

DYFED PENSION FUND COMMITTEE

THURSDAY, 19 SEPTEMBER 2024

PRESENT: Councillor D.E. Williams (Chair)

Councillors (Virtually):

D. Thomas P.T. Warlow

Observer (In Person):

Councillor N.Lewis

Also in attendance (Virtually):

Mr J. Jones – Chair of the Dyfed Pension Fund Pension Board

Mr A. Brown – Independent Investment Advisor

Also Present (In Person):

C. Moore, Director of Corporate Services

R. Hemingway, Head of Financial Services

A. Parnell, Treasury & Pension Investments Manager

K. Gerard, Pensions Manager

M. Owens, Pension Investment Officer

A. Eynon, Principal Translator

D. Hall-Jones, Member Support Officer

K. Thomas, Democratic Services Officer

Also Present (Virtually):

M. Runeckles, Members Support Officer

Chamber - County Hall, Carmarthen. SA31 1JP and remotely - 2.00 - 3.30 pm

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

The Chair informed the Committee that he had, in exercising his discretionary functions, allowed a Member of the Public (Mr Reed) to ask the following question to the Dyfed Pension Fund Committee which would not be debated and a written reply provided.

"In the light of the Plaid Cymru manifesto and leadership in Carmarthenshire being in favour of urgent decarbonisation of the Dyfed Pension Fund in response to the Declaration of a Climate Emergency, what is stopping the Dyfed Pension Fund from committing to a declaration of 100 per cent decarbonisation by 2030 as a moral imperative and a realistic target, instead of the current target of 2050?"

2. DECLARATIONS OF PERSONAL INTERESTS

Note: These minutes are subject to confirmation at the next meeting.

Councillor	Minute Number	Nature of Interest
D. Thomas, P. Warlow, E. Williams	General	Member of the Dyfed Pension Fund
N. Lewis (attending the meeting that day as an observer in his capacity as a nominated substitute member of the Pension Fund)	11. – Pension Board Resolution in relation to the Bute Group of Companies	Works in the Renewable Energy Industry
N. Lewis (attending the meeting that day as an observer in his capacity as a nominated substitute member of the Pension Fund)	General	Beneficiary of the Dyfed Pension Fund

3. MINUTES OF THE MEETING OF THE COMMITTEE HELD ON THE 19TH JUNE 2024

RESOLVED that the minutes of the meeting of the Committee held on the 19th June, 2024 be signed as a correct record.

4. DYFED PENSION FUND PENSION BOARD MINUTES

UNANIMOUSLY RESOLVED that the minutes of the Dyfed Pension Fund Pension Board meetings held on the 14th May and the 24th July, 2024 be noted.

5. DYFED PENSION FUND PENSION BOARD REPORT

The Committee received the Pension Board reports, presented by the Chair of the Dyfed Pension Fund Pension Board, providing an update on the items discussed at the Board meetings held on the 14th May and 24th July 2024.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Pension Board reports for the meetings held on the 14th May and the 24th July 2024 be received.

6. BUDGET MONITORING AND CASH POSITION AS AT 30 JUNE 2024

Note: These minutes are subject to confirmation at the next meeting.

The Committee considered the Budget Monitoring Report and the Cash Position as at the 30th June, 20204 in respect of the Dyfed Pension Fund.

With regard to the Budget Monitoring element of the report, it was reported that, as at the end of June, there was a £116k underspend compared to budget.

In relation to expenditure, that was currently projected to be underspent by £642k. Pensions payable was forecasted to be underspent by £342k and management expenses by £300k. It was also noted that at budget setting, an allowance of 0.5% had been built in for the increase in pensioner membership, however, the actual increase to June was slightly lower. In relation to fees, the first quarters costs were slightly lower than had been anticipated at budget setting

In terms of income, that was forecasted to be under budget by £526k. Contributions were forecasted to be £1.9m more than budgeted, being mostly attributable to more augmentation income from employers being forecast than was anticipated at budget setting. Additionally, employee pensionable pay was forecast to be slightly higher than anticipated at budget setting resulting in additional contributions being forecasted. Transfers in were forecasted to exceed the budget by £500k and investment income was forecasted to be below budget by £2.9m.

Overall, total expenditure was estimated at £133m and total income estimated at £133.1m which resulted in a positive variance against budget of £116k.

It was noted that, in respect of the fund's cash position, £5.6m of 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 Budget Monitoring and Cash Position 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.

Reference was made to the work and assistance being provided to Pembrokeshire College, Coleg Ceredigion, Coleg Sir Gar and the Dyfed Powys Police to use i-connect, with clarification being sought on the position relating to the Mid and West Wales Fire and Rescue Service also using the facility. The Pensions Manager confirmed that due to the assistance being provided to the above organisations, and limited resources, the process of the Fire service using the facility had yet to commence. However, that assistance would be provided as soon as the current workload permitted, and the above- mentioned organisations had commenced using i-connect.

Note: These minutes are subject to confirmation at the next meeting.

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

8. BREACHES REPORT

The Committee received for consideration the Breaches Report in relation to the Dyfed Pension Fund which had been prepared in accordance with Section 70 of the Pension Act 2004, Code of Practice no 14 and the Dyfed Pension Fund Breaches Policy.

The Committee's attention was referred to the list of breaches appended to the report and note that there had been no cases of late receipt of contributions from Employers since the previous Committee meeting.

The Director of Resources in response to a question confirmed that the position referring to the previous breaches by Burry Port Marina Ltd relating to payments to the Fund had been resolved by the company's administrators as reported to the Committee on the 27th March 2024 (minute 10 refers)

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

9. RISK REGISTER

The Committee received for consideration the Risk Register which detailed the risks identified in relation to the functions of the Dyfed Pension Fund. The report included an assessment of the potential impact, probability and risk rating for each identified area, together with the control measures implemented to mitigate the identified risks.

The register for consideration focused upon the 13 Funding and Investments risks (identified as risk numbers F1-F13 in the register) and it was confirmed that following a review of the register, there had been no changes to individual risks since the register had been approved at the Committee's meeting in March 2024.

Reference was made to Risks F3 and F4 and a comment made on the need to keep those under review.

UNANIMOUSLY RESOLVED that the risk register report be noted.

10. TRAINING PLAN 2024-2025

The Committee received for consideration an update on the Training Plan for 2024-2025 which detailed the schedule of committee meetings, and training events for members and officers of the Dyfed Pension Fund.

UNANIMOUSLY RESOLVED that the Training Plan for 2024-2025 be noted.

Note: These minutes are subject to confirmation at the next meeting.

11. PENSION BOARD RESOLUTION IN RELATION TO THE BUTE GROUP OF COMPANIES

The Committee was informed that at the meeting of the Dyfed Pension Fund Pension Board held on the 14th May, 2024 (minute refers) the Board considered correspondence from Councillor A. Lenny relating to the Wales Pension Partnership's investment in the Bute Group of companies and its Tywi-Usk and Tywi-Teifi energy projects. The Board having considered that correspondence, had made the following recommendations to the Dyfed Pension Fund Committee for its consideration:

"The Dyfed Pension Fund Board agrees to ask the Dyfed Pension Fund Committee to:

- Explore, discuss and consider whether there is cause or opportunity for the Dyfed Pension Fund or the WPP, separately or in conjunction with its funding partners or associates, to obtain a release from any arrangement for funding of one or more of the companies within the Bute Group and to explore whether any such release could entail a recovery of any sum advanced to date or of any part, or could entail the withholding of funds.
- Explore whether in the context of any funding relationship which exists the Dyfed Pension Fund and any of its funding partners or associates are able to engage with GGENC/Bute towards ensuring appropriate and expedient direction, such as a full and proper evaluation of undergrounding cables by way of cable ploughing.
- Request law firm Burgess Salmon LLP and the Bute Group to clarify whether Burgess Salmon has at any time assisted one or more of the companies within the Bute Group.
- Initiate a discussion with each of the funding partners/associates and with the Bute Group and Ofgem relevant to issues to be explored pursuant to this resolution."

The Committee, in considering the referral, had regard to the potential implications early divestment from the Fund's investment with the Bute Group could have on the Fund in relation to, for example, its legal obligations and any fiduciary loss and on the need for those implications to be fully investigated and reported back to the committee for its consideration.

UNANIMOUSLY RESOLVED that the referral be noted and that officers prepare a response to the points raised therein and to report back to a future meeting of the Committee.

12. WALES PENSION PARTNERSHIP (WPP) JOINT GOVERNANCE COMMITTEE (JGC) UPDATE

The Committee received for consideration an update from the WPP's JGC meeting held on the 17th July 2024 providing an update on the following:

- Governance
- On-going Sub-Fund Development
- Operator Services

Note: These minutes are subject to confirmation at the next meeting.

- Investments and Reporting
- Communication and Training
- Resources, Budget and Fees
- Training Plan

The report incorporated the Operator report providing an update on the following:

- Market Updates
- Business Update – Oversight of Third Parties Q1 2024
- WPP Sub-Gund Values as at 31 March 2024
- March 2024 Fund Snapshot – Equities and Fixed Income
- Fund Launches and Changes
- Waystone Corporate Update & Engagement

The report also appended a summary and commentary on WPP's investment performance for Q1 2024 (January – March 2024).

UNANIMOUSLY RESOLVED that the Wales Pension Partnership update on the Joint Governance Committee be received.

13. WALES PENSION PARTNERSHIP RESPONSIBLE INVESTMENT UPDATE - 30 JUNE 2024

The Committee received the WPP's Responsible Investments update report as at 30 June 2024 detailing recent Responsible Investments activity together with information on the following Sub-Funds in which the Dyfed Pension Fund had invested:

- Global Growth
- Sustainable Active Equity
- Global Credit

In addition to the above, the update also provided a Stewardship Summary together with the relevant appendices numbered 1-4 within the report.

UNANIMOUSLY RESOLVED that the update report be received.

14. 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.

15. ROBECO ENGAGEMENT REPORT 1 JANUARY 2024 - 31 MARCH 2024

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

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consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund to the detriment of fund members.

Committee received for consideration the Robeco engagement report for the reporting period 1 January 2024 – 31 March 2024 that provided detailed statistics in relation to engagement activities undertaken on the WPP portfolio during the quarter, together with a selection of case studies of engagement activity undertaken in relation to Just Transition in Emerging Markets.

UNANIMOUSLY RESOLVED that the Robeco Engagement Report for the reporting period 1 January 2024 – 31 March 2024 be noted.

16. NORTHERN TRUST SECURITIES LENDING PERFORMANCE REVIEW 2023-24

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 adversely impact upon the Pension Fund to the detriment of fund members.

The Committee considered Northern Trust Securities Lending Performance Review 2023-24 report for the Dyfed Pension Fund.

UNANIMOUSLY RESOLVED that the Northern Trust Securities Lending Performance Review report for the Dyfed Pension Fund for 2023-2024 be noted.

17. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 30 JUNE 2024

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 adversely impact upon the Pension Fund to the detriment of fund members.

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 June 2024. The report also included the global market background and issues for the Committee to consider.

UNANIMOUSLY RESOLVED that the Independent Advisor Report be noted.

18. NORTHERN TRUST PERFORMANCE REPORT TO 30 JUNE 2024

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

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consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund to the detriment of fund members.

The Committee considered the Northern Trust Performance report for the Dyfed Pension Fund as at 30 June 2024, 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 June 2024 be noted.

19. INVESTMENT MANAGER REPORTS TO 30 JUNE 2024

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 impact upon the Pension Fund to the detriment of fund members.

The Committee considered the investment managers reports which set out the performance of each manager as at 30 June 2024.

- BlackRock – Quarterly Report 30 June 2024;
- Schrodgers – Q2 2024 Investment Report;
- Partners Group – Quarterly Report Q2 2024;
- WPP Global Growth Fund – 30 June 2024;
- WPP Global Credit Fund – 30 June 2024
- WPP Sustainable Active Equity Fund – 30 June 2024.

UNANIMOUSLY RESOLVED that the investment manager reports for the Dyfed Pension Fund as at 30 June 2024 be noted.

CHAIR

DATE

Note: These minutes are subject to confirmation at the next meeting.