

Dyfed Pension Fund Pension Board

Friday, 16 April 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 present as an observer:

Cllr. D.E. Williams, Chair of the Dyfed Pension Fund Committee

The following Officers were in attendance:

R. Hemingway, Head of Financial Services
A. Parnell, Treasury & Pension Investments Manager
K. Gerard, Pensions Manager
M. Evans Thomas, Principal Democratic Services Officer
M. Owens, Assistant Accountant
S. Rees, Simultaneous Translator
J. Corner, Technical Officer
M.S. Davies, Democratic Services Officer
E. Bryer, Democratic Services Officer

Virtual Meeting - 10.00 - 11.45 am

1. APOLOGIES FOR ABSENCE

An apology for absence was received from Mr Mike 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 17TH FEBRUARY 2021

AGREED that the minutes of the meeting for the Pension Board held on the 17th February 2021 be confirmed as a correct record.

4. DYFED PENSION FUND COMMITTEE 25TH MARCH 2021

The Board received for consideration the following reports which had been considered by the Dyfed Pension Fund Committee at its meeting held on the 25th March 2021.

4.1. PENSION BOARD MINUTES 20TH NOVEMBER 2020

The Board noted the minutes of the Dyfed Pension Board meeting held on 20th November, 2020 had been received by the Dyfed Pension Fund Committee.

4.2. AUDIT PLAN 2021

The Board considered the Dyfed Pension Fund Budget Audit Plan which set out the proposed scope, when to be undertaken, cost and responsibilities.

In response to a question regarding the timing of the preparation of accounts, it was confirmed that expected delivery was the end of July 2021 in line with the Annual Report. The accounts would be submitted to the Governance & Audit Committee for approval in October 2021.

AGREED that the report be noted.

4.3. BUDGET MONITORING - 1ST APRIL 2020 TO 31ST DECEMBER 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 – 31st December 2020.

It was asked if research and planning had been undertaken into the impact of long COVID-19 on the pension scheme. The Board was advised that to date only COVID-19 deaths had been monitored and that the impact of long COVID-19 hadn't filtered through yet.

AGREED that the report be noted.

4.4. DYFED PENSION FUND BUDGET 2021-2022

The Board considered the Dyfed Pension Fund Budget for 2021-22. It was noted that the cash related expenditure for 2021-22 had been set at £104.3m and the cash related income at £104.3m, resulting in a net budget of £0 which provided the Fund with flexibility to utilise investment income based on cash flow requirements.

AGREED that the Budget for 2021-22 be noted.

4.5. CASH RECONCILIATION AS AT 31 JANUARY 2021

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 31 January 2021, £14m 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.

The Board questioned the negative difference between the payments made and contributions received. It was acknowledged that this was a challenge for the Fund but that investment income received covered the shortfall.

AGREED that the report be noted.

4.6. PENSIONS ADMINISTRATION REPORT

The Board 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, employer cessation, breaches register, i-Connect, Data Quality reports, GMP reconciliation and workflows.

The Board expressed concern regarding the potential number of cases that would require intervention. It was advised that following the software update a review of the resources required would be undertaken.

The Board acknowledge that this was a positive report and complimented everyone involved.

AGREED that the report be noted.

4.7. BREACHES REPORT 2020-2021

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.

The Board asked if it would be feasible to include an additional column in the report to indicate the status of the breach so that it would be clear if the matter had been resolved or was still on-going. It was advised that this could be considered.

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. Those had now been received so no report had been sent to the Pensions Regulator.

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

4.8. RISK REGISTER 2021-2022

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 advised that the risk register for 2021-2022 had been reviewed to ensure risks had been identified and assessed.

The issue of not being able to quickly identify changes from previous reports was raised again. It was advised that for future reports the header information currently provided to the Dyfed Pension Board Committee would also be included for the Board.

Agreed that the risk register report for 2021-2022 be noted.

4.9. GOVERNANCE POLICY AND COMPLIANCE STATEMENT 2021

The Board received the revised Governance Policy and Compliance Statement. A review had been undertaken on the Governance Policy and Compliance Statement of the Dyfed Pension Fund. The Governance 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

The Compliance Statement set out the Fund's compliance with best practice principles in relation to structure, representation, selection, voting, training, meetings, access, scope and publicity.

It was asked if consideration had been given to limiting the number of years a Chair could be in appointment for. The Treasury & Pension Investments Manager advised that he would take forward for future discussions with the S151 officer and Democratic Services.

The Board suggested that the Pension Board section of the Governance Policy should reference that the Chair of the Pension Committee attends the Pension Board meetings and that the Board has authority (if necessary) to report to the committee.

AGREED that the report be noted.

4.10. BUSINESS PLAN 2021-2022

The Board received the Wales Pension Partnership Business Plan for the period 2021-2022 detailing how the Fund was to achieve its objectives and ensuring the allocation of sufficient resources to meet those objectives.

AGREED to note the Wales Pension Partnership Business Plan for the period 2021-22.

4.11. TRAINING PLAN 2021-2022

The Board received the Wales Pension Partnership Training Plan for the period 2021-2022 detailing meetings, training events and the members and officers anticipated to attend the events.

AGREED that the Wales Pension Partnership Training Plan for the period 2021-22 be noted.

4.12. WALES PENSION PARTNERSHIP (WPP) LINK AND RUSSELL UPDATE

The Board received an update report on the Wales Pension Partnership (WPP), on the milestones and progress of both the following Sub Funds together with the Engagement Protocol and the key meeting dates:-

- Tranche 3 – Fixed Income
- Tranche 4 – Emerging Markets
- Tranche 5 – Private Markets Strategy Development

The Committee noted the current Global Growth equity sub fund totalled £2.89bn and the Global Credit Fund £796m.

AGREED that the Wales Pension Partnership Link and Russell Update be noted.

4.13. DRAFT MINUTES OF THE PENSION COMMITTEE MEETING 25TH MARCH 2021

AGREED that the draft minutes of the meeting of the Dyfed Pension Fund Committee held on the 25th March 2021 be noted.

5. PENSION BOARD WORKPLAN 2021

The Board considered the Pension Board Workplan for 2021 which outlined the work of the Pension Board throughout 2021 and the items to be presented at each meeting.

It was asked that at a future meeting a report on the comparative costs of the Fund be included.

AGREED to note the workplan for 2021.

6. PENSION BOARD BUDGET MONITORING 1 APRIL 2020 - 31 MARCH 2021

The Board received the final Pension Board Budget Monitoring report and considered the budgetary position as at 31 March 2021.

The final position as at 31 March 2021 was an under spend compared to budget of £3,543.

The fee for the Chair exceeded the budget by £917 as the contract was extended and the fee was increased based on this extension. Training costs was underspent by £3,580 as the majority of training events attended by Board members were online and with no charge. There was no expenditure in relation to travel, subsistence or miscellaneous expenses due to COVID-19.

The liability insurance premium exceeded budget by £1,120. Insurance market rates had increased by approximately 20% over the last year.

RESOLVED to receive Pension Board Budget Monitoring 1 April 2020 – 31 March 2021.

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 ADVISOR PERFORMANCE & RISK REPORT AT 31 DECEMBER 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 31 December 2020 together with the global market background and issues for consideration.

RESOLVED that the Independent Investment Adviser Report as at 31 December 2020 be noted.

9. NORTHERN TRUST PERFORMANCE REPORT 31 DECEMBER 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 Northern Trust Performance report for the Dyfed Pension Fund as at 31 December 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 31 December 2020 be noted.

10. INVESTMENT MANAGER REPORTS TO 31 DECEMBER 2020

The Board received for consideration the following reports which had been considered by the Dyfed Pension Fund Committee at its meeting held on the 25th March 2021.

10.1. BLACKROCK

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 duly received the Investment Manager Briefing - BlackRock report for the Dyfed Pension Fund as at 31 December 2020, which provided portfolio update, investment pipeline, sustainable investing and portfolio holdings updates.

RESOLVED that the Investment Manager Briefing - BlackRock report for the Dyfed Pension Fund as at 31 December 2020 be noted.

10.2. SCHRODERS

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 considered the Schrodgers – Q4 2020 Investment Report which set out the performance as at 31 December 2020.

AGREED to note the report.

10.3. PARTNERS GROUP

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 considered the Partners Group – Quarterly Financials October to December 2020 report which set out the performance as at 31 December 2020.

AGREED to note the report.

10.4. WALES PENSION PARTNERSHIP - GLOBAL GROWTH FUND

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 considered the WPP Global Growth Fund – 31 December 2020 report which set out the performance as at 31 December 2020.

AGREED to note the report.

10.5. WALES PENSION PARTNERSHIP - GLOBAL CREDIT FUND

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 considered the WPP Global Credit Fund – 31 December 2020 report which set out the performance as at 31 December 2020.

AGREED to note the report.

11. INVESTMENT MANAGER BRIEFING - BLACKROCK

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 considered the BlackRock investment manager briefing as at 31 December 2020. The Briefing included:

- Portfolio update
- Investment Pipeline
- Sustainable investing update
- Portfolio holdings

AGREED to note the briefing.

12. EQUITY RESTRUCTURE PRE-TRANSITION ANALYSIS

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 considered the Pre-Transition Report which covered the following areas:

- Transition Approach and Portfolio Analysis
- Transaction Timeline

- Transition Benchmark and Trading Strategy
- Cost and Risk Analysis
- Other Considerations

AGREED to note the report.

CHAIR

DATE