

DYFED PENSION FUND COMMITTEE

23 NOVEMBER 2022

PRESENT: Councillor D.E. Williams (Chair) (In Person)

Councillor (In Person):

D. Thomas;

Councillor (Virtually):

R. James.

Also in attendance (In Person)

A. Brown – Independent Investment Advisor

Also in attendance (Virtually)

J. Blewitt – Audit Wales

The following Officers were in attendance (In Person):

C. Moore, Director of Corporate Services;

A. Parnell, Treasury & Pension Investments Manager;

K. Gerard, Pensions Manager;

M. Owens, Pension Investment Officer;

J. Owen, Democratic Services Officer [Minute taker].

The following Officers were in attendance (Virtually):

M.S. Davies, Democratic Services Officer

Chamber, County Hall, Carmarthen. SA31 1JP and remotely: 10:00am - 11:16am

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF PERSONAL INTERESTS

There were no declarations of personal interest.

3. MINUTES OF THE MEETING OF THE COMMITTEE HELD ON THE:

3.1. 29TH SEPTEMBER 2022

UNANIMOUSLY RESOLVED that the minutes of the meeting of the Committee held on the 29th September, 2022 be signed as a correct record.

3.2. 11TH OCTOBER 2022

UNANIMOUSLY RESOLVED that the minutes of the meeting of the Committee held on the 11th October, 2022 be signed as a correct record.

4. DYFED PENSION FUND PENSION BOARD MINUTES - 20 JULY 2022

UNANIMOUSLY RESOLVED that the minutes of the Dyfed Pension Fund Pension Board meeting held on the 20th July, 2022 be received.

5. AUDIT OF FINANCIAL STATEMENTS REPORT 2021-22

The Committee welcomed to the meeting Jason Blewitt, Audit Wales Representative who presented the Audit of Financial Statements Report for the Dyfed Pension Fund detailing the matters arising from the audit which required reporting under ISA 260.

It was noted that the Auditor General was responsible for providing an opinion on whether the financial statements of the Dyfed Pension Fund gave a true and fair view of their financial position as at 31 March 2022 and of its income and expenditure for the year end.

The Committee was advised that an unqualified audit report on the financial statements had been issued and the finalised report had been considered by the Governance and Audit Committee at its meeting held on 21st October 2022 [Minute 3.1 refers].

The Committee was pleased to note that Audit Wales intended to issue an unqualified audit opinion on the accounts. In addition, the Committee was pleased to note that there were no misstatements identified in the financial statements which remained uncorrected.

The Committee wished to express their sincere thanks to Audit Wales for undertaking the Audit and to the Pension Investment and Administration teams for all their hard work in what had resulted in a successful audit.

UNANIMOUSLY RESOLVED that the Audit of Financial Statement Report 2021-22 (ISA260) be received.

6. BUDGET MONITORING 1 APRIL 2022 - 30 SEPTEMBER 2022

The Committee received the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the 2022/23 financial year. It was noted that the current position, as at 30 September 2022, forecasted an under-spend of £3.8m in cash terms.

With regard to expenditure there was an under spend of £196K. Benefits payable were forecast to be £384k more than budget and management expenses were forecast to be £580k lower than budget.

In terms of income, the net effect of contributions and investment income was an increase of £3.6m, due mainly to higher than budgeted investment income forecast.

Overall total expenditure was estimated at £107.6m and total income estimated at £111.4m resulting in a positive cash flow position of £3.8m.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Budget Monitoring Report for the period 1st April 2022 to 30th September 2022 be received.

7. CASH RECONCILIATION AS AT 30 SEPTEMBER 2022

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 30 September, 2022, £1.3m 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.

8. 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, valuation, annual benefits statements, breaches register, i-Connect, GMP reconciliation and workflows.

In response to a request regarding the Pension scheme and the eligibility of Community Councils Clerks, the Pensions Manager explained that the Community Council would need to make an application to the Pensions Fund Committee for approval.

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

9. BREACHES REPORT 2022-2023

The Committee 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 provided guidance on reporting these breaches.

The Dyfed Pension Fund Breaches Policy had been 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 few instances where employee/employer contributions had not been received on time. No report had been sent to the Pensions Regulator as there had been no implications of those breaches.

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

10. RISK REGISTER

The Committee 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 had been reviewed and no changes to individual risks had been identified 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.

In response to a query raised in regard to budget impact of the anticipated drift of employees over the next few years, the Director of Corporate Services explained that the impact of the reduction in the scale of membership would not be of significance for it to be highlighted on the risk register.

UNANIMOUSLY RESOLVED that the risk register report be approved.

11. WALES PENSION PARTNERSHIP - OPERATOR UPDATE

The Committee received an update report on the milestones and progress of Wales Pension Partnership (WPP) including the following Sub Funds:-

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

UNANIMOUSLY RESOLVED that the Wales Pension Partnership Link and Russell Update be received.

12. TRAINING PLAN 2022-2023

The Committee received for consideration the Training Plan for the period 2022-2023 detailing meetings, training events and the members and officers anticipated to attend the events.

In response to a query raised regarding future opportunities for the Committee to view direct investments, the Treasury and Pension Investments Manager explained that discussions were currently taking place to visit Schroders officers and their investments in London. Details would be circulated to Committee Members in due course.

UNANIMOUSLY RESOLVED that the Training Plan for the period 2022-23 be approved.

13. EXCLUSION OF THE PUBLIC

UNANIMOUSLY 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.

14. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 30 SEPTEMBER 2022

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 13 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, 2022.

The report also included the global market background and issues for consideration.

UNANIMOUSLY RESOLVED that the Independent Investment Adviser Report as at 30 September 2022 be noted.

15. NORTHERN TRUST PERFORMANCE REPORT TO 30 SEPTEMBER 2022

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute Item 13 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 2022, 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 2022 be received.

16. INVESTMENT MANAGER REPORTS AT 30 SEPTEMBER 2022

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute Item 13 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 the performance of each manager as at 30 September 2022.

- BlackRock – Quarterly Report 30 September 2022
- Schroders – Q3 2022 Investment Report
- Partners Group – Quarterly Financials Q3 2022
- WPP Global Growth Fund – 30 September 2022
- WPP Global Credit Fund – 30 September 2022

UNANIMOUSLY RESOLVED that the investment manager reports for the Dyfed Pension Fund be received.

CHAIR

DATE