

# DYFED PENSION FUND COMMITTEE

**TUESDAY, 11 OCTOBER 2022**

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

**Councillors (Virtually):**

D. Thomas

R. James

**Also in attendance (Virtually):**

A. Brown – Independent Investment Advisor;

**Also Present (In Person):**

C. Moore, Director of Corporate Services;

A. Parnell, Treasury & Pension Investments Manager;

K. Gerard, Pensions Manager;

M. Owens, Pension Investment Officer;

S. Rees, Simultaneous Translator;

M.S. Davies, Democratic Services Officer.

**Chamber, County Hall, Carmarthen and remotely: 3.20pm - 4.30pm**

**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 28TH JUNE 2022**

**UNANIMOUSLY RESOLVED** that the minutes of the meeting of the Committee held on the 28<sup>th</sup> June, 2022 be signed as a correct record.

**4. DYFED PENSION FUND PENSION BOARD MINUTES 3 MAY 2022**

**UNANIMOUSLY RESOLVED** that the minutes of the Dyfed Pension Fund Pension Board meeting held on the 3<sup>rd</sup> May, 2022 be received.

**5. BUDGET MONITORING 1 APRIL 2022 - 30 JUNE 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 June 2022, forecasted an under-spend of £3.9m in cash terms.

With regard to expenditure there was an under spend of £612K due to lower than budgeted management expenses being forecast.

In terms of income, the net effect of contributions and investment income was an increase of £3.3m, due mainly to higher than budgeted investment income forecast.

Overall total expenditure was estimated at £107.2m and total income estimated at £111.1m resulting in a positive cash flow position of £3.9m.

**UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Budget Monitoring Report for the period 1<sup>st</sup> April 2022 to 30<sup>th</sup> June 2022 be received.**

**6. CASH RECONCILIATION AS AT 30 JUNE 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 June, 2022, £11.4m 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, valuation, annual benefits statements, breaches register, i-Connect, GMP reconciliation and workflows.

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

**8. 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.**

**9. 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 document had been revised to highlight the risks as operational and strategic. 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 be approved.**

**10. 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.

**UNANIMOUSLY RESOLVED that the Training Plan for the period 2022-23 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. EQUITY RESTRUCTURE PHASE III**

Consideration was given to the Equity Restructure Phase III report. The Committee had previously agreed restructures of the equity portfolio in March and December 2021 (incorporating the BlackRock low-Carbon global equity portfolio, the transition of WPP's Baillie Gifford Global Growth investments to Baillie Gifford's Global Alpha Paris Aligned strategy, and the reduction in equity to increase allocations to Schroders (Property) and BlackRock (Strategic Alternative Income Fund).

The third phase of the equity restructure aimed to rationalise the legacy regional equity portfolios, reducing the carbon footprint and continuing the progress on pooling.

**UNANIMOUSLY RESOLVED that the allocation of 5% of the Fund to the Wales Pension Partnership Sustainable Equity Sub Fund 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 JUNE 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 June, 2022.

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

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

### **15. NORTHERN TRUST PERFORMANCE REPORT TO 30 JUNE 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 June 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 June 2022 be received.

### **16. 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 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 June 2022.

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

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

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**CHAIR**

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**DATE**