

Pension Board Submission to the Dyfed Pension Fund Committee

To: Dyfed Pension Fund Committee

From: John Jones Independent Chair Dyfed Pension Board

Date: 27 March 2024

1. The Pension Board held a hybrid meeting on 22nd January 2024. The main items on the agenda were consideration of the report on the Audit of Financial Statements for 2022/23; Budget monitoring statement for the 6 months to 30 September 2023; a review of the risk register and a discussion on the issues raised in the Robeco engagement report. The meeting was attended by all 7 members present in the room or online. Councillor Elwyn Williams was also present as an observer.
2. The report on the Audit of Financial Statements for 2022/23 was welcomed by the Board, noting that an unqualified audit opinion had been issued and no significant audit issues had been raised. The Board thanked officers for their work in delivering the unqualified accounts within the agreed timescales.
3. There was a discussion and some questions raised on the Budget monitoring statement for the period to end September 2023, in particular variances on the commutation and lump sum payments compared with budget.
4. The pensions administration report was reviewed and questions raised over progress in completing i-connect for the remaining 4 employers. Whilst recognising the practical difficulties in progressing this work, there is a need for an agreed timeline to conclude this work as this has been outstanding for some time.
5. The Board considered and reviewed the latest Risk Register noting that there had been no changes in individual risk levels since the last meeting. Questions were asked about maintaining the depth of staff expertise in managing the Fund and the resources available for preparing and reporting accounts. The Board welcomed an update on remote working and the actions being taken to retain staff.

Finally, the proposals to reformat the risk register is a positive step to enhance and clarify the document for review in future meetings.

6. Some issues were raised arising from the report on the update from the Wales Pension Partnership (WPP). These included more clarity around the items in the business plan shown as “in progress” or “ongoing”; whether there is any review of the sub funds not invested in by Dyfed; and whether there is any assessment of the effectiveness of the different investment strategies of the 8 Funds in Wales. These questions raised issues about asset allocation decisions and investment strategies, and will be a topic for a training session for the Board at a future meeting.
7. The report from Robeco on engagement covers a wide range of issues and includes a volume of information on activity to promote ESG issues in the Fund’s investment portfolio. The executive summary was helpful although there is scope to develop this further, and consideration should be given to publicise the action being taken by the Dyfed Pension Fund in this area.
8. Finally, there were some questions raised by the Board on the performance of the current investment portfolio and the potential impact of investment performance on future employer contribution rates.

John Jones
19th February 2024