



# **Business Plan**

## **2020 - 2021**

### **Dyfed Pension Fund**



Administered by:



**about the fund**

page 1

**how the fund is run**

page 2

**principal responsibilities**

page 3

**customers of the fund**

page 4

**key policy documents**

page 4

**business objectives**

page 5

**investments**

page 6

**budget**

page 7

**objectives**

page 8

# Dyfed Pension Fund Business Plan

This Business Plan explains how the **Dyfed Pension Fund** intends to develop and improve its services.

It enables the Fund to focus on achieving agreed targets and helps staff see how they contribute to the overall success of the Dyfed Pension Fund.

## about the Dyfed Pension Fund

The Dyfed Pension Fund is one of 101 funds making up the Local Government Pension Scheme.

Carmarthenshire County Council is the statutorily appointed Administering Authority for the Dyfed Pension Fund. It administers the benefits and invests the assets of the Fund.

Carmarthenshire County Council also acts as the administrator for the unfunded Police and Fire pension schemes for Dyfed Powys Police Authority, Mid & West Wales Fire and Rescue Service and North Wales Fire and Rescue Service respectively.

The Fund's LGPS membership base consists of 47,250 members (as at 31st March 2019) from 48 employing authorities.



# how the fund is run



**Chairman of the Pension Fund Committee (far left)**  
Councillor Elwyn Williams

**Committee Members (left to right)**  
Councillor Jim Jones  
Councillor Deryk Cundy  
Councillor Dai Thomas (Substitute Committee Member)

All pension matters are delegated to the Pension Fund Committee and its members act as 'quasi trustees'.

The Committee delegates the day to day running of the Pension Fund to the Section 151 Officer and the Pensions Administration and Investment teams.

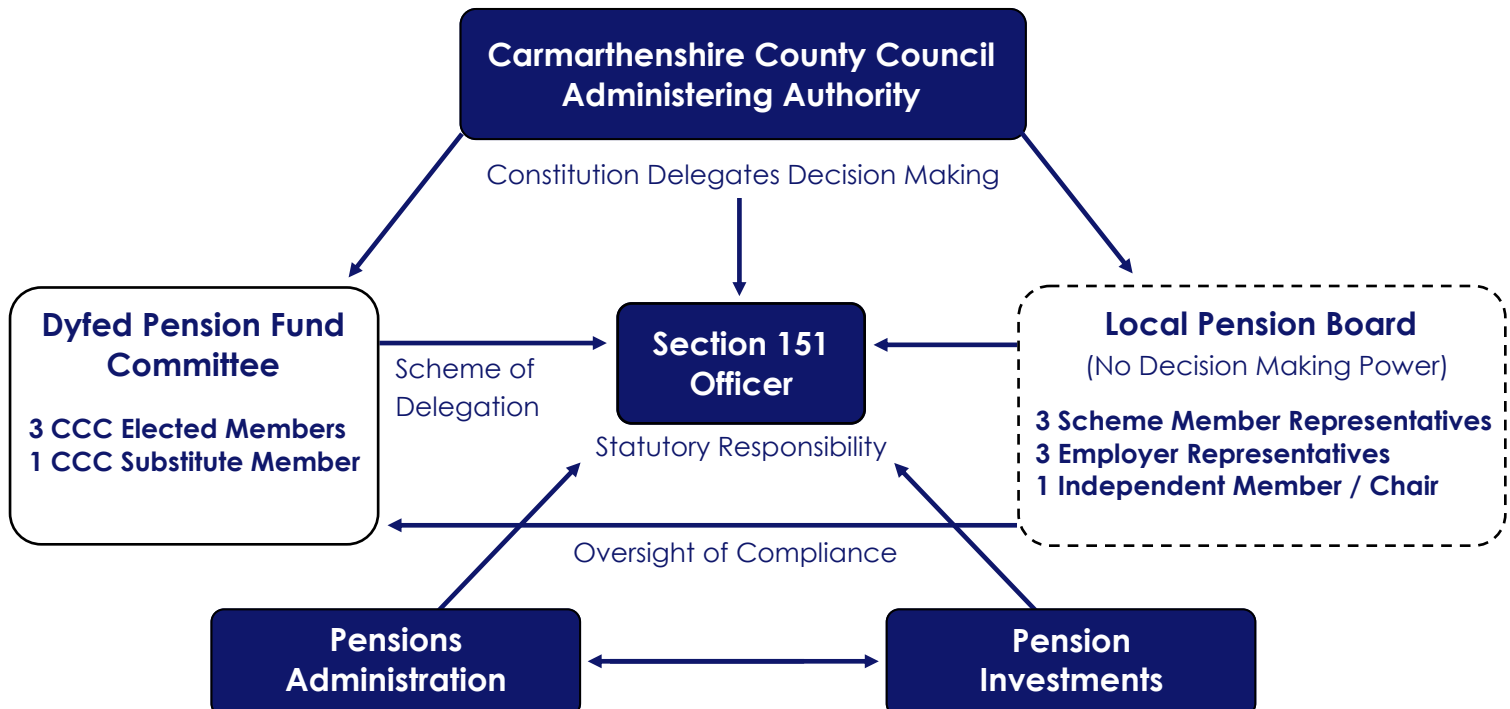
The Pensions Administration and Investment teams are responsible for all aspects of the Fund including administration, accounting, investment and governance.

The Local Pension Board was established on 1 April 2015 under the requirements of the Public Service Pensions Act (PSPA) 2013. It has an oversight/assisting role with the Administering Authority in securing compliance with regulations and requirements and ensuring effective and efficient governance and administration of the Fund. (see below)

The Dyfed Pension Fund aims to provide a high quality service that is transparent, efficient and supportive to all stakeholders

## governance of the fund

The relationship between the Dyfed Pension Fund Committee and operational management within Carmarthenshire County Council can be illustrated as follows. The detailed governance of the Fund is set out in the **Governance Policy**.



- The independent investment adviser advises the Committee on all aspects of investment management at quarterly and ad-hoc meetings.
- The custodian (Northern Trust) is responsible for the safe-keeping of the Fund's investment assets, arranges the settlement of sales and purchases and collects income on the investments held.
- The actuary (Mercer) carries out statutorily required fund valuations including the setting of employer contribution rates, IAS 19 schedules and other general actuarial advice.
- The performance management company (PIRC) reviews the performance of the investment managers relative to agreed benchmarks.

# principal responsibilities



These responsibilities include:

- **Pension administration services including calculating and paying benefits. To ensure accuracy of the member database in partnership with all stakeholders.**
- **Implementation of the funding strategy to ensure Fund assets are sufficient to meet pension liabilities.**
- **Investing Fund assets, implementing investment strategy, managing external investment managers.**
- **Internal management of assets and promoting responsible investment.**
- **Safekeeping and accounting of Fund assets.**
- **Preparing the Fund's annual report and accounts.**
- **Providing information and guidance on pension issues to employers and others.**

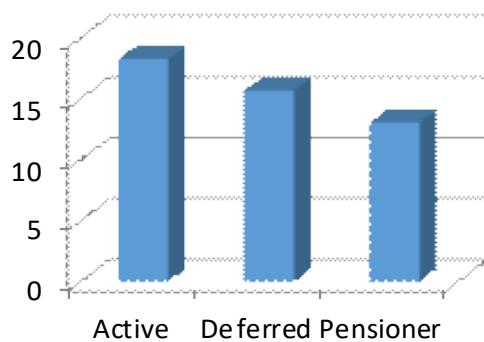
## overall goal of the fund

To continuously develop our services by aiming to:

- **Provide excellent customer care**
- **Support and develop staff**
- **Ensure that assets meet scheme liabilities**
- **Reduce the risk of employer contribution rate volatility**



The Fund's customers fall into three categories.



Ministry of Housing,  
Communities &  
Local Government



Department for Work & Pensions



## Scheme Membership as at 31st March 2019

<b>Local Government</b>	
Active Members (Contributors)	18,344
Deferred Pensioners	15,719
Pensioners	13,187
<b>Total Membership</b>	<b>47,250</b>

## Employers of the Scheme Members

The Fund is dependant on the information provided by its employers in order to provide and maintain an accurate and effective service to members. The Dyfed Pension Fund has 48 employing authorities participating in the Local Government Pension Scheme as at 31st March 2019.

## Regulatory Bodies

The key bodies that the Fund liaise with include:

- **The Ministry of Housing, Communities and Local Government** – the regulatory body responsible for the LGPS.
- **HM Revenues & Customs**
- **The Department for Work & Pensions**

## key policy documents

Key policy documents which the reader may wish to refer to are available on the Dyfed Pension Fund website ([www.dyfedpensionfund.org.uk](http://www.dyfedpensionfund.org.uk)):

- **Administration Strategy & Service Standards**
- **Customer Charter**
- **Funding Strategy Statement**
- **Investment Strategy Statement**
- **Communication Policy Statement**
- **Governance Compliance Statement**
- **Governance Policy Statement**



# business objectives of the fund



1. To ensure the effective management and governance of the Dyfed Pension Fund in a way that strives for continuous improvement through improved value for money, the promotion of excellent customer service and compliance with all regulatory and best practice requirements.

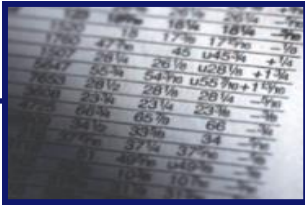


2. To ensure the proper administration, accounting and reporting of all the Dyfed Pension Fund's financial affairs.

3. To recruit, train, nurture and retain highly motivated staff with the necessary professional, managerial and customer focus skills.

4. To become a recognised role model of best practice amongst LGPS Funds and to be recognised by our customers as providing an excellent service.

5. To establish a strategic asset allocation benchmark which is expected to deliver the required investment return, at an accepted level of risk, in the long term.



6. To ensure that the assets of the Fund match or exceed its liabilities thus minimising and avoiding the volatility of the employers contribution rate.

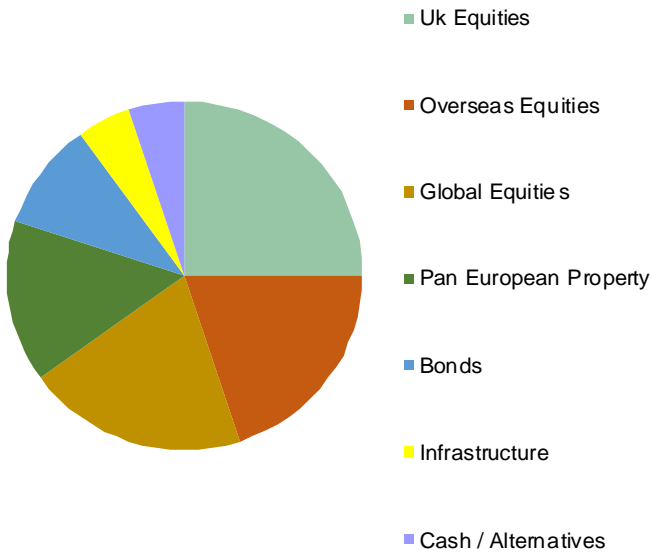
7. To provide a lean, effective, customer friendly benefits administration service, which ensures:

- The calculation and payment of scheme benefits accurately and promptly;
- The accurate maintenance of the records of all members of the Fund; and
- Effective communication, as well as fair explanation and support to the Fund's scheme members and employer bodies.

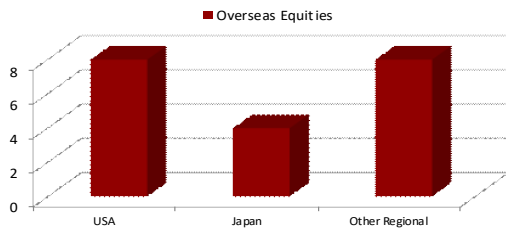


The Fund's performance objectives are encapsulated in its strategic benchmark. The following illustrations show the Fund's investment strategy and benchmarks.

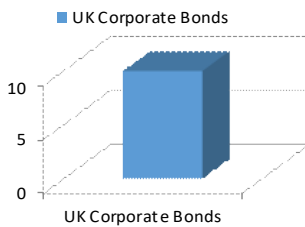
Asset Class



Asset Class	Benchmark (%)
UK Equities	25.00
Overseas Equities	20.00
Global Equities	20.00
Pan European Property	15.00
Fixed Income	10.00
Infrastructure	5.00
Cash / Alternatives	5.00
<b>Total</b>	<b>100.00</b>



Overseas Equities	Benchmark (%)
USA	8.00
Japan	4.00
Other Regional	8.00
<b>Total</b>	<b>20.00</b>



Fixed Income	Benchmark (%)
UK Corporate Bonds	10.00
<b>Total</b>	<b>10.00</b>

The approach to investment of the Fund's assets is built around the policies and practices set out in the Investment Strategy Statement (ISS) and the Funding Strategy Statement (FSS).

The Fund has a range of managers, including the All Wales Pool (Wales Pension Partnership), and expert advisers in place to support its investment objectives detailed in its ISS.

The in-house management is formulated to provide advice on investment management, promote best practice and implement the decisions of the Committee.

Best practice having regard to:

- **Myners' Principles**
- **Professional and industry standards**
- **Wales Audit Office, and other professional bodies' views, codes and recommendations**
- **Investment management regulations**
- **Accounting standards**
- **LGPS Regulations**
- **Overriding pensions legislation**



**Partners Group**  
Passion for Alternative Investments



**Schroders**

## budget

**April 2020 - March 2021**

### key statistics

- **104% Funded as at 31st March 2019**  
One of the best funded LGPS schemes
- **19.4% primary employer contribution rate for 2020/2021**  
One of the lowest in the LGPS.
- **Investment Return of 6.5% in 2018/2019**  
29th out of 61 LGPS Pension Funds in the universe.
- **Market Value of the Fund - £2,570m as at 31st March 2019**

	Budget £'000
Pensions Payable	71,573
Lump Sum, Death benefit, Transfers Out	16,344
Administration fees	689
Investment Management expenses	6,641
Central recharges	1,219
<b>EXPENDITURE</b>	<b>96,466</b>
Employee Contributions	(21,148)
Employer Contributions	(59,800)
Investment Income	(14,018)
Transfers In	(1,500)
<b>INCOME</b>	<b>(96,466)</b>



Ongoing Topic	Main task
Scheme Developments	To implement amendments to the Local Government Pension Scheme as a consequence of legislation changes and any further AVC changes due to Freedom & Choice legislation.
Committee Member training	To provide training for committee members on specific issues ahead of relevant decisions by the Committee.
Keep under review and refresh key policy documents	To seek committee member approval and formally publish documents e.g. Governance Policy, Communication Strategy, etc.
Investment Manager Review	Continuous review of existing managers' performance or new developments in the markets may trigger a review of part or all of the Fund's investments.
Investment Strategy Statement / Funding Strategy Statement	To implement any changes as a result of scheme developments and investment strategy reviews.
Guaranteed Minimum Pension (GMP) Reconciliation	Complete reconciliation of member data to that held by the HMRC in respect of contracted-out membership.
My Pension Online	Continue to promote the service to members.
i-Connect	Implement the i-Connect data exchange for uploading and improving data transfer for employers that wish to transfer data electronically.
Auto Enrolment	Ensure compliance with the implementation of auto enrolment in accordance with the requirement of the Pensions Act.
Improve access to personal information	Improve communication in line with best practice and serve the needs of our members and employers by: <ul style="list-style-type: none"> <li>- developing and keeping up to date the Fund's website.</li> <li>- reviewing existing fact sheets and letters to improve readability.</li> </ul>
Continue to develop a high performing team	To have a highly motivated staff team with the necessary professional, managerial and customer skills to provide excellent service.
Review of all Administration Procedures	To identify where more efficient customer focused procedures and processes can be adopted.
Continue to undertake regular road shows / seminars	To improve communications with the Fund's members.
Developing collaboration with other Local Government Pension Funds	Assess the opportunities for further collaboration.
Local Pension Board	Coordinate and provide ongoing support for pension board.
Wales Pension Partnership - Host Authority	Continue to provide Host Authority support to the Wales Pension Partnership.
Developments/New Topic	Main task
New Committee Member training	To provide training for new committee members.
New Local Pension Board Member training	To provide training for new board members.
Custody Services	Review and retender the contract.
Actuarial and Benefit Consultancy Services	Review and tender the contract.
Actuarial Valuation	Implement results of the triennial valuation as at 31 March 2019.
Independent Investment Advisor	Review and retender the contract.
Strategic Asset Allocation	Review the strategic asset allocation of the Fund.
Data Quality	Ensure that the Data Quality scores in respect of both common and scheme specific data which are reported to the Pensions Regulator increase annually.



## Contacting the Dyfed Pension Fund...



### Pension Administration

Dyfed Pension Fund  
Building 2  
St David's Park  
Carmarthen  
SA31 3HB

### Pension Investments & Governance

Dyfed Pension Fund  
County Hall  
Carmarthen  
SA31 1JP



[pensions@carmarthenshire.gov.uk](mailto:pensions@carmarthenshire.gov.uk)



[www.dyfedpensionfund.org.uk](http://www.dyfedpensionfund.org.uk)