

Dyfed Pension Fund Pension Board

Wednesday, 17 February 2021

PRESENT: John 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 Tommy Bowler - Union Member Representative;

Also in attendance:

Councillor Elwyn Williams – Chair of the Dyfed Pension Fund Committee;
A. Brown – Independent Investment Advisor;

The following Officers were in attendance:

R. Hemingway, Head of Financial Services;
A. Parnell, Treasury & Pension Investments Manager;
M. Owens, Assistant Accountant;
L. Davies, Simultaneous Translator;
E. Bryer, Democratic Services Officer;
M.S. Davies, Democratic Services Officer.

Virtual Meeting: 2.00pm - 3.20pm

1. APOLOGIES FOR ABSENCE

An apology for absence was received from Mr. M. Rogers [Pensioner 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 20TH NOVEMBER 2020

AGREED that the minutes of the meeting for the Pension Board held on the 20th November 2020 be confirmed as a correct record.

4. DYFED PENSION FUND COMMITTEE

4.1. BUDGET MONITORING 1 APRIL 2020 - 30 SEPTEMBER 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 September 2020.

AGREED that the report be noted.

4.2. CASH RECONCILIATION AS AT 30 NOVEMBER 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 November 2020, £22.634m 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.

4.3. 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.

Members were assured that there were no major breaches within the Fund.

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

4.4. RISK REGISTER 2020-21

The Board considered the risk register as at 29th December 2020. The Board was advised that whilst there was no specific reference in the to Covid 19 this may be reviewed in respect of the Risk Register for 2021/22. It was considered encouraging to note that attendances at the virtual national conferences and seminars arranged for members had been higher than usual.

In response to a query the Board was assured that Carmarthenshire County Council, as host authority to the Wales Pension Partnership, currently had sufficient staff resources to provide the necessary support.

AGREED that the report be noted and that any major changes to the register be highlighted in future reports.

4.5. OPERATOR UPDATE - LINK AND RUSSELL INVESTMENTS

The Board received an update on the progress of the Wales Pension Partnership in relation to the following Sub Funds together with the current fund holdings, fund launch progress and Link / Russell Investments Corporate Update and Engagement.

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

The Board was assured that any acquisition of the Link Group should not impact on its commitment to the Wales Pension Partnership and the situation would be closely monitored.

The Chair pointed out that there was no reference in the LFS Engagement Protocol to the fact that Link and Russell held twice yearly meetings with Chairs of Pension Boards and asked that this be fed back.

AGREED that the report be received.

4.6. MINUTES OF THE PENSION COMMITTEE MEETING 11 JANUARY 2021

AGREED that the minutes of the meeting of the Dyfed Pension Fund Committee held on the 11th January 2021 be received.

5. EQUITY RESTRUCTURE

The Board received a report on proposals agreed by the Dyfed Pension Fund Committee for the re-structure of the Dyfed Pension Fund equity portfolio which took into account climate related risk and the establishment of the Wales Pension Partnership portfolios. The structure of the £1.27Bn Legacy BlackRock Equity portfolio would be reviewed to enable it to work harder to achieve the Fund's goal in terms of long-term performance and climate risk.

In response to a question relating to climate change and carbon emissions the Board was advised that these were issues which increased the risk of investing in certain areas. It was noted that the 'carbon footprint' issue had first been raised by the Dyfed Pension Committee in 2017 and a strategy was in place which was aimed at continually reducing it. In terms of 'localism' it was stated that whilst there had been investment in two solar panel farms in Pembrokeshire this had to be balanced against potential returns.

The Board welcomed the update and the progress being made.

AGREED that the report be noted and that further developments be reported at future meetings.

6. PENSION BOARD BUDGET 2021-22

The Board considered the Dyfed Pension Fund Budget for 2021-22 which had increased by approximately 15% from the 2020-21 budget as a result of the increased fees for the Pension Board Chair and Pension Board Liability Insurance.

AGREED that the Budget for 2020-21 be noted.

7. EXCLUSION OF THE PUBLIC

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

8. INDEPENDENT ADVISER PERFORMANCE & RISK REPORT AT 30 SEPTEMBER 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

September 2020 together with the global market background and issues for consideration.

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

9. NORTHERN TRUST PERFORMANCE REPORT 30 SEPTEMBER 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 September 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 September 2020 be received.

CHAIR

DATE