

Dyfed Pension Fund Pension Board

Friday, 20 November 2020

PRESENT: J. Jones (Chair)

Committee Members:

Mr Gwyn Jones	– Member Representative
Mr Paul Ashley-Jones	– Employer Member Representative
Cllr Philip Hughes	- Employer Member Representative
Cllr Gareth Lloyd	- Employer Member Representative
Mr Mike Rogers	- Pensioner Member Representative
Mr Tommy Bowler	- Union Member Representative

Also in attendance: Councillor Elwyn Williams – Chair of the Dyfed Pension Fund Committee.

The following Officers were in attendance:

C. Moore, Director of Corporate Services
R. Hemingway, Head of Financial Services
K. Gerard, Pensions Manager
M. Owens, Assistant Accountant
S. Rees, Simultaneous Translator
J. Corner, Technical Officer
M. Evans Thomas, Principal Democratic Services Officer
J. Owen, Democratic Services Officer
K. Thomas, Democratic Services Officer
R. Lloyd, Democratic Services Officer
J. Laimann, Assistant Democratic Services Officer

Virtual Meeting - . - 2.00 - 3.20 pm

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

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 23 JANUARY 2020

AGREED that the minutes of the meeting for the Pension Board held on the 23rd January 2020 be confirmed as a correct record.

4. MINUTES OF THE DYFED PENSION FUND COMMITTEE MEETING ON 2 MARCH 2020

AGREED that the minutes of the meeting of the Dyfed Pension Fund Committee held on the 2nd March 2020 be received.

5. MINUTES OF THE DYFED PENSION FUND COMMITTEE MEETING 24 JUNE 2020

Reference was made to Minute 10 of the meeting relating to consideration by the Dyfed Pension Fund Committee of the Council's Notice of Motion on the Fund divesting from fossil fuels and also to an e-mail received by some members of the Pension Board that week on the same matter. Whilst it was recognised the e-mail had not been received in sufficient time to be discussed by the Board at its meeting that day, it was noted that it was one of a number of similar such representations recently received by the Council and that a substantive response would be sent to all the correspondents. It was considered that an update report on the matter should also be agendaed for the Board's next meeting

The Director of Corporate Services advised the Board that the meeting of the Dyfed Pension Fund Committee held on the 24th June 2020, where this matter was discussed, had been webcast and was available to view on the Council's website.

AGREED:

- 5.1 that the minutes of the meeting of the Dyfed Pension Fund Committee held on the 24th June 2020 be received;**
- 5.2 That a report on the response sent to the correspondents on the Dyfed Pension Fund divesting from fossil fuels be submitted to the next Board meeting.**

6. DYFED PENSION FUND COMMITTEE 16TH OCTOBER 2020

6.1. AUDIT OF FINANCIAL STATEMENTS REPORT 2019-20

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

It was noted that the Auditor General was responsible for providing an opinion on whether the financial statements of the Dyfed Pension Fund gave a true and fair view of their financial position as at 31 March 2020 and of its income and expenditure for the year end. An unqualified audit report on the financial statements had been issued and the finalised report had been considered by the Council's Audit Committee on the 16th October 2020.

Audit Wales found that there were no misstatements identified in the financial statements which remained uncorrected but a number of minor misstatements had been corrected by management as listed in Appendix 3.

The Board had regard to the current difficult circumstances caused by the Covid-19 pandemic and expressed its appreciation to all the staff involved in producing the report.

AGREED that the Audit of Financial Statement Report 2019/20 be received

6.2. BUDGET MONITORING 1 APRIL 2020 - 30 JUNE 2020

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 2020 – 30th June 2020.

Reference was made to the report being for the period ending 30th June and to the meeting that day being the 20th November and to whether it would be possible for the Board to be provided with more up to date information at future meetings. The Director of Corporate Services advised he would examine that issue and submit an updated report to the next meeting of the Committee.

AGREED that the report be noted.

6.3. CASH RECONCILIATION AS AT 30 JUNE 2020

The Board 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, £21.719m 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.

AGREED that the report be noted.

6.4. BREACHES REPORT 2020-21

The Board received for consideration the Breaches Report in relation to the Dyfed Pension Fund. Section 70 of the Pension Act 2004 set out the legal duty to report breaches of the law.

The Board noted that since the last meeting there had been a number of instances where employee/employer contributions had not been received on time. The Pensions Manager confirmed that discussions were being held with the admitted bodies to reduce the causes of these breaches. It was however acknowledged that whilst the breaches did not equate to significant amount of money, they still had to be recorded.

With regard to Items 90 and 96 in the report relating to the payment of refunds, the Board was advised that the breach related to a requirement to pay automatic refunds after five years to scheme members that had left after April 2014. Scheme members affected by this had been contacted to request their bank details, but no response had been received. The LGPS Technical Group had recognised this issue on a national scale, especially in relation to refunds of small amounts of money and had recommended that the Scheme Advisory Board ask Ministers to amend the Regulation.

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

6.5. RISK REGISTER 2020-21 REVIEW

Reference was made to the fact the Risk Register had not been included within the papers for the meeting and that should be corrected for future

meetings to enable the Board to consider potential fund risks. An opinion was also expressed that the report should, if possible, be split into operational and strategic risks.

The Board was advised that as the risk register had not changed since its last reporting to the Dyfed Pension Fund Committee in March 2020, a link to that report had been provided with the agenda. The Director of Corporate Services assured Board members the register would be included for future meetings. He would also examine the practicalities of splitting future reports into operational and strategic risks

AGREED

6.5.1 To note the explanation

6.5.2 The Risk Register be considered at each meeting of the Pension Board

6.6. OPERATOR UPDATE

The Board received an update on the progress of the Wales Pension Partnership in relation to the following key areas:

- Current Fund Holdings;
- Fund Launch Progress;
- Corporate Update and Engagement.

Reference was made to page 59 of the report and to whether it would be possible for members of the Dyfed Pension Fund Board and Dyfed Pension Fund Committee to receive training on the development of a Wales Pension Partnership Private Market Strategy. The Director of Corporate Services confirmed appropriate training could be provided.

The Director of Corporate Services in response to a question on the co-opting of a trade union representative onto the Wales Pension Partnership Joint Governance Committee advised that the Joint Committee was currently examining the issue of co-optees and it was hoped a report detailing the process and appointment thereof could be presented to that Committee's next meeting.

AGREED that the update report be received.

6.7. DRAFT MINUTES OF THE DYFED PENSION FUND COMMITTEE MEETING ON 16 OCTOBER 2020

The Board received the draft minutes of the Dyfed Pension Fund Committee meeting held on 16th October 2020.

AGREED that the minutes be noted.

7. EXCLUSION OF THE PUBLIC

RESOLVED, pursuant to the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007,

that the public be excluded from the meeting during consideration of the following items as the reports contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.

8. LOW CARBON INDICES (FROM 24 JUNE 2020 COMMITTEE MEETING)

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 7 above, to consider this matter in private, with the public excluded from the meeting as disclosure would be likely to cause financial harm to the Pension Fund by prejudicing ongoing and future negotiations.

The Board received a report detailing Fund proposals for low carbon index investments

AGREED that the Low Carbon Indices report be received.

9. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT 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 7 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 Board received the Independent Investment Adviser Performance and Risk Report that provided information in relation to the investment managers' performance for the quarterly, 12 month and rolling 3 year period ending 30 June 2020 together with the global market background and issues for consideration.

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

10. SECURITIES LENDING

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 7 above, to consider this matter in private, with the public excluded from the meeting as disclosure would be likely to cause financial harm to the Pension Fund by prejudicing ongoing and future negotiations.

The Board received a report on a review undertaken for the Wales Pension Partnership on securities lending for the period 1st April 2020 - 30th June 2020 together with income generated for the Dyfed Pension Fund.

RESOLVED that the Securities Lending report be noted.

11. NORTHERN TRUST PERFORMANCE REPORT 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 7 above, to consider this matter in private, with the public excluded from the meeting as

disclosure would be likely to cause financial harm to the Pension Fund by prejudicing ongoing and future negotiations.

The Board 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.

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

CHAIR

DATE