

DYFED PENSION FUND PENSION BOARD

TUESDAY, 18 OCTOBER 2022

PRESENT: Councillor J. Jones (Chair – In person)

Councillors (In Person):

M. Evans

A. Lenny

Councillors (Virtually):

P. Ashley-Jones

T. Bowler

G. Lloyd

M. Rogers

Also Present (In Person):

R. Hemingway, Head of Financial Services

A. Parnell, Treasury & Pension Investments Manager

K. Gerard, Pensions Manager

J. Williams, Assistant Accountant

S. Rees, Simultaneous Translator

K. Thomas, Democratic Services Officer

Also Present (Virtually):

J. Owen, Democratic Services Officer

Chamber - County Hall, Carmarthen. SA31 1JP and remotely - 2.00 - 3.25 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 THE 20TH JULY 2022

AGREED that the minutes of the meeting for the Pension Board held on the 20th July 2022 be confirmed as a correct record.

4. DYFED PENSION FUND COMMITTEE MEETING 11TH OCTOBER 2022

The Board received for consideration, and comment, the reports considered by the Dyfed Pension Fund Committee on the 11th October 2022, as referred to in minutes 4.1- 4.9 below.

4.1. DYFED PENSION FUND BOARD MINUTES 3RD MAY 2022

The Board noted that the minutes of the Dyfed Pension Fund Pension Board meeting held on 3rd May, 2022 had been received by the Dyfed Pension Fund Committee on the 11th October, 2022.

4.2. BUDGET MONITORING 1ST APRIL 2022 TO 30 JUNE 2022

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 2022 – 30th June 2022.

The Treasury and Pensions Investment Manager referred to the budget forecast column in the report as being for 2022-2022 and advised that it should read '2022-2023'

In response to a question on higher than budgeted income levels, the Board was advised it was attributable to higher contributions. By way of explanation, it was advised that when budget profiles were prepared in January/February 2022 for the forthcoming year it was not possible to accurately profile the budget due to changing circumstances and many variables. However, in year adjustments would be made as required in response to changes within those variables e.g. pay awards and incremental pay awards that may result in increased contributions.

AGREED that the report be noted.

4.3. CASH RECONCILIATION AS AT 30 JUNE 2022

The Board considered the Cash Reconciliation report which provided an update on the cash position in respect of the Dyfed Pension Fund as at 30th June 2022.

Reference was made to the reliance on investment income to meet benefits payments and to whether there were any implications for the budgets moving forward as the gap grew between contributions received and benefits payable.

The Treasury and Pensions Investments Manager advised there was £10-£12m contribution shortfall which was being met by investment income. When the inflation figures for September 2022 were announced and the pension increase for next year known, a cash flow analysis and scenario testing would be undertaken to assess how much additional income would be required to meet future pension requirements

AGREED that the report be noted.

4.4. 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 concerns regarding the use of i-Connect, the Pensions Manager advised that they continued to provide 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.

4.5. BREACHES REPORT 2022/23

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 and no report had been sent to the Pensions Regulator.

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

4.6. RISK REGISTER

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 was regularly monitored and reviewed to ensure risks had been identified and assessed. It was reported that there had been no changes since the previous committee meeting.

In response to a question on risk of Wales Pension Partnership, the Treasury and Pensions Investment Manager advised that whilst, initially there was a risk as the funds were established, they were operating effectively and that Russell Investments, who managed most of the Sub Funds, had undertaken the appropriate due diligence. All eight of the Welsh Pension Funds had invested in the WPP and as the level of investment increased, the level of risk reduced.

Reference was made to risk reference DPFOP0016 and to the prolonged failure of investment managers to achieve specified returns. The Treasury and Pensions Investment Manager assured the Board that regular monitoring was undertaken and that any indication of prolonged failure over the long term would be addressed early

Agreed that the risk register report be noted.

4.7. 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.

4.8. WALES PENSION PARTNERSHIP - OPERATOR UPDATE

The Board received an update on the milestones and of the Wales Pension Partnership in relation to the Sub Funds together with a 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.

4.9. EQUITY RESTRUCTURE PHASE III

The Board received a report on Phase III of the equity restructure of the Dyfed Pension Fund and the agreement of the Dyfed Pension Fund Committee to allocate of 5% of the Fund to the Wales Pension Partnership Sustainable Equity Sub Fund.

AGREED that the Equity Restructure Phase III report be noted.

5. PENSION BOARD WORK PLAN 2022

The Board considered the Pension Board Workplan for 2022 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.

6. PENSION BOARD WORK PLAN 2023

The Board considered the Pension Board Workplan for 2023 outlining the proposed work of the Pension Board and the items to be presented at each meeting.

AGREED to note the Pension Board Workplan for 2023.

7. PENSION BOARD BUDGET MONITORING 1 APRIL 2022 - 30 SEPTEMBER 2022

The Board received the Pension Board Budget Monitoring report as at 30th September 2022. Total actual expenditure incurred was £13.5k. The forecasted expenditure for the year was a £3k underspend compared to budget.

AGREED that the report be noted.

8. 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.

9. INDEPENDENT ADVISER PERFORMANCE & RISK REPORT AT 30 JUNE 2022

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute Item 8 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 30th June 2022 together with the global market background and issues for consideration.

AGREED to note the Independent Investment Adviser Report as at 30th June 2022.

10. NORTHERN TRUST PERFORMANCE REPORT 30 JUNE 2022

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute Item 8 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 30th June 2022, 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 30th June 2022.

11. INVESTMENT MANAGER REPORTS AT 30 JUNE 2022

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute Item 8 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 30th June 2022:

- BlackRock – Quarterly Report 30 June 2022;
- Schroders – Q2 2022 Investment Report;
- Partners Group – Quarterly Financials June 2022;
- WPP Global Growth Fund – 30 June 2022;
- WPP Global Credit Fund – 30 June 2022.

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

CHAIR

DATE