

DYFED PENSION FUND COMMITTEE

Friday, 3 December 2021

PRESENT: Councillor D.E. Williams (Chair)

Councillors:

D.M. Cundy and T.J. Jones

Also in attendance:

A. Brown – Independent Investment Advisor;

The following Officers were in attendance:

C. Moore, Director of Corporate Services

R. Hemingway, Head of Financial Services

K. Gerard, Pensions Manager

M. Owens, Pension Investment Officer

S. Rees, Simultaneous Translator

E. Bryer, Democratic Services Officer

K. Thomas, Democratic Services Officer

Virtual Meeting - 10.00 - 11.40 am

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF PERSONAL INTERESTS

Councillor	Minute Number	Nature of Interest
Cllr. E. Williams	All agenda items	Member of the Dyfed Pension Fund
Cllr T.J. Jones	All agenda items	Member of the Dyfed Pension Fund

3. MINUTES OF THE MEETING OF THE COMMITTEE HELD ON THE 8TH OCTOBER 2021

RESOLVED that the minutes of the meeting of the Committee held on the 8th October, 2021 be signed as a correct record.

4. DYFED PENSION FUND PENSION BOARD MINUTES 20 JULY 2021

UNANIMOUSLY RESOLVED that the minutes of the Dyfed Pension Fund Pension Board meeting held on the 20th July, 2021 be received.

5. BUDGET MONITORING 1 APRIL 2021 - 30 SEPTEMBER 2021

The Committee received the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the 2021/22 financial year. It was noted that the current position, as at 30 September 2021, forecasted an under-spend compared to budget of £5.1m in cash terms.

With regard to expenditure, the net effect of Benefits Payable and Transfers Out was an under spend of £1.8m. That was mainly due to an increase of 3% built in at budget setting for pensioners, the projected increase for the year to date was 1%. Management expenses were projected to be overspent by £246k, resulting in expenditure being lower than budgeted by £1.56m.

With regard to income, the net effect of contributions and investment income was an increase of £3.5m, mainly due to a higher than budgeted investment income being forecast.

Overall, total expenditure was estimated at £102.8m and total income was estimated at £107.9m resulting in a positive cash flow position of £5.1m.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Budget Monitoring Report for the period 1st April 2021 to 30th September 2021 be received

6. CASH RECONCILIATION AS AT 30 SEPTEMBER 2021

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 30th September, 2021, £2.4m 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. PENSIONS ADMINISTRATION REPORT

The Committee 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, breaches register, i-Connect, GMP reconciliation and workflows.

In response to a question relating to the McCloud judgement, the Pensions Manager advised that it was anticipated the software required for the upload facility would be operational by October/November 2022. However, it was estimated that even with the new software, approximately 15-20,000 manual calculations would still be required to be made

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

8. BREACHES REPORT 2021-2022

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 couple of instances where employee/employer contributions had not been received on time. No report had had to be sent to the Pensions Regulator.

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

9. RISK REGISTER 2021-2022

The Committee was advised that the Risk Register 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 and there had been no changes since the previous committee meeting.

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

UNANIMOUSLY RESOLVED that the risk register report for 2021-2022 be approved.

10. WALES PENSION PARTNERSHIP (WPP) - OPERATOR UPDATE

The Committee received a progress update report of the Wales Pension Partnership (WPP), which included the following key areas:-

- Current Fund Holdings
- Fund Launch Progress
- Link / Russell Investments Corporate Update and Engagement

The report included the progress and milestones of the following Sub Funds together with the current fund holdings, fund launch progress and LFS corporate update and engagement as follows:-

- Tranche 1 – Global Equity
- Tranche 2 – UK Equity
- Tranche 3 – Fixed Income
- Tranche 4 – Emerging Markets

In addition, the Committee considered the Corporate and Engagement update including the engagement protocol and key meeting dates.

Reference was made to a report produced by the Wales Pension Partnership on

its Carbon Footprint and it was agreed that a copy thereof would be provided to the members of the Dyfed Pension Fund Committee.

UNANIMOUSLY RESOLVED that the Operator Update report be received and the milestones and progress of the Wales Pension Partnership be noted

11. WALES PENSION PARTNERSHIP INTER-AUTHORITY AGREEMENT (IAA) ADDENDUM

The Committee considered a report on proposed amendments to the Wales Pension Partnership (WPP) Inter-Authority Agreement. It was noted that any changes to the Agreement required the unanimous agreement of all eight Constituent Authorities within the WPP, and that Addendum to allow for those changes to take place was attached as Schedule 1 to the report. The Committee was required to consider recommending the Addendum to the meeting of Carmarthenshire County Council on the 8th December, 2021 for formal approval.

The Director of Corporate Services advised that the initial Agreement had been entered into on the 26th June 2017 in accordance with the requirements of Sections 101 and 102 of the Local Government Act 1972 relating to the formulation of a joint Committee. As four years had lapsed since that initial Agreement, a number of amendments were being proposed within the Addendum for the Council's consideration. The main amendments related to:

- The appointment to the Joint Governance Committee of a non-voting co-opted Scheme Member Representative and;
- The appointment of an 'allocator' for the private market sub funds

UNANIMOUSLY RESOLVED to note the report and recommend the addendum to the Inter-Authority Agreement for approval to the next meeting of Carmarthenshire County Council

12. TRAINING PLAN 2021-2022

The Committee received for consideration an update on 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. The report had also been updated to include actual attendance whether in person or online together with further future anticipated events.

UNANIMOUSLY RESOLVED that the Wales Pension Partnership Training Plan update be noted.

13. CARBON FOOTPRINT UPDATE

The Committee considered a report by the Fund's Independent Investment Advisor on its current Carbon Footprint including details in relation to:

- Context
- Action Plan and Progress in reducing Carbon Footprint
- Next Steps
- Conclusion

UNANIMOUSLY RESOLVED that the Carbon Footprint update report be noted.

14. 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.

15. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 30 SEPTEMBER 2021

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 14 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 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 September, 2021.

UNANIMOUSLY RESOLVED that the Independent Investment Adviser Report as at 31 March 2021 be noted.

16. NORTHERN TRUST PERFORMANCE REPORT TO 30 SEPTEMBER 2021

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 16 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 Committee considered the Northern Trust Performance report for the Dyfed Pension Fund as at 30 September 2021, which provided performance analysis at a total fund level and by investment manager for the periods since inception.

UNANIMOUSLY RESOLVED that the Northern Trust Performance report for the Dyfed Pension Fund as at 30 September, 2021 be received.

17. INVESTMENT MANAGER REPORTS TO 30 SEPTEMBER 2021

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 16 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 Committee considered the investment managers reports which set out performance of each manager as at 30th September, 2021.

BlackRock – Quarterly Report 30th September 2021
Schroders – Q3 2021 Investment Report
Partners Group – Quarterly Financials September 2021
WPP Global Growth Fund – 30th September 2021
WPP Global Credit Fund – 30th September 2021

UNANIMOUSLY RESOLVED that the Investment Manager reports for the Dyfed Pension Fund be received.

CHAIR

DATE