, AP & tbc
March 2025 (tbc)	WPP Training Session (Market Understanding & Regulatory Requirements)		Online	CM, RH, AP, MO, EW, DT, PC & NL
26 March 2025	Committee Meeting		Hybrid/ Carmarthen	CM, RH, AP, KG, MO, EW, DT, PC & NL

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 19/06/2024

Carbon Intensity Analysis as at 31 March 2024		
Members of the committee to note the Fund's Equity Carbon Intensity Analysis		
Recommendations / key decisions required: The Committee to note the Fund's Equity Carbon Intensity Analysis.		
Reasons: To provide the Dyfed Pension Fund Committee with an update on the Fund's Equity Carbon Intensity.		
Cabinet Decision Required N/A Council Decision Required N/A		
CABINET MEMBER PORTFOLIO HOLDER:- N/A		
Directorate: Corporate Services Name of Director: Chris Moore Report Author: Chris Moore	Designations: Director of Corporate Services, Carmarthenshire County Council	Tel: 01267 224120 Email addresses: CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 19/06/2024**

Carbon Intensity Analysis as at 31 March 2024

A paper has been prepared to update the Committee on the Fund's Equity Carbon Intensity position. The paper illustrates the Weighted Average Carbon Intensity of the Fund's equity portfolio to 31 March 2024.

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	Bio-diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	YES

Biodiversity & Climate Change

The attached report outlines the movement in the Fund's carbon intensity of its equity portfolio to March 2024. The carbon intensity of the equity portfolio has reduced by 15% per annum since September 2020.

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

N/A

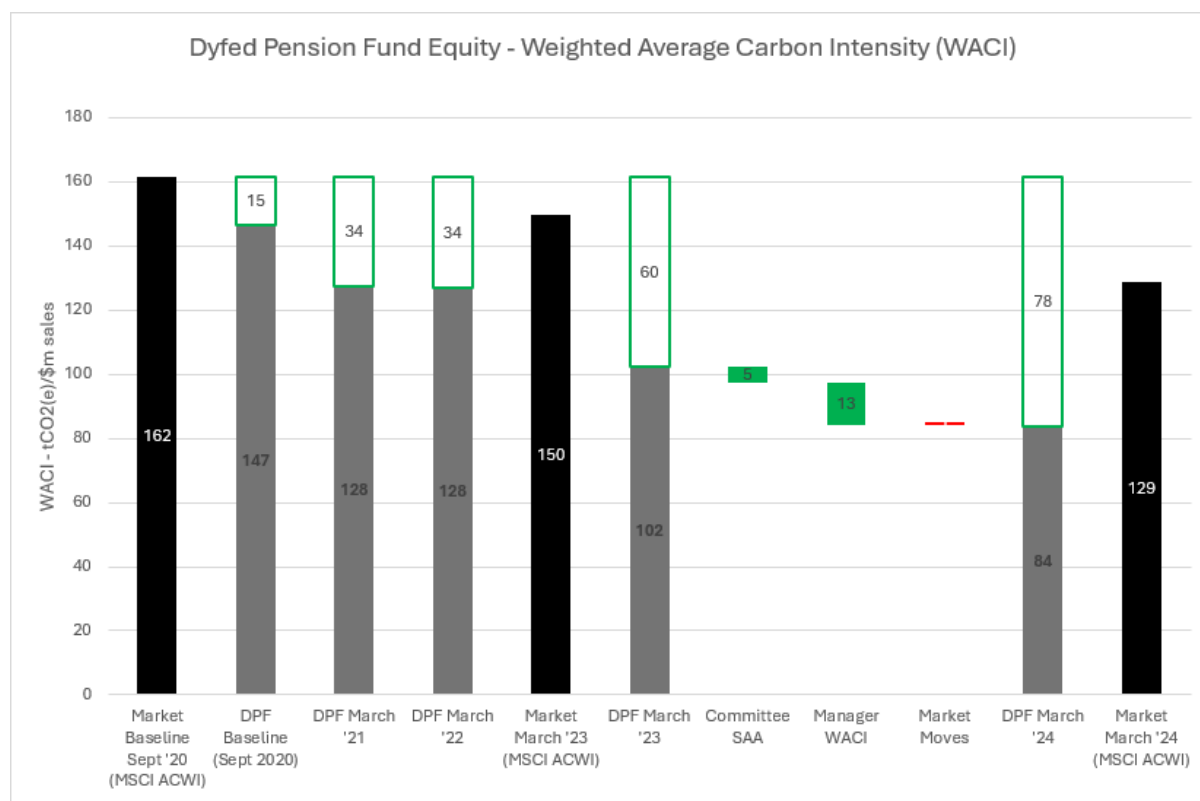
**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

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

Equity Carbon Intensity Analysis



The Weighted Average Carbon Intensity (WACI) has reduced by 18% in the year to 31 March 2024. WACI has reduced by 15% p.a. over the three and a half years since the baseline in September 2020.

Definitions

Carbon Intensity

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

Weighted Average Carbon Intensity

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

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DYFED PENSION FUND COMMITTEE

DATE 19/06/2024

Wales Pension Partnership Responsible Investment Update – 31 March 2024

Recommendations / key decisions required:

The Committee to note the Wales Pension Partnership (WPP) Responsible Investment update as at 31 March 2024.

Reasons:

Hymans Robertson have provided a WPP Responsible Investment Update as at 31 March 2024.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate
Services,
Carmarthenshire County
Council

Tel: 01267 224120

Email addresses:
CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 19/06/2024**

**Wales Pension Partnership Responsible Investment Update – 31
March 2024**

The Wales Pension Partnership (WPP) Responsible Investment (RI) Update has been prepared by WPP’s Oversight Advisor (Hymans Robertson) in conjunction with WPP.

This quarterly WPP RI Update sets out recent RI activity and information on the following Sub-Funds which the Dyfed Pension Fund is invested in:

- Global Growth
- Sustainable Active Equity
- Global Credit

In addition, the update provides a Stewardship Summary and the following appendices:

- Appendix 1: WPP Stewardship Themes 2024-25
- Appendix 2: Issuers Under Engagement (Q1 2024)
- Appendix 3: Metrics Definitions
- Appendix 4: General Risk Warning and Disclaimer

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	Bio-diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	YES

Biodiversity & Climate Change

Robeco's role as WPP's voting and engagement provider enhances engagement on biodiversity and climate change issues.

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

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

N/A

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

THERE ARE NONE

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

Responsible Investment Update: Q1 2024

Introduction

This update has been prepared by Hymans Robertson LLP for the WPP. This quarterly WPP Responsible Investment (RI) Update sets out recent RI activity and information on the following Sub-Funds: Global Growth; Global Opportunities; UK Opportunities; Emerging Markets; Sustainable Active Equity; Global Credit; Multi-Asset Credit; Absolute-Return Bond; UK Credit. Please note, due to data and metric limitations, the Global Government Bond Sub-Fund is currently not included in this report.

It should not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety. We accept no liability to any other party unless we have accepted such liability in writing.

Summary of quarterly RI activity

JGC RI activity

- **Climate reporting:** following the publication of the all-Wales Climate Report (AWCR), which was well received, WPP will now prepare such a report triennially. For interim years, a climate report that covers assets held at the pool level only will be published.
- **Climate framework and climate focus list:** a recommendation of the AWCR, WPP is working on its draft Climate Framework and Climate-Focus List, both of which will help foster climate understanding and stewardship across the pool.
- **Escalation Policy:** following consultation with Russell IM, the Escalation Principles have been revised and will be included in the Stewardship Policy subject to JGC approval. A worked example of how this process will operate will be presented as part of a training workshop in September.
- **Sustainable fixed income:** as part of the evolution of its product offering, WPP is considering how to develop its fixed-income Sub-Funds in line with its responsible-investment objectives.
- **Voting & Engagement (V&E) Provider procurement:** work for this is already underway, given the current contract ends 31 March 2025. The tender process will begin in September.
- **Climate & ESG risk reports:** UK Credit, Global Credit and Global Government Bond Sub-Funds.

Shareholder proposals (SHPs)

Following dialogue with Robeco and Northern Trust, further investigation into the process for co-filing SHPs is being established. Initial thinking is that WPP will be able to co-file on behalf of the underlying Welsh Funds, but confirmation will be provided in coming weeks following dialogue with other LGPS.

Sustainable Active Equity (voting issue)

Voting on the Sustainable Active Equity Sub-Fund is now live. While the lack of voting data had been queried in Q4 23, this was thought to have been resolved by year-end. Further investigation at the start of 2024 revealed that, while the voting contract was in place, no voting requests had been submitted as vote authority had been requested through an incorrect custodial account. Robeco confirmed that, for the Q2 'proxy season', Nokia and DBS shares were not voted within this Sub-Fund.

LAPFF alerts

The first quarter of 2024 saw one LAPFF alert issued:

- ✓ Apple: a voting alert was issued on five ballot items. WPP voted in line with all five, including four SHPs.

Simon Jones, Partner

Rachel Barrack, Senior RI Analyst

For and on behalf of Hymans Robertson LLP

June 2024

Stewardship Summary

Quarter ending 31 March 2024

WPP employs Robeco as its Voting and Engagement Provider, with Robeco voting on resolutions across five of the WPP's Active Equity Sub-Funds while also providing the engagement function with issuers across all active Sub-Funds, as well as the passive mandates. As noted in the quarterly summary, we highlight no voting activity on the Sustainable Active Equity Sub-Fund. Given underlying data issues, no granular engagement data is currently available for any Sub-Funds. This issue is being investigated by WPP's Voting & Engagement Provider.

One voting theme highlighted by Robeco this quarter is around shareholder rights. Robeco point out the push back on active stewardship seen in the US, for example, with Exxon Mobil's lawsuit against activist investors to prevent their SHP calling for stronger climate targets. Similarly, in the UK and EU, there have been regulatory changes enacted, to help encourage listed companies to list in these markets, that may have a detrimental effect on shareholder rights, for example, allowing for the creation of dual share classes.

A summary of activity is provided below, with voting broken down between Sub-Funds in subsequent pages. It should be noted that some stocks are common across multiple Sub-Funds and hence votes will be reported against each.

Overall voting summary

Breakdown of voting activity			
Number of meetings		165	
Proposals voted		1,510	
Meetings with at least one vote against management		82 (50%)	
For	1,294	With management	1,286
Against	210	Against Management	211
Abstain	3		
Do not vote	1		
Other	2		

Overall engagement summary

Number of engagement cases by topic		Number of engagement activities by contact type	
Environment	41	Meeting	12
Social	26	Conference call	70
Governance	22	Written correspondence	97
Voting Related	7	Shareholder resolution	0
UN SDGs	39	Analysis	55
Enhanced	18	Other	1
Total	153	Total	235

Global Growth Sub-Fund:

Key Metrics as at 31 March 2024

Key characteristics

Fund value	£3.6bn
Underlying managers	Baillie Gifford, Pzena, Veritas

Source: Waystone/Russell

Top-10 holdings (by AUM)	
1. Alphabet	6. TSMC
2. Microsoft	7. Novo Nordisk
3. Nvidia	8. Tesla
4. Amazon	9. UnitedHealth
5. Meta	10. LVMH

Source: Waystone

Climate metrics

Figures as at 31 March 2024	Fund	Coverage	Benchmark	Coverage
WACI (tCO ₂ e/\$m sales)	51.3	>99%	118.1	>99%
WACI EVIC (tCO ₂ e/\$EVIC)	24.5	>99%	50.1	>99%
Carbon emissions (tCO ₂ e/£m invested)	42.0	>99%	99.3	>99%
Holdings with exposure to FF reserves	1.8%	Not applicable	6.7%	Not applicable
Approved Science-Based Targets (%)	38.6%	Not applicable	41.6%	Not applicable

Source: MSCI; Hymans Robertson; Benchmark: MSCI ACWI

ESG metrics

Figures as at 31 March 2024	Fund	Coverage	Benchmark	Coverage
Overall ESG score	5.5	>98%	5.5	>99%
E pillar	7.3	>98%	6.7	>99%
S pillar	4.9	>98%	5.1	>99%
G pillar	6.0	>98%	5.6	>99%
UNGC violators	0.0%	>98%	0.2%	>99%

Source: MSCI; Hymans Robertson; Benchmark: MSCI ACWI

Global Growth Sub-Fund:

Stewardship Summary

Voting Summary (Q1 2024)

Number of meetings		18	
Proposals voted		255	
Meetings with at least one vote against management		11 (61%)	
For	227	With management	222
Withhold	0	Against Management	33
Against	27		
Abstain	1		
Other	0		

Key votes

Novo Nordisk (Denmark, 21 March 2024)

- ✓ Robeco voted against the election of the chair of the remuneration committee, not considering him to be sufficiently independent, given he is also a non-executive director of Novo Holdings, a major shareholder of Novo Nordisk. Robeco's Proxy Voting Policy advocates for the chairs of key committees to the board to be independent, given their oversight responsibilities.

The management proposal passed.

- ✓ Robeco also voted against the ratification of Deloitte as auditor. Robeco noted that of the compensation Deloitte had received in 2023, over 30% were non-audit fees, bringing into question why the auditor was engaged in non-audit-related services, and whether such could represent a conflict of interest and compromise the independence of the audit.

The management proposal passed.

This quarter saw a number of management proposals on executive compensation on which WPP voted against, given concerns around remuneration practices. Issuers included Analog Devices, Catalent and Cooper Companies. All proposals passed, though we note the support for the Analog Devices proposal was less than 73%.

WPP also supported a number of shareholder proposals at US meat company Tyson Foods, including proposals around corporate climate lobbying, deforestation-free supply chains, packaging in line with circular-economy principles and auditing policies to prevent child labour. The proposals received minority support and did not pass.

Engagement (Q1 2024)

Case Studies

Fast Fashion

Last year, Robeco launched the Fashion Transition engagement theme, which aims to help shift the industry from one of 'take, make, waste' to one that's based on more circular operational structures and better management in supply chains. Robeco believes that 'by pushing for more circular and less wasteful production and sales structures, companies can lead meaningful improvements in the real economy'. As part of the engagement, Robeco has developed a sustainability framework, ranking companies from nascent to maturing, pioneering, advanced, in terms of how well they integrate E and S factors into their business models. Robeco is collaborating with Platform Living Wage Financials to address some of the S risks within the industry, on issues such as child labour, gender discrimination and living wages.

Companies under engagement include: Shopify; Shiseido; MercadoLibre; Richemont; LVMH.

Tax Transparency

Robeco launched the Tax Transparency theme last year, which looks to increase tax disclosures by companies to help investors understand both the sustainability of companies' tax rates as well as any likely future changes, given the impact to potential impact on cashflows and returns. The engagement centres around three broad themes: policy and principles; tax governance and systems; tax transparency. Robeco believes that in raising awareness of new tax legislation and reporting standards, that companies can develop more responsible practices, including around tax disclosures.

Companies under engagement include: Microsoft; Thermo Fisher Scientific.

Sustainable Active Equity Sub-Fund:

Key Metrics as at 31 March 2024

Key characteristics

Fund value	£1.6bn
Underlying managers	Artemis, Mirova, Neuberger Berman, Sparinvest, Wellington

Source: Waystone/Russell

Top-10 holdings (by AUM)	
1. Microsoft	6. Danaher
2. Visa	7. eBay
3. ASML Holdings	8. Novo Nordisk
4. Mastercard	9. ING Groep
5. Thermo Fisher	10. Recruit Holdings

Source: Waystone/Russell

Climate metrics

Figures as at 31 March 2024	Fund	Coverage	Benchmark	Coverage
WACI (tCO ₂ e/\$m sales)	69.6	>99%	118.1	>99%
WACI EVIC (tCO ₂ e/\$EVIC)	47.2	>99%	50.1	>99%
Carbon emissions (tCO ₂ e/£m invested)	89.1	>99%	99.3	>99%
Holdings with exposure to FF reserves	1.4%	Not applicable	6.7%	Not applicable
Approved Science-Based Targets (%)	59.6%	Not applicable	41.6%	Not applicable

Source: MSCI; Hymans Robertson; Benchmark: MSCI ACWI

ESG metrics

Figures as at 31 March 2024	Fund	Coverage	Benchmark	Coverage
Overall ESG score	5.9	>99%	5.5	>99%
E pillar	7.2	>99%	6.7	>99%
S pillar	5.5	>99%	5.1	>99%
G pillar	6.1	>99%	5.6	>99%
UNGC violators	0.0%	>99%	0.2%	>99%

Source: MSCI; Hymans Robertson; Benchmark: MSCI ACWI

Stewardship Summary

Voting Summary (Q1 2024)

Voting for this Sub-Fund did not take place in the first quarter of 2024, as per note above.

Engagement (Q1 2024)

Case Studies

Fast Fashion

Last year, Robeco launched the Fashion Transition engagement theme, which aims to help shift the industry from one of 'take, make, waste' to one that's based on more circular operational structures and better management in supply chains. Robeco believes that 'by pushing for more circular and less wasteful production and sales structures, companies can lead meaningful improvements in the real economy'. As part of the engagement, Robeco has developed a sustainability framework, ranking companies from nascent to maturing, pioneering, advanced, in terms of how well they integrate E and S factors into their business models. Robeco is collaborating with Platform Living Wage Financials to address some of the S risks within the industry, on issues such as child labour, gender discrimination and living wages.

Companies under engagement include: Shopify; EssilorLuxottica; L'Oréal; Estee Lauder; Nike; Inditex; On; Symrise.

Tax Transparency

Robeco launched the Tax Transparency theme last year, which looks to increase tax disclosures by companies to help investors understand both the sustainability of companies' tax rates as well as any likely future changes, given the impact to potential impact on cashflows and returns. The engagement centres around three broad themes: policy and principles; tax governance and systems; tax transparency. Robeco believes that in raising awareness of new tax legislation and reporting standards, that companies can develop more responsible practices, including around tax disclosures.

Companies under engagement include: Microsoft; Thermo Fisher Scientific.

Global Credit Sub-Fund:

Key Metrics as at 31 March 2024

Key characteristics

Fund value	£1.0bn
Underlying managers	Fidelity, MetLife, Robeco, Western

Source: Waystone/Russell

Climate metrics

Figures as at 31 March 2024	Fund	Coverage	Benchmark	Coverage
WACI (tCO ₂ e/\$m sales)	203.6	>79%	199.5	>85%
WACI EVIC (tCO ₂ e/\$EVIC)	78.1	>69%	63.1	>67%
Carbon emissions (tCO ₂ e/£m invested)	150.9	>79%	144.0	>85%
Holdings with exposure to FF reserves	7.2%	Not applicable	6.0%	Not applicable
Approved Science-Based Targets (%)	24.4%	Not applicable	24.5%	Not applicable

Source: MSCI; Hymans Robertson; Benchmark: Barclays Global Agg

ESG metrics

Figures as at 31 March 2024	Fund	Coverage	Benchmark	Coverage
Overall ESG score	5.5	>77%	5.6	>83%
E pillar	7.5	>77%	7.0	>83%
S pillar	5.0	>77%	5.1	>83%
G pillar	5.6	>77%	5.9	>83%
UNGC violators	0.1%	>79%	0.1%	>84%

Source: MSCI; Hymans Robertson; Benchmark: Barclays Global Agg

Global Credit Sub-Fund:

Stewardship Summary

Engagement (Q1 2024)

Case Study

Tax Transparency

Robeco launched the Tax Transparency theme last year, which looks to increase tax disclosures by companies to help investors understand both the sustainability of companies' tax rates as well as any likely future changes, given the impact to potential impact on cashflows and returns. The engagement centres around three broad themes: policy and principles; tax governance and systems; tax transparency. Robeco believes that in raising awareness of new tax legislation and reporting standards, that companies can develop more responsible practices, including around tax disclosures.

Companies under engagement include: Thermo Fisher Scientific; AbbVie; Apple; Amgen; McDonald's; Microsoft.

Appendix 1: WPP stewardship themes (2024/25)



Focusing on net zero

organisations, particularly those in materially affected sectors, should be developing and implementing transition plans to ensure that the long-term migration to a low-carbon economy is orderly. Companies should ensure that plans are published, and climate management disclosures are comprehensive and available for investor scrutiny. Any consideration of carbon offsetting in companies' net-zero plans should be in line with the Oxford Principles and stakeholders should be made aware of any reliance on carbon-removal technologies, including the extent to which these technologies are used.



Supporting people

an organisation's workforce is one of its most valuable assets, and it is incumbent on the organisation to ensure that its people are properly managed and rewarded. This includes the consideration of people within supply chains, which can often be areas of lower scrutiny. While acknowledging that engagement may be nuanced, given unique regional, sector and size circumstances, WPP is particularly supportive of engaging with UK companies on the alignment of their wage structures with the Living Wage Foundation's guidance.



Delivering sustainable outcomes (governance)

Organisations should be managed with a longer-term horizon so as to ensure that practices become more sustainable. This can ensure that executive remuneration is better linked to longer-term goals, including incorporating ESG criteria.

Appendix 2: issuers under engagement (Q1 2024)

ENVIRONMENT

Biodiversity

Arcadis
Axfood
Cie Generale des
Etablissements
Cranswick
Kimberley-Clark
Leroy Seafood
Procter & Gamble
Ryohin Keikaku
Sappi
Signify
Unilever
VF Corp

Climate Transition of Financial Institutions

Bank of America
Barclays
BNP Paribas
Citigroup
DBS Group Holdings
HSBC Holdings
ICICI Bank
ING Groep
JPMorgan Chase
Sumitomo Mitsui
Financial Group

Natural Resource Management

Ambev
CF Industries
Holdings
OCI
PepsiCo
Tronox Holdings

Nature Action 100

Ahold
Alibaba Group
Holding
Archer Daniels
Midland
Britannia Industries
Corteva
LG Chem
Sociedad Quimica y
Minera
Wens Foodstuffs

Net Zero Carbon Emissions

Anglo American
BHP Billiton
BP
CEZ
Chevron

China National
Building Material Co
Ecopetrol
Exxon Mobil
Hyundai Motor Co
JFE Holdings
Marathon Petroleum
Petroleo Brasileiro
Phillips 66
Repsol
Royal Dutch Shell
Saudi Arabian Oil Co
Valero Energy

SOCIAL

Diversity and Inclusion

Eli Lilly
Netflix
Oracle

Human Rights Due Diligence for Conflict-Affected and High-Risk Areas

Booking Holdings
Cemex
Fast Retailing Co
HeidelbergCement
Hon Hai Precision
Industry
Inditex
International Paper
Co
IPG Photonics
PTT Exploration &
Production
Sinotruk Hong Kong
SolarEdge
Technologies
Volkswagen
Wacker Chemie

Just Transition in Emerging Markets

Ganfeng Lithium
Group
Impala Platinum
Holdings
Reliance Industries
SK Innovation
Tenaga Nasional

Labour Practices in a Post Covid-19 World

Accor
Delivery Hero
InterContinental
Hotels Group

Marriott International
Meituan Dianping
Uber Technologies
Walmart

Modern Slavery in Supply Chains

Associated British
Foods
Canon
General Mills
Glencore
Kia Motors
Mondelez
International
Tesla Motors
The Kroger
Walmart
Wesfarmers

Sound Social Management

Baidu
Post Holdings
Tencent Holdings
Weibo Corp

GOVERNANCE

Corporate Governance in Emerging Markets

CCR
Cosan
CPFL Energia
ENN Energy
Holdings
Haier Smart Home
Hyundai Motor
Midea

Corporate Governance Standards in Asia

Hynix Semiconductor
Inpex
Panasonic
Resonac Holdings
Rohm
Shin-Etsu Chemical

Good Governance

Adyen
Ahold
Arcadis
DSM-Firmenich
Heineken Holding
Signify
Unilever

Tax Transparency

AbbVie
Amgen

Apple
McDonalds
Microsoft
Stellantis
Thermo Fisher
Scientific

VOTING RELATED ENGAGEMENTS

AGM Engagement 2024

Airbus
Ampol
Doly Labs
Nexans
Schneider Electric
WEC Energy
Woodside

SDGs

Fashion Transition

Beiersdorf
Brunello Cucinelli
Bureau Veritas
Cintas
Compagnie
Financiere
Richemont
Crocs
Deckers Outdoor
Eclat Textile
EssilorLuxottica
Estee Lauder
Etsy
Hermes International
Hugo Boss
Inditex
JD Sports Fashion
Kering
L'Oreal
Levi Strauss
L'Occitane
International
Lojas Renner
Lululemon Athletica
LVMH Moet
Hennessy Louis
Vuitton
Marimekko Oyj
MercadoLibre
Moncler
Nike
On Holding
Pandora
Prada
Puma
Ross Stores
Shiseido

Shopify
 Silgan Holdings
 Symrise
 Watches of
 Switzerland
 Zebra Technologies

SDG Engagement

AbbVie
 Adobe
 Alphabet
 Amazon.com
 Amgen
 Apple
 AutoZone
 Banco BTG Pactual
 Bank of Montreal
 Capital One
 CBRE Group
 Deutsche Boerse
 eBay
 Electronic Arts
 Elevance Health
 F5 Networks

Grupo Bimbo
 Haleon
 Hitachi
 Infosys
 Jeronimo Martins
 L'Oreal
 LyondellBasell
 Meta Platforms
 Mr Price Group
 Nasdaq
 Novartis
 OTP Bank
 Rio Tinto
 Salesforce.com
 SalMar
 Samsung Electronics
 Sandvik
 Sony
 STMicroelectronics
 Sumitomo Mitsui
 Financial Group
 Total
 Trane Technologies

United Parcel
 Service
 Volvo
**Acceleration to
 Paris**
 African Rainbow
 Minerals
 Anhui Conch Cement
 Berkshire Hathaway
 Caterpillar
 CHALCO
 China Longyuan
 Power Group
 China National
 Building Material Co
 China State
 Construction
 Engineering
 Continental
 Resources
 Formosa Plastics
 Hunan Valin Steel
 ITOCHU
 Marubeni

Mitsubishi
 Mitsui & Co
 POSCO
 SAIC Motor
 Sany Heavy Industry
 Sumitomo
 Toyota Industries
 WH Group
**Global Controversy
 Engagement**
 During the quarter, 9
 companies were
 under engagement
 based on potential
 breaches of the UN
 Global Compact
 and/or the OECD
 Guidelines for
 Multinational
 Enterprises.
Palm Oil
 MP Evans Group
 REA Holdings
 Wilmar International

Appendix 3: metrics definitions

MSCI ESG Research LLC data coverage:

Climate change metrics have broad coverage, with data available on the ACWI Investable Market Index, and selected equity indices and non-listed fixed-income issuers. Coverage represents 19,000+ entities including subsidiaries, with ~12,150 entities directly covered (as at April 2023). For ESG ratings, more than 17,220 issuers are covered, including 10,800 that are directly rated.

To note, the metrics used in this report cover corporate issuers, but do not currently cover sovereign issuers. This means that coverage across the fixed-income funds will be lower than among listed-equity funds. In addition, certain products (for example, securitised products) will not return data from the parent issuer, resulting in reduced coverage. The above may result in much lower coverage for the MAC and ARB Sub-Funds in particular. This may also result in marked fluctuations in data output from quarter to quarter.

Metric	Description/Methodology
ESG Rating	A final ESG Rating. At a company level, this represents the weighted average of individual 'E', 'S' and 'G' pillars. The weight given to each pillar is dictated by MSCI's process, which determines the relevance of each pillar to a given company and sector. At a portfolio level, this is the weighted average of individual company scores by the weight in the portfolio.
Environmental Score	The Environmental Pillar Score, at a company level, represents the weighted average of all Key Issues that fall under the Environment Pillar.
Social Score	The Social Pillar Score, at a company level, represents the weighted average of all Key Issues that fall under the Social Pillar.
Governance Score	The Governance Pillar Score, at a company level, represents the weighted average of all Key Issues that fall under the Governance Pillar.
UNGC Violators	This factor indicates the percentage of the portfolio exposed to companies that violate the United Nations Global Compact principles.
Weighted Average Carbon Intensity (WACI)	A measure of a portfolio's exposure to carbon-intense companies. This is expressed in terms of tons of CO ₂ equivalent emitted per million dollars of revenue, weighted by the size of the allocation to each company. This is measured using Scope 1 + Scope 2 emissions.
Weighted Average Carbon Intensity (EVIC)	A measure of a portfolio's exposure to carbon-intense companies. This represents companies' most recently reported or estimated Scope 1 & Scope 2 greenhouse gas emissions, normalised by enterprise value including cash (USD). This ratio facilitates portfolio analysis by allocating emissions across equity and debt.
Total Carbon Emissions	This represents the portfolios estimated Scope 1 + Scope 2 greenhouse gas emissions. This is expressed in terms of thousand tons of CO ₂ equivalent emitted by the companies invested in by the portfolio, weighted by the size of the allocation to each company.

Metric	Description/Methodology
% of Portfolio with Ties to Fossil Fuels Reserves	The percentage of the portfolio invested in companies with evidence of owning fossil fuel reserves regardless of their industries, including companies that own less than 50% of a reserves field. Fossil reserves are defined as proved and probable reserves for coal or proved reserves for oil and natural gas. Evidence of owning reserves includes companies providing the exact volume of reserves and companies making a statement about their ownership of reserves.
% of Portfolio with SBT Approved Target	The percentage of the portfolio invested in companies with one or more active carbon-emissions-reduction target(s) approved by the Science-Based Targets initiative (SBTi).
Scope 1 emissions	Scope 1 emissions are those from sources owned or controlled by the company, typically direct combustion of fuel as in a furnace or vehicle.
Scope 2 emissions	Scope 2 emissions are those caused by the generation of electricity purchased by the company.

Appendix 4: General Risk Warning and Disclaimer

Risk warning

Please note the value of investments, and income from them, may fall as well as rise. You should not make any assumptions about the future performance of your investments based on information contained in this document. This includes equities, government or corporate bonds, currency, derivatives, property, and other alternative investments, whether held directly or in a pooled or collective investment vehicle. Further, investments in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the full amount originally invested. Past performance is not necessarily a guide to future performance.

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Agenda Item 16

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Agenda Item 17

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Agenda Item 18

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

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Agenda Item 19

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

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