

DYFED PENSION FUND PENSION BOARD

3 MAY 2022

PRESENT: John Jones (Chair);

Committee Members:-

Mr. M. Evans,	– Member Representative;
Cllr. Gareth Lloyd	– Employer Representative;
Mr. Tommy Bowler	– Member Representative (Union);

The following Officers were in attendance:

R. Hemingway, Head of Financial Services;
A. Parnell, Treasury & Pension Investments Manager;
J. Williams, Assistant Accountant;
E. Evans, Principal Democratic Services Officer;
K. Thomas, Democratic Services Officer;
S. Rees, Simultaneous Translator ;
J. Owen, Democratic Services Officer.

Also in attendance:

Mr. A. Brown – Independent Investment Advisor.

Also present as an observer:-

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

Virtual Meeting – 2:00pm - 3:28pm

1. APOLOGIES FOR ABSENCE

Apologies were received from Mr Mike Rogers, Pensioner Member Representative and Mr Paul Ashley Jones, Employer Member Representative.

The Chair welcomed Mr Michael Evans, Member Representative to the Board.

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 25TH JANUARY 2022

AGREED that the minutes of the meeting for the Pension Board held on the 25th January 2022 be confirmed as a correct record.

4. DYFED PENSION FUND COMMITTEE MEETING - 29TH MARCH 2022

4.1. MINUTES OF THE DYFED PENSION FUND COMMITTEE MEETING - 9 NOVEMBER 2021

The Board noted the minutes of the Dyfed Pension Board meeting held on 9th November, 2021 had been received by the Dyfed Pension Fund Committee.

4.2. BUDGET MONITORING 1 APRIL 2021 - 31 DECEMBER 2021

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 2021 – 31st December 2021.

AGREED that the report be noted.

4.3. BUDGET 2022-2023

The Board considered the Dyfed Pension Fund budget from 1st April 2022 to 31st March 2023. It was highlighted that the cash related expenditure for 2022-23 had been set at £107.8m and the cash related income at £107.8m, resulted in a net budget of £0 which provided the Fund with the flexibility to utilise investment income based on cash flow requirements.

With regard to expenditure levels, the Board noted that benefits payable had been estimated to be £93.9m which included provision for 3.1% pensions increase, based on the September 2021 CPI, together with a 1.9% net effect for new pensioner members and deferred members.

AGREED that the report be noted.

4.4. CASH RECONCILIATION AS AT 31 DECEMBER 2021

The Board considered the Cash Reconciliation report which provided an update on the cash position in respect of the Dyfed Pension Fund.

AGREED that the report be noted.

4.5. 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, new employer, breaches register, i-Connect, GMP reconciliation and workflows.

In response to a query regarding when all employers would be active on i-Connect, the Head of Financial Services explained that the Dyfed Pension Fund Committee had also raised a similar query and advised that the timescale was dictated by employers prioritising the production of an extract in a specified format to directly load into the pensions system.

The Board requested to provide further encouragement to those scheme employers that are yet to become active on i-connect.

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

4.6. BREACHES REPORT 2021-22

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.

As there were no implications of the breaches, no report had been sent to the Pensions Regulator, however it was commented that there seemed to be a repeat pattern of instances where employee/employer contributions had not been received on time. The Treasury and Pension Investments Manager explained that continuous engagement was taking place in order to reduce these types of breaches.

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

4.7. RISK REGISTER

The Board 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 had been reviewed and risk CSV400035 had been amended and a new risk CSV400036 – Global Financial Market Risk had been included.

In regard to the number of risks listed on the risk register the Board asked if a more succinct report highlighting the strategic risks separately from the operational risk could be produced?

The Treasury and Pension Investments Manager stated that he would liaise with the team that is responsible for producing the report and in the meantime the risks were reviewed on a quarterly basis bringing any amendments to the Board's attention.

Agreed that the risk register report be noted.

4.8. RESPONSIBLE INVESTMENT UPDATE

The Board received an update on the Fund's activity and progress in terms of Responsible Investment. The report provided an update on governance, stewardship (Engagement /Communication) and progress to date.

The Board was pleased with the report and requested to explore opportunities to publicise the report on a wider basis.

AGREED that the Responsible Investment Update in relation to the Dyfed Pension Fund be noted.

4.9. DRAFT RESPONSIBLE INVESTMENT POLICY

The Board received the Dyfed Pension Fund Draft Responsible Investment Policy which included the following items:

- Introduction
- Responsible Investment
- Investment Beliefs
- Role of the Pension Board
- Stock Lending
- Engagement
- Climate Change
- Human Rights

AGREED that the Dyfed Pension Scheme Draft Responsible Investment Policy be noted.

4.10. BUSINESS PLAN 2022-2023

The Board received the Dyfed Pension Fund Business Plan for the period 2022-2023 detailing how the Fund was to achieve its goals and set out the plans from a marketing, financial and operational viewpoint.

AGREED that the Dyfed Pension Fund Business Plan for the period 2022-23 be noted.

4.11. TRAINING PLAN 2022-2023

The Board received the Dyfed Pension Fund Training Plan for the period 2022-2023 detailing meetings, training events and the members and officers anticipated to attend the events.

AGREED that the Dyfed Pension Fund Training Plan for the period 2022-23 be noted.

4.12. WALES PENSION PARTNERSHIP (WPP) BUSINESS PLAN

The Board received the Wales Pension Partnership Business Plan for the period 2022-2025 detailing how the Fund was to achieve its objectives and ensuring the allocation of sufficient resources to meet those objectives.

AGREED that the Wales Pension Partnership Business Plan for the period 2022-25 be approved.

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

The Board received an update on the progress of the Wales Pension Partnership in relation to the Sub Funds together with the current fund holdings, fund launch progress and Link / Russell Investments Corporate Update and Engagement, as presented to the Joint Governance Committee on the 29th March 2022.

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

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

4.14. DRAFT DYFED PENSION FUND COMMITTEE MINUTES - 29TH MARCH 2022

AGREED that the draft minutes of the meeting of the Dyfed Pension Fund Committee held on the 29th March 2022 be noted.

5. PENSION BOARD WORK PLAN 2022-2023

The Board considered the Pension Board Workplan for 2022-23 which outlined the work of the Pension Board throughout 2022 and the items to be presented at each meeting.

AGREED to note the Pension Board Workplan for 2022-2022.

6. PENSION BOARD BUDGET MONITORING 1 APRIL 2021 - 31 MARCH 2022

The Board received the Pension Board Budget Monitoring report as at 31st March 2022. Total actual expenditure incurred was £14.477k. The forecasted expenditure for the year was a £9.683k underspend compared to budget.

AGREED that the report 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 ADVISOR PERFORMANCE & RISK REPORT TO 31 DECEMBER 2021

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 adversely impact upon the Pension Fund by putting investment performance at risk.

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 31st December 2021 together with the global market background and issues for consideration.

AGREED to note the Independent Investment Adviser Report as at 31 December 2021.

9. NORTHERN TRUST PERFORMANCE REPORT TO 31 DECEMBER 2021

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 adversely impact upon the Pension Fund by putting investment performance at risk.

The Board received the Northern Trust Performance report for the Dyfed Pension Fund as at 31 December 2021, which provided performance analysis at a total fund level and by investment manager for the periods up to inception.

AGREED to note the Northern Trust Performance report for the Dyfed Pension Fund as at 31 December 2021.

10. INVESTMENT MANAGER REPORTS TO 31 DECEMBER 2021

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 adversely impact upon the Pension Fund by putting investment performance at risk.

The Board received for consideration reports provided by the Investment Managers which set out the performance of each manager as at 31 December 2021:

- BlackRock – Quarterly Report 31st December 2021;
- Schroders – Q4 2021 Investment Report 31st December 2021;
- Partners Group – Quarterly Report 31st December 2021;
- Wales Pension Partnership Global Growth Fund – 31st December 2021;
- Wales Pension Partnership Global Credit Fund – 31st December 2021.

AGREED to note the Investment Manager reports for the Dyfed Pension Fund.

CHAIR

DATE