

Dyfed Pension Fund Committee

Friday, 16 October 2020

PRESENT: Councillor D.E. Williams (Chair)

Councillors:

D.M. Cundy and D. Thomas (In place of T.J. Jones);

Also in attendance:

A. Brown, Independent Investment Adviser;

The following Officers were in attendance:

C. Moore, Director of Corporate Services;

R. Hemingway, Head of Financial Services;

A. Parnell, Treasury & Pension Investments Manager;

B. Owen, Pension Investment Officer;

J. Owen, Democratic Services Officer;

M.S. Davies, Democratic Services Officer.

Virtual Meeting: 2.00 pm - 3.00 pm

1. APOLOGIES FOR ABSENCE

An apology for absence was received from Cllr. Jim Jones. The Chair wished Councillor Jones a speedy recovery following his recent hospitalisation.

2. DECLARATIONS OF PERSONAL INTERESTS

There were no declarations of personal interest.

3. MINUTES - 24TH JUNE 2020

UNANIMOUSLY RESOLVED that the minutes of the meeting of the Committee held on the 24th June, 2020 be signed as a correct record.

4. AUDIT OF FINANCIAL STATEMENTS REPORT 2019-20

The Committee welcomed to the meeting Jason Garcia from Audit Wales who presented the Audit of Financial Statements Report for the Dyfed Pension Fund detailing the matters arising from the audit which required reporting under ISA 260.

It was noted that the Auditor General was responsible for providing an opinion on whether the financial statements of the Dyfed Pension Fund gave a true and fair view of their financial position as at 31 March 2020 and of its income and expenditure for the year end. The Committee was advised that an unqualified audit report on the financial statements had been issued and the finalised report would be considered by the Audit Committee in due course.

UNANIMOUSLY RESOLVED that the Audit of Financial Statement Report 2019-20 (ISA260) be received.

5. BUDGET MONITORING 1 APRIL 2020 - 30 JUNE 2020

The Committee received the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the 2020/21

financial year. It was noted that the current position, as at 30 June 2020, forecasted an under-spend of £3.2m in cash terms. With regard to expenditure the net effect of Benefits Payable and Transfers Out was an under spend of £1.5m. This was mainly due to an increase of 3% built in at budget setting for pensioners, actual increase for the year to date was 1.5%. Management expenses were underspent by £420k.

With regard to income, the net effect of contributions, investment income and transfers in was an increase of £1.3m, mainly due to an increase in Investment Income of £1.5m. Overall total expenditure was estimated at £99.1m and total income estimated at £102.3m resulting in a positive cash flow position of £3.2m.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Budget Monitoring Report for the period 1st April 2020 to 30th June 2020 be received.

6. CASH RECONCILIATION AS AT 30 JUNE 2020

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 30 June 2020, £20.9m 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.

7. BREACHES REPORT 2020-21

The Committee received for consideration the Breaches Report in relation to the Dyfed Pension Fund. The Committee noted that Section 70 of the Pension Act 2004 sets out the legal duty to report breaches of the law. In the Code of Practice No. 14, published by the Pensions Regulator in April 2015, paragraphs 241 to 275 provide guidance on reporting these breaches. The Dyfed Pension Fund Breaches Policy was approved by the Dyfed Pension Fund Panel in March 2016. Under the policy, breaches of the law were required to be reported to the Pensions Regulator where there was a reasonable cause to believe that:

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

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

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

8. RISK REGISTER 2020-21

The Committee was advised that the Risk Register was a working document that highlights all the risks identified in relation to the functions of the Dyfed Pension Fund. This had been reviewed and there were no changes to the Risk Register presented to Committee on the 2nd March 2020. The risks would continue to be

reviewed on a quarterly basis and any amendments would be drawn to the Committee's attention.

UNANIMOUSLY RESOLVED to note that the risk register for 2020-2021 has been reviewed to ensure risks are identified and assessed.

9. OPERATOR UPDATE

The Committee received an update report on the Wales Pension Partnership (WPP), on the progress and milestones of the following Sub Funds together with the current fund holdings, fund launch progress and LFS corporate update and engagement.

- Tranche 3 – Fixed Income
- Tranche 4 – Emerging Markets.
- Tranche 5 – Private Markets

UNANIMOUSLY RESOLVED that the Wales Pension Partnership Update be received.

10. EXCLUSION OF THE PUBLIC

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

11. INDEPENDENT ADVISOR PERFORMANCE & RISK TO 30 JUNE 2020

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute Item 10 above, to consider this matter in private, with the public excluded from the meeting as disclosure would be likely to cause financial harm to the Pension Fund.

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 30 June 2020.

UNANIMOUSLY RESOLVED that the Independent Investment Adviser Report as at 30 June 2020 be noted.

12. SECURITIES LENDING

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 10 above, to consider this matter in private, with the public excluded from the meeting as it would involve the disclosure of exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information).

The Committee considered a report provided by Northern Trust for the Wales Pension Partnership on securities lending for the period 1 April 2020 – 30 June

2020 and was recommended to approve the application of securities lending in the Global Credit Fund of the Wales Pension Partnership.

UNANIMOUSLY RESOLVED to note the securities lending report and to approve the application of securities lending in the Global Credit Fund of the Wales Pension Partnership.

13. NORTHERN TRUST PERFORMANCE REPORT 30 JUNE 2020

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 10 above, to consider this matter in private, with the public excluded from the meeting as disclosure would be likely to cause financial harm to the Pension Fund.

The Committee considered the Northern Trust Performance report for the Dyfed Pension Fund as at 30 June 2020, which provided performance analysis at a total fund level and by investment manager for the periods up to inception.

UNANIMOUSLY RESOLVED that the Northern Trust Performance report for the Dyfed Pension Fund as at 30 June 2020 be received.

CHAIR

DATE