

# Pecyn Dogfennau



Mark James LLM, DPA, DCA  
Prif Weithredwr,  
Chief Executive,  
Neuadd y Sir, Caerfyrddin. SA31 1JP  
County Hall, Carmarthen. SA31 1JP

**DYDD MERCHER, 7 MAWRTH 2018**

**AT: HOLL AELODAU'R PWYLLGOR CRONFA BENSIWN DYFED**

YR WYF DRWY HYN YN EICH GALW I FYNYCHU CYFARFOD O'R  
**PWYLLGOR CRONFA BENSIWN DYFED A GYNHELIR YN YSTAFELL  
BWYLLGOR GWASANAETHAU DEMOCRATAIDD, NEUADD Y SIR,  
CAERFYRDDIN AM 2.00 PM, DYDD MERCHER, 14EG MAWRTH, 2018 ER  
MWYN CYFLAWNI'R MATERION A AMLINELLIR AR YR AGENDA SYDD  
YNGHLWM**

*Mark James* DYB

**PRIF WEITHREDWR**



**AILGYLCHWCH OS GWELWCH YN DDA**

Swyddog Democrataidd:	Kevin Thomas
Ffôn (Ilinell uniongyrchol):	01267 224027
E-bost:	kjthomas@sirgar.gov.uk
Cyf:	AD016-001

<p><b>AELODAETH PWYLLGOR CRONFA BENSIWN DYFED</b> <b>3 AELOD</b></p>
--

**GRŴP PLAID CYMRU (1)**

- 1    Cyngorydd        Elwyn Williams (Cadeirydd)

**GRŴP LLAFUR (1)**

- 1    Cyngorydd        John Prosser

**GRŴP ANNIBYNNOL (1)**

- 1    Cyngorydd        Jim Jones

**DIRPRWY ENWEBEDIG (1)**

**Cyngorydd Dai Thomas**

# AGENDA

1. YMDDIHEURIADAU
2. DATGANIADAU O FUDDIANNAU PERSONOL
3. COFNODION Y CYFARFOD A GYNHALIWDYD AR 27AIN TACHWEDD 2017 5 - 12
4. PARTNERIAETH PENSIWN CYMRU - CYFLWYNIAD LINK/RUSSELL 13 - 16
5. CYNLLUN ARCHWILIO 2018 17 - 36
6. MONITRO CYLLIDEB 1 EBRILL 2017 - 28 CHWEFOR 2018 37 - 42
7. CYLLIDEB CRONFA BENSIWN DYFED 2018 - 2019 43 - 48
8. CYSONI ARIAN PAROD FEL YR OEDD AR 31 IONAWR 2018 49 - 54
9. ADRODDIAD TORRI AMODAU 55 - 62
10. COFRESTRE RISG 63 - 90
11. POLISI LLYWODRAETHU A DATGANIAD CYDYMFFURFIO 2018 91 - 106
12. DIWEDDARIAD Y GYFARWYDDEB MARCHNADOEDD MEWN OFFERYNNAU ARIANNOL (MIFID II) 107 - 112
13. UNRHYW FATER ARALL Y GALL Y CADEIRYDD OHERWYDD AMGYLCHIADAU ARBENNIG BENDERFYNU EI YSTYRIED YN FATER BRYN YN UNOL AG ADRAN 100B(4)(B) O DDEDDF LLYWODRAETH LEOL, 1972.
14. GORCHYMYN I'R CYHOEDD ADAEL Y CYFARFOD  
NI DDYLID CYHOEDDI'R ADRODDIAD SY'N YMWNEUD Â'R MATER CANLYNOL GAN EI Fod YN CYNNWYS GWYBODAETH EITHRIEDIG FEL Y'I DIFFINIWDYD YM MHARAGRAFF 14 O RAN 4 O ATODLEN 12A I DDEDDF LLYWODRAETH LEOL 1972 FEL Y'I DIWYGIWDYD GAN ORCHYMYN LLYWODRAETH LEOL (MYNEDIAD AT WYBODAETH) (AMRYWIO) (CYMRU) 2007. OS BYDD Y BWRDD, AR ÔL CYNNAL PRAWF LLES Y CYHOEDD YN PENDERFYNU YN UNOL Â'R DDEDDF, I YSTYRIED Y MATER HYN YN BREIFAT, GORCHMYNNIR I'R CYHOEDD ADAEL Y CYFARFOD YN YSTOD TRAFODAETH O'R FATH.

**15. ADRODDIAD YMGYNGHORYDD BUDDSODDI ANNIBYNNOL  
RHAGFYR 2017**

113 - 122

## PWYLLGOR CRONFA BENSIWN DYFED

27<sup>AIN</sup> TACHWEDD 2017

**YN BRESENNOL:** Y Cynghorydd D.E. Williams (Cadeirydd).

**Y Cynghorwyr:** T.J. Jones and J.G. Prosser.

**Yr oedd y swyddogion canlynol yn gwasanaethu yn y cyfarfod:**

C. Moore, Cyfarwyddwr y Gwasanaethau Corfforaethol;

A. Parnell, Rheolwr y Trysorlys & Buddsoddi Pensiwn;

K. Gerard, Rheolwr Pensiynau;

P. James, Swyddog Buddsoddi Pensiwn;

J. Owen, Swyddog Gwasanaethau Democrataidd.

**Hefyd yn bresennol**

Mr E. Lambert, Ymgynghorydd Buddsoddi Annibynnol.

**Ystafell Bwyllgor 2, 3 Heol Spilman, Caerfyrddin – 2:30pm - 3:55pm.**

### 1. YMDDIHEURIADAU AM ABSENOLDEB

Ni chafwyd ymddiheuriadau am absenoldeb.

### 2. DATGANIADAU O FUDDIANNAU PERSONOL

Ni chafwyd dim datganiadau o fuddiant personol.

### 3. COFNODION CYFARFOD Y PWYLLGOR A GYNHALIWDYD AR 21AIN MEDI, 2017

**PENDERFYNWYD** derbyn cofnodion cyfarfod y Panel a gynhaliwyd ar 21<sup>ain</sup> Mawrth, 2017.

### 4. MONITRO CYLLIDEB EBRILL 2017 - 31 HYDREF 2017

Cafodd y Pwyllgor adroddiad Monitro Cyllideb Cronfa Bensiwn Dyfed i'w ystyried; rhoddai hwn y wybodaeth ddiweddaraf am y sefyllfa gyllidebol mewn perthynas â 2017/18.

Mae'r sefyllfa bresennol ar 31<sup>ain</sup> Hydref 2017 yn rhagweld tanwariant o £63.2m ar gyfer 2017/18. Yn y ffigwr hwn roedd tanwariant o £0.8m yn gysylltiedig ag eitemau arian parod a oedd yn cael yr effaith fwyaf ar lif arian dyddiol y Gronfa. Roedd y tanwariant sy'n weddill o £62.4m yn perthyn i eitemau nad ydynt yn rhai arian parod.

## Eitemau Arian Parod

Ar sail y gweithgareddau cyfredol hyd yma, amcangyfrifwyd y byddai'r Buddion Taladwy a Throsglwyddiadau yn cael eu tanwario gan £3.9m. Dylanwadwyd yn bennaf ar hyn gan y ffaith na ellir rheoli cyfandaliadau a throsglwyddiadau o'r Gronfa, wrth eu natur. Cyfrannodd cyfraniadau ac incwm buddsoddi at £3.8m pellach o danwariant. Roedd hyn oherwydd bod angen incwm buddsoddi ychwanegol i gadw llif arian cadarnhaol er mwyn sicrhau bod £6.9m ar gael i dalu'r Rheolwyr Buddsoddi am yr ymrwymïadau buddsoddi. Arweiniodd y tanwariant o £7.7m, namyn £6.9 miliwn o daliad i'r Rheolwyr Buddsoddi, at amcangyfrif o £0.8m o danwariant am y flwyddyn.

## Eitemau nad ydynt yn rhai arian parod

Roedd £62.4m o'r tanwariant yn deillio o gynnydd yng ngwerth yr enillion a gafwyd. Digwyddodd hyn yn sgil trosglwyddo ecwiti goddefol, ar wahân ym mis Ebrill 2017 fel rhan o waith caffael ar y cyd Partneriaeth Pensiwn Cymru. Nid yw'r eitemau nad ydynt yn rhai arian parod yn cael effaith ar lif arian dyddiol y gronfa.

## **PENDERFYNWYD derbyn adroddiad Monitro Cyllideb Cronfa Bensiwn Dyfed.**

### **5. CYSONI ARIAN PAROD FEL YR OEDD AR 30 MEDI 2017**

Bu'r Pwyllgor yn ystyried yr adroddiad Cysoni Arian Parod a roddai'r wybodaeth ddiweddaraf am sefyllfa ariannol Cronfa Bensiwn Dyfed.

Ar 30<sup>ain</sup> Medi, 2017 cadwai Cyngor Sir Caerfyrddin £4.5m o arian parod ar ran y Gronfa ar gyfer gofynion uniongyrchol o ran llif arian i dalu pensiynau, cyfandaliadau a chostau rheoli buddsoddiadau.

## **PENDERFYNWYD derbyn adroddiad Cysoni Arian Parod Cronfa Bensiwn Dyfed.**

### **6. ADRODDIAD TORRI AMODAU**

Cafodd y Pwyllgor Adroddiad Torri Amodau, mewn perthynas â Chronfa Bensiwn Dyfed, i'w ystyried.

Mae Adran 70 o Ddeddf Pensiynau 2004 yn nodi'r ddyletswydd gyfreithiol i riportio achosion o dorri'r gyfraith. Mae Côd Ymarfer rhif 14, paragraffau 241 i 275, a gyhoeddwyd gan y Rheoleiddiwr Pensiynau ym mis Ebrill 2015, yn rhoi cyfarwyddyd ynghylch riportio'r achosion hyn o dorri'r gyfraith. Cafodd Polisi Torri Amodau Cronfa Bensiwn Dyfed ei gymeradwyo gan Banel Cronfa Bensiwn Dyfed ym mis Mawrth 2016.

O dan y polisi, mae'n ofynnol i achosion o dorri'r gyfraith gael eu hadrodd i'r Rheoleiddiwr Pensiynau os oes achos rhesymol i gredu'r canlynol:

- na chydymffurfir – neu na chydymffurfiwyd – â dyletswydd gyfreithiol sy'n berthnasol i'r gwaith o weinyddu'r cynllun;
- bod yr anallu i gydymffurfio yn debygol o fod o arwyddocâd sylweddol i'r Rheoleiddiwr wrth iddo arfer unrhyw un o'i swyddogaethau.

Nododd y Pwyllgor fod nifer o achosion wedi bod ers y cyfarfod diwethaf lle nad oedd cyfraniadau cyflogai/cyflogwr wedi'u derbyn ar amser ond, erbyn hyn, roedd yr holl gyfraniadau yn gyfredol ac nid oedd achos wedi'i gyfeirio at y Rheoleiddiwr Pensiynau.

## **PENDERFYNWYD nodi'r Adroddiad Torri Amodau mewn perthynas â Chronfa Bensiwn Dyfed.**

### **7. COFRESTR RISG**

Cafodd y Pwyllgor Gofrestr Risg, a oedd yn cynnwys yr holl risgiau a nodwyd mewn perthynas â swyddogaethau Cronfa Bensiwn Dyfed, i'w hystyried.

Roedd y gofrestr, a oedd yn cael ei monitro a'i hadolygu'n rheolaidd, yn cynnwys gwybodaeth fel a ganlyn:

- Manylion yr holl risgiau a nodwyd
- Asesiad o'r effaith bosibl, tebygolrwydd a sgorio risg
- Mesurau rheoli risg sydd ar waith
- Y swyddog cyfrifol
- Dyddiad targed (os yw'n berthnasol)

Nododd yr Aelodau nad oedd dim diwygiadau wedi'u gwneud yn dilyn yr adolygiad presennol a chymeradwyo'r gofrestr ym mis Ebrill 2017.

Cyfeiriodd Rheolwr y Trysorlys a Buddsoddiadau Pensiynau at y risg oedd yn perthyn i beidio â chael adnoddau staffio digonol i gyfrannu adborth ystyrion tuag at ddatblygu Partneriaeth Pensiwn Cymru. Dywedwyd wrth yr aelodau y byddai'r adnoddau staffio yn cael eu hadolygu'n barhaus i sicrhau bod buddiannau'r Gronfa yn cael eu bodloni'n briodol wrth ddatblygu trefniadau cronni buddsoddiadau. Mewn perthynas â sylw a wnaed ynghylch y posibilrwydd o gyflwyno gweithio ystwyth ar gyfer y swydd newydd gyda Phartneriaeth Pensiwn Cymru, yn dilyn ystyriaeth, roedd y Pwyllgor yn cytuno na fyddai hyn yn ymarferol ar hyn o bryd.

Mewn ymateb i ymholiad a wnaed mewn perthynas â'r dull sgorio risg a ddefnyddiwyd ar gyfer y gofrestr, dywedodd y Rheolwr Pensiynau y byddai'n adolygu'r mesurau rheoli cyn eu bod yn cael eu cyflwyno i'r Bwrdd Pensiynau.

## **PENDERFYNWYD cymeradwyo'r Gofrestr Risg yn amodol ar adolygu'r mesurau rheoli.**

## 8. PARTNERIAETH PENSIWN CYMRU;

### 8.1. CRYNODEB O'R FFRWD WAITH

Ystyriodd y Pwyllgor grynoded o'r Ffrwd Waith fel yr oedd ar 30<sup>ain</sup> Medi 2017, a amlinellai'r camau gofynnol yn y broses ar gyfer penodi Gweithredwr a'r dyddiadau cwblhau.

Nododd y Pwyllgor fod Partneriaeth Pensiwn Cymru yn unol â'r amserlen a'i bod yn debygol y byddai cytundeb y Gweithredwr yn cael ei gwblhau erbyn mis Ionawr 2018.

**PENDERFYNWYD nodi'r crynodeb o'r Ffrwd Waith fel yr oedd ar 30<sup>ain</sup> Medi 2017.**

### 8.2. ADRODDIAD CYNNYDD HYDREF DCLG

Ystyriodd y Pwyllgor adroddiad cynnydd am Adolygiad Hydref yr Adran Cymunedau a Llywodraeth Leol (DCLG) gan Bartneriaeth Pensiwn Cymru ar Gronni Cynllun Pensiwn Llywodraeth Leol a oedd yn cynnwys:-

- cyfanswm gwerth amcangyfrifedig asedau wedi'u cynnwys yn y cynllun trosglwyddo ar gyfer buddsoddiad drwy'r strwythur cronni;
- cyfanswm gwerth amcangyfrifedig asedau i'w buddsoddi y tu allan i'r strwythur cronni drwy'r cronfeydd cyfrannog;
- cynllun prosiect lefel uchel a ddiweddarwyd er mwyn cyflawni erbyn mis Ebrill 2018;
- yn cynnwys cynnydd o ran caffael/adeiladu gweithredwr, llunio is-gronfeydd, recriwtio tîm craidd, penodi adnau a chaniatâd gan yr Awdurdod Ymddygiad Ariannol
- unrhyw risgiau neu broblemau a allai olygu na chyflawnir erbyn mis Ebrill 2018, ac unrhyw gynlluniau i liniaru risgiau a/neu reoli problemau;
- cynnydd o ran trefniadau llywodraethu;
- cynnydd o ran buddsoddi mewn seilwaith ac amserlen i gyflawni'r uchelgais a nodwyd.

O ran Maen Prawf A: Graddfa, nododd y Pwyllgor mai cyfanswm gwerth asedau'r cronfeydd cyfrannog y cyfeiriwyd atynt yn yr adroddiad terfynol i'r Adran Cymunedau a Llywodraeth Leol ym mis Gorffennaf 2016 (gwerth fel yr oeddent ym mis Mawrth 2015), oedd £12.8bn, a bod cyfanswm gwerth yr asedau ar 30 Mehefin 2017 yn £16.3bn.

O ran cynnydd mewn perthynas â chaffael gweithredwr, dywedodd Rheolwr y Trysorlys a Buddsoddiadau Pensiynau fod chwe chynigiwr wedi cael gwahoddiad i dendro ond mai pedwar yn unig oedd wedi cyflwyno tendr. Hysbyswyd yr aelodau bod disgwyl i gontract ffurfiol y gweithredwr fod wedi'i gwblhau erbyn diwedd mis Rhagfyr 2017.



Rhoddodd Rheolwr y Trysorlys a Buddsoddiadau Pensiynau y wybodaeth ddiweddaraf i'r Aelodau am y sefyllfa bresennol o risgiau ac eglurodd fod y risg o herio'r broses gaffael neu'r canlyniad yn dal i fod yno gan fod y broses gaffael yn dal i fynd rhagddi. Hysbyswyd yr aelodau fod llunio is-gronfeydd wedi cael ei drafod yng nghyfarfod diwethaf y Grŵp Ymarferwyr Buddsoddi a gynhaliwyd ar 24<sup>ain</sup> Tachwedd, 2017. Roedd adroddiad wedi'i baratoi ar gyfer y Gweithgor Swyddogion ar 1<sup>af</sup> Rhagfyr 2017.

Atgoffwyd yr Aelodau fod Sir Gaerfyrddin yn "awdurdod cynnal" ers mis Mehefin 2017 a'i fod yn rhoi cymorth ysgrifenyddol a thechnegol i'r Cyd-bwyllgor Llywodraethu, i'r Gweithgor Swyddogion a'r Gweithredwr. Yn ogystal roedd Sir Gaerfyrddin, fel yr awdurdod cynnal, yn gyfrifol am reoli contractau ac roedd y broses o recriwtio staff eisoes wedi dechrau.

Dywedodd y Rheolwr Pensiynau y byddai'r tabl yn yr adroddiad, a oedd yn cynnwys amcangyfrifon o'r arbedion, yn cael ei ddiweddararu cyn gynted ag y byddai gweithredwr mewn lle.

O ran Maen Prawf D: Seilwaith, nododd y Pwyllgor mai'r uchelgais yn y tymor byr - tymor canolig oedd buddsoddi o leiaf 5% o asedau mewn buddsoddiadau seilwaith gyda dyhead yn y pen draw i fuddsoddi 10%. Mewn ymateb i ymholiad ynghylch buddsoddi mewn ffermydd gwynt a ffermydd solar, dywedodd Cyfarwyddwr y Gwasanaethau Corfforaethol fod Cronfa Bensiwn Dyfed, fel rhan o 8 cronfa pensiwn Cymru, yn ystyried ar hyn o bryd y potensial o fuddsoddi ym Morlyn Llanw Abertawe ac roeddidd wedi cytuno i fwrw ati â'r camau cychwynnol o ran gwirio diwydrwydd.

**PENDERFYNWYD nodi'r adroddiad cynnydd am Adolygiad Hydref yr Adran Cymunedau a Llywodraeth Leol.**

## **9. DIWEDDARIAD Y GYFARWYDDEB MARCHNADOEDD MEWN OFFERYNNAU ARIANNOL (MIFID II)**

Ystyriodd y Pwyllgor ddiweddariad y Gyfarwydddeb Marchnadoedd mewn Offerynnau Ariannol (MIFID II).

Dangosodd y nodyn briffio wedi'i ddiweddararu fod ceisiadau, ers cyfarfod Pwyllgor Cronfa Bensiwn Dyfed ar 21<sup>ain</sup> Medi 2017, wedi'u cyflwyno gan Gyngor Sir Caerfyrddin fel awdurdod gweinyddu ar gyfer Cronfa Bensiwn Dyfed i uwchraddio i statws Cleient Proffesiynol at ddibenion MIFID II.

Nododd y Pwyllgor fod yr 'uwchraddio' wedi cael ei gwblhau gan ddau o'r sefydliadau a bod y ceisiadau eraill yn aros i gael eu cwblhau ar hyn o bryd.

**PENDERFYNWYD nodi diweddariad y Gyfarwydddeb Marchnadoedd mewn Offerynnau Ariannol (MIFID II).**

## 10. DYRANIAD ASEDAU STRATEGOL

Yn y man hwn bu i'r Pwyllgor:

**BENDERFYNU'N UNFRYDOL**, yn unol â Deddf Llywodraeth Leol 1972, fel y'i newidiwyd gan Orchymyn Llywodraeth Leol (Mynediad at Wybodaeth) (Amrywio) (Cymru) 2007, orchymyn i'r cyhoedd adael y cyfarfod tra oedd yr eitemau canlynol yn cael eu hystyried, gan fod yr adroddiadau'n cynnwys gwybodaeth eithriedig fel y'i diffiniwyd ym mharagraff 14 o Ran 4 o Atodlen 12A i'r Ddeddf.

Yn sgil gweithredu'r prawf budd y cyhoedd **PENDERFYNWYD YN UNFRYDOL**, yn unol â'r Ddeddf y cyfeiriwyd ati uchod, ystyried y mater hwn yn breifat gan orchymyn i'r cyhoedd adael y cyfarfod, gan y byddai'r drafodaeth yn datgelu gwybodaeth eithriedig ynghylch materion ariannol neu faterion busnes unrhyw unigolyn penodol (gan gynnwys yr Awdurdod oedd yn meddu ar y wybodaeth honno).

Ystyriodd y Pwyllgor adroddiad am Ddyraniad Asedau Strategol, a oedd wedi'i baratoi yn dilyn y prisiad actiwaraidd, a gynhelir bob tair blynedd, ar 31<sup>ain</sup> Mawrth 2016.

**PENDERFYNWYD YN UNFRYDOL** gymeradwyo'r adroddiad am Ddyraniad Asedau Strategol.

## 11. ADRODDIAD DETHOL GWEITHREDWR

Yn sgil gweithredu'r prawf budd y cyhoedd **PENDERFYNWYD YN UNFRYDOL**, yn unol â'r Ddeddf y cyfeiriwyd ati uchod, ystyried y mater hwn yn breifat gan orchymyn i'r cyhoedd adael y cyfarfod, gan y byddai'r drafodaeth yn datgelu gwybodaeth eithriedig ynghylch materion ariannol neu faterion busnes unrhyw unigolyn penodol (gan gynnwys yr Awdurdod oedd yn meddu ar y wybodaeth honno).

Ystyriodd y Pwyllgor yr adroddiad Dethol Gweithredwr, a roddai grynoded o'r ymarfer caffael ar gyfer penodi gweithredwr i Bartneriaeth Pensiwn Cymru, a gynhaliwyd gan wyth Awdurdod Cymru.

**PENDERFYNWYD YN UNFRYDOL:**

- 11.1 penodi Cynigydd 1 fel y cynigydd a ffefirir ar gyfer caffael Partneriaeth Pensiwn Cymru, ac
- 11.2 yn amodol ar gwblhau cyfnod segur a chwblhau'r Cytundeb Gweithredwr, benodi Cynigydd 1 fel y Gweithredwr o dan y Cytundeb Gweithredwr.

## 12. ADRODDIAD YMGYNGHORYDD BUDDSODDI ANNIBYNNOL MEDI 2017

Cyflwynwyd i'r Pwyllgor Adroddiad yr Ymgynghorydd Buddsoddi Annibynnol Medi 2017 gan Mr Eric Lambert, sef yr Ymgynghorydd Buddsoddi Annibynnol. Ystyriodd y Pwyllgor yr adroddiad a roddai wybodaeth i'r Aelodau mewn perthynas â pherfformiad y rheolwr buddsoddiadau ar gyfer pob chwarter, pob 12 mis a chyfnodau treigl o 3 blynedd, gan ddod i ben ar 30 Medi 2017.

**PENDERFYNWYD YN UNFRYDOL nodi Adroddiad yr Ymgynghorydd Buddsoddi Annibynnol fel yr oedd ym mis Medi 2017.**

---

CADEIRYDD

---

DYDDIAD

Mae'r dudalen hon yn wag yn fwriadol

**PWYLLGOR CRONFA BENSIWN DYFED  
DYDDIAD 14/03/2018**

**Partneriaeth Pensiwn Cymru – Cyflwyniad Link/Russell**

**YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:**

Y pwyllgor i dderbyn cyflwyniad gan weithredwr Partneriaeth Pensiwn Cymru.

**RHESYMAU:**

Darparu diweddariad i'r Pwyllgor Cronfa Bensiwn Dyfed ar gynnydd Partneriaeth Pensiwn Cymru.

**Awdur yr Adroddiad:**  
Chris Moore

**Swydd:**  
Cyfarwyddwr y Gwasanaethau  
Corfforaethol,  
Cyngor Sir Gâr

**Rhif ffôn**  
01267 224120  
**e-bost:**  
CMoore@sirgar.gov.uk

# DYFED PENSION FUND COMMITTEE

DATE 14/03/2018

## Wales Pension Partnership – Link/Russell Presentation

### BRIEF SUMMARY OF PURPOSE OF REPORT

Link/Russell to present the Dyfed Pension Fund Committee with an update on the progress of the Wales Pension Partnership, specifically on the implementation of the pool and fund assets.

DETAILED REPORT ATTACHED?	NO
---------------------------	----

## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>NONE</b>	Finance <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>
--	----------------------	------------------------	---------------------------------------	--------------------------------------

## CONSULTATIONS

Details of any consultations undertaken are to be included here

None

**Section 100D Local Government Act, 1972 – Access to Information**  
**List of Background Papers used in the preparation of this report:**  
**THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

Mae'r dudalen hon yn wag yn fwriadol



**PWYLLGOR CRONFA BENSIWN DYFED**  
**DYDDIAD 14/03/2018**

**Cynllun Archwilio 2018**

**YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:**

Y Pwyllgor i gymeradwyo cynllun archwilio 2018.

**RHESYMAU:**

Cymeradwyo'r Cynllun Archwilio 2018.

**Awdur yr Adroddiad:**  
**Chris Moore**

**Swydd:**  
**Cyfarwyddwr y Gwasanaethau**  
**Corfforaethol,**  
**Cyngor Sir Gâr**

**Rhif ffôn**  
**01267 224120**  
**e-bost:**  
**CMoore@sirgar.gov.uk**

# DYFED PENSION FUND COMMITTEE

**DATE 14/03/2018**

## **2018 Audit Plan**

### **BRIEF SUMMARY OF PURPOSE OF REPORT**

The Wales Audit Office (WAO) to present the 2018 Audit Plan to the Dyfed Pension Fund Committee. The purpose of this plan is to set out the proposed scope of the plan, when it will be undertaken, how much it will cost and who will undertake it.

The WAO responsibility is to issue a report on the accounting statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:

- are free from material misstatement, whether caused by fraud or error
- comply with statutory and other applicable requirements and
- comply with all relevant requirements for accounting presentation and disclosure.

<b>DETAILED REPORT ATTACHED?</b>	<b>YES</b>
----------------------------------	------------

## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>NONE</b>	Finance <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>
--	----------------------	------------------------	---------------------------------------	--------------------------------------

## CONSULTATIONS

Details of any consultations undertaken are to be included here

None

### Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

**THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

Mae'r dudalen hon yn wag yn fwriadol



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# 2018 Audit Plan – Dyfed Pension Fund

Audit year: 2017-18

Date issued: February 2018

Document reference: 455A2018-19

This document has been prepared for the internal use of Dyfed Pension Fund as part of work performed/to be performed in accordance with statutory functions.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties.

Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document was produced by John Herniman, Jason Garcia and Kate Havard.

# Contents

## 2018 Audit Plan

Summary	4
Audit of Pension Fund accounts	4
Fee, audit team and timetable	9
Future developments	10

## Appendices

Appendix 1 – respective responsibilities	12
Appendix 2 – other future developments	13

# 2018 Audit Plan

## Summary

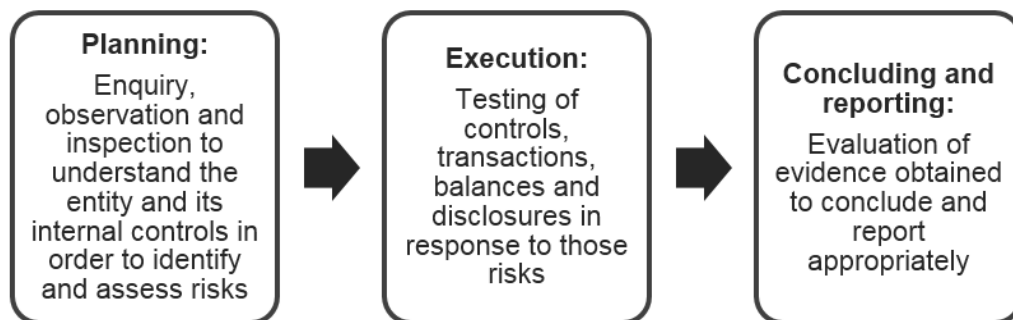
- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Code of Audit Practice to examine and certify whether Dyfed Pension Fund (the Pension Fund) accounting statements are 'true and fair'.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

## Audit of Pension Fund accounts

- 5 It is my responsibility to issue a report on the accounting statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
  - are free from material misstatement, whether caused by fraud or error;
  - comply with statutory and other applicable requirements; and
  - comply with all relevant requirements for accounting presentation and disclosure.

[Appendix 1](#) sets out my responsibilities in full.
- 6 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

### Exhibit 1: my audit approach





- 7 The risks of material misstatement, are set out in [Exhibit 2](#) along with the work I intend to undertake to address them.

**Exhibit 2: financial audit risks**

Financial audit risk	Proposed audit response
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk.	My audit team will: <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>
<b>Investment Management</b> The systems and records of the investment managers generate account entries made to the Pension Fund Account and Net Assets Statement. The investment managers provide internal controls reports on the investments held on behalf of the Pension Fund. These are independently audited and provide the Pension Fund with assurance on a wide range of controls, eg valuation of the investment portfolio held. There is a risk that the internal controls' reports will not be available in the necessary timescales and, when received, highlight specific control weaknesses.	My audit team will: <ul style="list-style-type: none"> <li>• assess the investment managers as a service organisation;</li> <li>• obtain direct confirmation from the investment managers and custodian of year-end investment balances and holdings; and</li> <li>• assess whether the investment manager's internal control reports for all investment managers provide assurance over a wide range of relevant controls, including valuation of investments held.</li> </ul>
<b>Unquoted investment assets</b> Year-end valuations of unquoted property investments are provided by investment managers which are based upon forward looking estimates and judgements and industry guidelines. As there is no quoted market price, there is a greater risk for the reasonableness of valuation bases of these investments.	My audit team will: <ul style="list-style-type: none"> <li>• confirm the investment valuations to audited financial statements; and</li> <li>• seek additional assurance over the valuation basis from controls assurance reports where available.</li> </ul>

Financial audit risk	Proposed audit response
<p><b>Financial Statements Production</b></p> <p>The timetable for producing the financial statements remains demanding. Management will need to ensure that appropriate arrangements are in place for the preparation and oversight of robust financial statements that comply with CIPFA's Code of Practice on Local Authority Accounting ('the Code'). In addition, ensuring good quality working papers are provided on the commencement of the audit, with both these and the statements having been subject to appropriate senior management review.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• provide support and advice wherever possible without compromising our independence;</li> <li>• provide an audit deliverables report to assist in the preparation of relevant working papers in support of the financial statements;</li> <li>• review closedown plans to assess that arrangements are in place to produce robust financial statements within the prescribed timetable;</li> <li>• agree a timetable for the audit and certification of the financial statements; and</li> <li>• assess whether the financial statements comply with the Code.</li> </ul>
<p><b>Benefits payable</b></p> <p>The Local Government Pension Scheme has been subject to significant reform over recent years leading to changes in the benefit structure of the scheme, with transitional arrangements in place for those within ten years of retirement at the dates of these reforms. These changes, along with the complexity of the benefit structure, increase the risk that benefits may be inaccurately calculated which could potentially lead to many years of incorrect payments.</p>	<p>My audit team will assess the risks of inaccurate calculation of pension entitlements and undertake further testing as appropriate.</p>

Financial audit risk	Proposed audit response
<p><b>All Wales Pension Partnership</b></p> <p>The eight Pension Funds in Wales have created a pooled investment vehicle which will be overseen and reported on by a joint governance committee. An inter-authority agreement has been signed by the eight Welsh Pension Funds and the joint committee will be producing financial statements for the 2017-18 financial period. However, no investments will be transferred to this new management arrangement until after 1 April 2018.</p> <p>Separate financial statements will need to be prepared for the joint committee which for 2017-18 are only expected to include administration costs of setting up the joint committee. The audit of the joint committee will be subject to a separate audit plan and fee once there is more certainty about the content of the accounts.</p> <p>However, individual Pension Funds will need to consider recognising a share of the 2017-18 joint committee accounts in their financial statements.</p>	<p>My audit team will review progress on this arrangement and consider if there is an impact on the 2017-18 financial statements and what additional disclosures are required.</p>
<p><b>Triennial actuarial valuation</b></p> <p>The Pension Fund was subject to a full actuarial valuation as at 31 March 2016. The new contribution rates come into effect on 1 April 2017.</p> <p>There is a risk that these new contribution rates are not fairly reflected in the Pension Fund's financial statements.</p>	<p>My audit team will check that the revised contribution rates have been correctly calculated in the 2017-18 financial statements.</p>
<p><b>Amendments to Accounts and Audit regulations</b></p> <p>Welsh Government have issued revised Accounts and Audit regulations for Wales by 31 March 2018. This revised legislation will apply to the 2017-18 financial year.</p> <p>One of the key changes included in this legislation is that Pension Fund accounts are no longer to be incorporated into the administering authority accounts and will need to be produced as a stand-alone document.</p> <p>There is a risk that the pension fund do not comply with this legislative requirement.</p>	<p>My audit team will work with officers to ensure that the new legislative requirements are complied with.</p>

- 8 I do not seek to obtain absolute assurance that the Pension Fund accounting statements are true and fair, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Pension Panel and the Audit Committee as those charged with governance for Carmarthenshire County Council (the Council), as the administering authority of the Pension Fund as a whole, prior to completion of the audit.
- 9 For reporting purposes, I will treat any misstatements below a trivial level set at 5% of materiality as not requiring consideration by those charged with governance and therefore I will not report them.
- 10 My fees are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
  - appropriate accommodation and facilities are provided to enable my audit team to deliver my audit in an efficient manner;
  - all appropriate officials will be available during the audit;
  - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
  - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

## Statutory audit functions

- 11 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
  - Section 31 Right to make objections at audit.
- 12 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 13 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee, audit team and timetable

### Fee

- 14 Your estimated fee for 2018 is set out in [Exhibit 3](#). This figure is consistent with the fee set out in the 2017 audit plan.
- 15 As per our approved Fee Scheme for 2018-19, a small increase has been applied to my fee rates (less than one per cent) which we have looked to offset by a reduction in the time taken to complete the audit.

#### Exhibit 3: audit fee

Audit area	Proposed fee for 2018 (£)	Actual fee for 2017 (£)
Audit of pension fund accounts <sup>1</sup>	28,322	28,322

- 16 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Director of Corporate Services.
- 17 Further information on my [fee scales and fee setting](#) can be found on the Wales Audit Office website.

### Audit team

- 18 The main members of my team, together with their contact details, are summarised in [Exhibit 4](#).

#### Exhibit 4: my team

Name	Role	Contact number	E-mail address
John Herniman	Engagement Lead – Financial Audit	029 20320566	john.herniman@audit.wales
Jason Garcia	Financial Audit Manager	07854022649	jason.garcia@audit.wales
Kate Havard	Financial Audit Team Leader	07813 449396	kate.havard@audit.wales

<sup>1</sup> The fees shown in this document are exclusive of VAT, which is no longer charged to you.

- 19 I can confirm that my team members are all independent of the Pension Fund and its officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

## Timetable

- 20 I will provide reports, or other outputs as agreed, to the Pension Panel and the Audit Committee, covering the areas of work identified in this document. My key milestones are set out in **Exhibit 5**.

**Exhibit 5: timetable**

Planned output	Work undertaken	Report finalised
<b>2018 Audit Plan</b>	January to February 2018	March 2018
<b>Financial accounts work</b> <ul style="list-style-type: none"><li>Audit of Financial Statements Report</li><li>Opinion on Financial Statements</li></ul>	February to September 2018	September 2018 September 2018
<b>2019 Audit Plan</b>	October to December 2018	January 2019

## Future developments

### Well-being of Future Generations (Wales) Act 2015

- 21 The Well-being of Future Generations (Wales) Act 2015 (the Act) became law in April 2016. The Act requires me to report every five years to the National Assembly on how public bodies apply the sustainability principles. During 2016 I consulted on my options for reshaping public audit in Wales and this year have been working collaboratively with a small number of public bodies, to develop an audit approach which is rigorous, meaningful and proportionate. I have also undertaken my first audit work relating to the Act, the Year One Commentary. I will publish a report on my findings in spring 2018 and will share those findings at a national stakeholder event in May 2018.

## Other

- 22 Details of other future developments including changes to key International Financial Reporting Standards (IFRS) and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 2](#).
- 23 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates.

# Appendix 1

## Respective responsibilities

The Council is the administering authority of the Pension Fund. This Audit Plan has been prepared to meet the requirements of auditing standards and proper audit practices. It provides the Council with an outline of the financial audit work required for the Pension Fund accounts.

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the Pension Fund accounting statements which includes an opinion on their 'truth and fairness', providing assurance that they:

- are free from material misstatement, whether caused by fraud or error;
- comply with the statutory and other applicable requirements; and
- comply with all relevant requirements for accounting presentation and disclosure.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the authority from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.



# Appendix 2

## Other future developments

### Forthcoming IFRS changes

Exhibit 6: forthcoming IFRS changes

Standard	Effective date	Further details
IFRS 9 financial instruments	2018-19	IFRS 9 financial instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39.

### General Data Protection Regulation (GDPR)

The GDPR is a new data protection law for the whole of the EU applicable from 25 May 2018, which has the intention of harmonising and updating data protection laws. The UK Government has introduced the Data Protection Bill which will incorporate the GDPR into UK law and replace the 1998 Data Protection Act, and which it intends will also come into force on 25 May 2018.

The GDPR introduces new requirements for personal data processing, including an accountability principle which will require more detailed records of the processing of personal data, evidence of compliance with the data protection principles and the technical and organisational security measures taken to protect the data. We are updating our own policies, processes and documentation with a view to meeting these requirements and expect that the bodies we audit will be taking similar steps. Key areas of additional work include the use of more detailed fair processing notices, more privacy impact assessments and more extensive record keeping in relation to processing activities.

## Good Practice Exchange

The Wales Audit Office's Good Practice Exchange (GPX) helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared online.

The focus of GPX events include financial management, public sector staff and governance. Further information, including details of forthcoming GPX events and outputs from past seminars, can be found on the [GPX section of the Wales Audit Office website](#).



Wales Audit Office  
24 Cathedral Road  
Cardiff CF11 9LJ

Tel: 029 2032 0500  
Fax: 029 2032 0600  
Textphone : 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)  
Website: [www.audit.wales](http://www.audit.wales)

Swyddfa Archwilio Cymru  
24 Heol y Gadeirlan  
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500  
Ffacs: 029 2032 0600  
Ffôn testun: 029 2032 0660

E-bost: [post@archwilio.cymru](mailto:post@archwilio.cymru)  
Gwefan: [www.archwilio.cymru](http://www.archwilio.cymru)

**PWYLLGOR CRONFA BENSIWN DYFED  
DYDDIAD 14/03/2018**

**Monitro Cyllideb 1 Ebrill 2017 – 28 Chwefror 2018**

**YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU  
HANGEN:**

Y Pwyllgor i gael adroddiad Monitro Cyllideb diweddaraf Cronfa Bensiwn Dyfed ac ystyried y sefyllfa gyllidebol.

**RHESYMAU:**

Rhoi'r wybodaeth ddiweddaraf i Bwyllgor Cronfa Bensiwn Dyfed am y sefyllfa gyllidebol fel yr oedd ar 28 Chwefror 2018, o ran 2017/2018.

<b>Awdur yr Adroddiad:</b> <b>Chris Moore</b>	<b>Swydd:</b> <b>Cyfarwyddwr y Gwasanaethau</b> <b>Corfforaethol,</b> <b>Cyngor Sir Gâr</b>	<b>Rhif ffôn</b> <b>01267 224120</b> <b>e-bost:</b> <b>CMoore@sirgar.gov.uk</b>
--	--	--

# DYFED PENSION FUND COMMITTEE

DATE 14/03/2018

## Budget Monitoring 1 April 2017 – 28 February 2018

### BRIEF SUMMARY OF PURPOSE OF REPORT

The current position as at 28<sup>th</sup> February 2018 forecasts an underspend of £79.4m for 2017-2018. From this figure, £1.7m overspend relates to cash items that has the most impact on the daily cash flow of the Fund. This enables the Fund to maintain a cash neutral position by utilising income generated from investments to cover expenditure. The remaining £81.1m underspend relates to non-cash items.

#### Cash items

Based on current activity to date, we estimate Benefits Payable and Transfers out to be underspent by £1.6m. This is mainly influenced by the un-controllable nature of lump sum payments and transfers out of the Fund. Contributions and investment income contribute a further £4.7m underspend. This is due to additional investment income required to keep a positive cash flow to cover £6.9m payment to the Investment Managers to meet investment commitments. The £5.2m underspend less £6.9m payments to the Investment Managers results in £1.7m overspend estimate for the year against budget. In cash terms, total expenditure is estimated at £88.1m, total income estimated at £88.2m resulting in a cash flow positive position of £0.1m.

#### Non-cash items

The £81.1m underspend is due to an increased value of realised gains. This occurred from the segregated passive equities transition which took place in April 2017 as part of the Wales Pension Partnership joint procurement. The non-cash items has no impact on the daily cash flow of the fund.

DETAILED REPORT ATTACHED?	YES
---------------------------	-----

## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>NONE</b>	Finance <b>YES</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>
<b>Finance - Overall, the Fund needs to maintain a positive cash flow balance to meet its obligations. The cash related £1.7m overspend is the significant figure to achieve this.</b>				

## CONSULTATIONS

Details of any consultations undertaken are to be included here

None

### Section 100D Local Government Act, 1972 – Access to Information List of Background Papers used in the preparation of this report: **THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

Mae'r dudalen hon yn wag yn fwriadol



Dyfed Pension Fund									
Budget Monitoring									
1st April 2017 - 28th February 2018									
	Budget Type	Actual 2016-17	Budget 2017-2018	Total income/ expenditure to date	Forecast Commitments	Actual income/ expenditure at year end	End of year variance		Assumptions/Comments
	Controllable / Non Controllable	£ '000 (a)	£ '000 (b)	£ '000 (c)	£ '000 (d)	£ '000 (e)	£ '000 (f)	%	
<b>Expenditure</b>									
<b>Benefits Payable</b>	Both	<b>71,900</b>	<b>72,201</b>	<b>66,571</b>	<b>6,108</b>	<b>72,679</b>	<b>478</b>	<b>0.7</b>	
Pensions Payable	Controllable	57,025	59,201	54,326	4,938	59,264	63		2.5% additional budget includes new pensioners and pension increase. Forecast increase now estimated at 2.5%.
Commutation and lump sum retirement benefits	Non Controllable	13,041	11,500	10,993	1,000	11,993	<b>493</b>		Forecast based on activity to date
Lump sum death benefits	Non Controllable	1,834	1,500	1,252	170	1,422	<b>-78</b>		Forecast based on activity to date
<b>Payments to and account of leavers</b>	Non Controllable	<b>3,452</b>	<b>4,100</b>	<b>1,881</b>	<b>160</b>	<b>2,041</b>	<b>-2,059</b>	<b>-50.2</b>	Forecast based on activity to date
<b>Management Expenses</b>		<b>5,531</b>	<b>6,199</b>	<b>5,371</b>	<b>1,171</b>	<b>6,542</b>	<b>343</b>	<b>5.5</b>	
Computer Software	Controllable	205	300	526	<b>-280</b>	246	<b>-54</b>		
Printing charges	Controllable	21	25	11	4	15	<b>-10</b>		
Subscriptions, Legal fees, Conf Exps, Med Exps	Controllable	76	71	60	4	64	<b>-7</b>		
<b>Fund Managers</b>									
BlackRock	Controllable	1,085	1,360	1,085	380	1,465	105		The US and Corporate Bond which are actively managed have performed well over a rolling 3 years. This has resulted in higher than budgeted Performance fees.
Baillie Gifford	Controllable	980	1,040	897	315	1,212	172		Quarterly fee projected based on December 17 invoices
Columbia Threadneedle	Controllable	860	900	724	245	969	69		Quarterly fee projected based on December 17 invoices
Schroders	Controllable	469	480	363	125	488	8		Quarterly fee projected based on December 17 invoices
Partners Group	Controllable	599	700	557	190	747	47		Quarterly fee projected based on December 17 invoices
<b>Custodian</b>									
Northern Trust	Controllable	50	56	22	8	30	<b>-26</b>		Pooled funds results in lower transactional activity through the Custodian.
<b>Actuary</b>									
Mercer	Controllable	90	68	47	30	77	9		
<b>Performance Manager</b>									
National Framework Providers	Controllable	4	20	1	31	32	12		Northern Trust selected as the Performance provider. £20k fees for 17-18 which includes backloading data to
<b>Independent Advisor</b>									
E. Lambert	Controllable	19	19	26	5	31	12		£10k Strategic Asset Allocation work.
<b>Other</b>									
Euraplan, LSE, Pension Board	Controllable	26	21	26	3	29	8		£5k included for Pension Board Insurance
All Wales Pooling	Controllable	89	100	49	50	99	<b>-1</b>		
<b>Central recharges</b>	Non Controllable	929	1,010	956	54	1,010	0		
<b>Audit fees</b>	Controllable	29	29	21	7	28	<b>-1</b>		
<b>Total Expenditure</b>		<b>80,883</b>	<b>82,500</b>	<b>73,823</b>	<b>7,439</b>	<b>81,262</b>	<b>-1,238</b>		
<b>Income</b>									
<b>Contributions</b>									
Employer	Controllable	<b>-47,261</b>	<b>-48,187</b>	<b>-42,658</b>	<b>-6,036</b>	<b>-48,694</b>	<b>-507</b>	<b>1.1</b>	2017-18 budget based on January 17 contributions including 1% pay increase and amendments to contribution rates and past service deficit amounts as per valuation results
Member	Controllable	<b>-17,815</b>	<b>-17,823</b>	<b>-15,129</b>	<b>-3,002</b>	<b>-18,131</b>	<b>-308</b>	<b>1.7</b>	2017-18 budget based on January 17 contributions including 1% pay increase and amendments to contribution rates and past service deficit amounts as per valuation results
<b>Investment Income</b>	Controllable	<b>-18,595</b>	<b>-16,166</b>	<b>-11,567</b>	<b>-8,498</b>	<b>-20,065</b>	<b>-3,899</b>	<b>24.1</b>	Investment Income based on actuals and commitments to maintain a cash neutral position ensuring expenditure is covered. Budget was based on historic dividend income.
<b>Other Income</b>	Controllable	<b>-58</b>	<b>-60</b>	<b>-4</b>	<b>0</b>	<b>-4</b>	<b>56</b>	<b>-93.2</b>	3rd Party Provider invoices now raised through Pensions Administration budget within Carmarthenshire's accounts.
<b>Transfers in from other pension funds</b>	Non Controllable	<b>-1,889</b>	<b>-2,000</b>	<b>-1,171</b>	<b>-150</b>	<b>-1,321</b>	<b>679</b>	<b>-34.0</b>	
<b>Total Income</b>		<b>-85,618</b>	<b>-84,236</b>	<b>-70,529</b>	<b>-17,686</b>	<b>-88,215</b>	<b>-3,979</b>		
<b>Cash</b>									
<b>Transfer to Fund Managers</b>	Cash	<b>2,500</b>	<b>0</b>	<b>6,900</b>	<b>0</b>	<b>6,900</b>	<b>6,900</b>		£5m BlackRock and £1.9m Partners Group
<b>Net Total of Cash Related Items</b>		<b>-2,235</b>	<b>-1,736</b>	<b>10,194</b>	<b>-10,247</b>	<b>-53</b>	<b>1,683</b>		Maintaining a cash neutral position by calling sufficient cash to cover expenditure.
<b>Non-Cash</b>									
<b>Indirect Transactional Management Fees</b>	Non Cash	<b>1,898</b>	<b>650</b>	<b>0</b>	<b>1,500</b>	<b>1,500</b>	<b>850</b>		New CIPFA Management cost guidance. Estimate based on 16-17 with a reduction due to the move from segregated passive to pooled funds
<b>Investment Income</b>	Non Cash	<b>-12,866</b>	<b>-8,150</b>	<b>-1,563</b>	<b>-1,705</b>	<b>-3,268</b>	<b>4,882</b>	<b>-59.9</b>	Schroders income now paid out as cash rather than re-invested.
<b>Realised gain/loss</b>	Non Cash	<b>-52,245</b>	<b>-50,000</b>	<b>-136,811</b>	<b>0</b>	<b>-136,811</b>	<b>-86,811</b>	<b>173.6</b>	Realised gains from the passive portfolio transition from segregated to pooled in April 17.
<b>Net Total of Non-Cash Related Items</b>		<b>-63,213</b>	<b>-57,500</b>	<b>-138,374</b>	<b>-205</b>	<b>-138,579</b>	<b>-81,079</b>		

Mae'r dudalen hon yn wag yn fwiadol

**PWYLLGOR CRONFA BENSIWN DYFED  
DYDDIAD 14/03/2018**

**Cyllideb Cronfa Bensiwn Dyfed 2018 - 2019**

**YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU  
HANGEN:**

Y Pwyllgor i gymeradwyo'r gyllideb ar gyfer 2018-2019.

**RHESYMAU:**

Cymeradwyo Cyllideb Cronfa Bensiwn Dyfed ar gyfer 2018-2019.

**Awdur yr Adroddiad:**  
Chris Moore

**Swydd:**  
Cyfarwyddwr y Gwasanaethau  
Corfforaethol,  
Cyngor Sir Gâr

**Rhif ffôn**  
01267 224120  
**e-bost:**  
CMoore@sirgar.gov.uk

# DYFED PENSION FUND COMMITTEE

DATE 14/03/2018

## Dyfed Pension Fund Budget 2018-2019

### BRIEF SUMMARY OF PURPOSE OF REPORT

The cash related expenditure budget for 2018-19 is £86.5m and the cash related income budget for 2018-19 is £86.5m. This result in a NET budget of £0. This provides the Fund with flexibility to utilise investment income based on cash flow requirements.

#### **Expenditure:**

Benefits payable is estimated at £76.7m which includes 3% pensions increase based on September CPI and 2.5% net effect for new pensioner members.

Management expenses is estimated at £7.2m. Of this total, £5.2m is budgeted for investment manager fees.

#### **Income:**

Contributions is estimated at £69.2m. Employer contributions £50.5m and Employees contributions £18.7m. The contribution rates used are based on the 2016 valuation. 2% was factored in for pay increases in 2018-19.

Investment income is estimated at £15.8m to maintain a cash neutral budget so that the fund is not holding onto surplus cash that can be invested.

The non-cash related budget is £50m. This is an estimate for the realised gains and losses for individual manager portfolio rebalances and sales and purchases within the property portfolios.

DETAILED REPORT ATTACHED?	YES
---------------------------	-----

## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>NONE</b>	Finance <b>YES</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>
<b>Finance - Overall, the Fund needs to maintain a neutral budget so that there is sufficient income to meet its obligations. An estimated £86.5m income budget is a significant figure to achieve this.</b>				

## CONSULTATIONS

Details of any consultations undertaken are to be included here

None

**Section 100D Local Government Act, 1972 – Access to Information**  
**List of Background Papers used in the preparation of this report:**  
**THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

Mae'r dudalen hon yn wag yn fwriadol

Dyfed Pension Fund								
Budget								
1st April 2018 - 31st March 2019								
	Budget Type	Actual 2016-2017	Budget 2016-2017	Budget 2017-2018	Budget 2018-2019	Budget Variance		Assumptions/Comments
	Controllable / Non Controllable	£ '000 (a)	£ '000 (b)	£ '000 (b)	£ '000 (e)	£ '000 (f)	%	
<b>Expenditure</b>								
<b>Benefits Payable</b>	Both	<b>71,900</b>	<b>72,182</b>	<b>72,201</b>	<b>76,699</b>	<b>4,498</b>	<b>6.2</b>	Budget includes £4m for 3% pensions increase (based on CPI) and 2.5% net effect of new and deferred pensioners.
Pensions Payable	Controllable	57,025	57,682	59,201	63,199	3,998		
Commutation and lump sum retirement benefits	Non Controllable	13,041	13,000	11,500	12,000	<b>500</b>		Budget based on likely outturn for 17-18.
Lump sum death benefits	Non Controllable	1,834	1,500	1,500	1,500	<b>0</b>		Budget based on likely outturn for 17-18.
<b>Payments to and account of leavers</b>	Non Controllable	<b>3,452</b>	<b>4,100</b>	<b>4,100</b>	<b>2,620</b>	<b>-1,480</b>	<b>-36.1</b>	
<b>Management Expenses</b>		<b>5,874</b>	<b>5,509</b>	<b>6,199</b>	<b>7,168</b>	<b>969</b>	<b>17.6</b>	
Computer Software	Controllable	205	300	300	350	50		
Printing charges	Controllable	21	40	25	20	<b>-5</b>		Reduction in printing fees due to electronic access to statements.
Subscriptions, Legal fees, Conf Exps, Med Exps	Controllable	58	59	73	68	<b>-5</b>		Budget based on likely outturn for 17-18.
Fund Managers								
BlackRock	Controllable	1,427	1,360	1,360	1,520	160		Budget based on likely outturn for 17-18 with approximate 5% market value increase.
Baillie Gifford	Controllable	980	816	1,040	1,320	280		Budget based on likely outturn for 17-18 with approximate 5% market value increase.
Columbia Threadneedle	Controllable	860	730	900	1,000	100		Budget based on likely outturn for 17-18 with approximate 5% market value increase.
Schroders	Controllable	469	460	480	520	40		Budget based on likely outturn for 17-18 with approximate 5% market value increase.
Partners Group	Controllable	599	600	700	800	100		Budget based on likely outturn for 17-18 with approximate 5% market value increase.
Custodian								
Northern Trust	Controllable	50	44	56	30	<b>-26</b>		Budget based on likely outturn for 17-18.
Actuary								
Mercer	Controllable	90	108	68	70	2		Budget based on likely outturn for 17-18. Tender Imminent.
Performance Manager								
Northern Trust / PIRC / CEM	Controllable	4	17	20	26	6		New contracts in place for quarterly performance services, cost monitoring and LGPS universe benchmarking.
Independent Advisor								
E. Lambert	Controllable	19	19	19	20	1		
Other								
Euraplan, LSE, Pension Board	Controllable	19	26	19	23	4		
Wales Pension Partnership	Controllable	115	0	100	200	100		Additional budget required to cover operator fees, custodian fees, depository fees when the Global equities sub fund launches September 2018.
Central recharges	Non Controllable	929	901	1,010	1,172	162		Central Recharges has been revised for 18-19. Includes the new pensions administration structure.
Audit fees	Controllable	29	29	29	29	0		
<b>Total Expenditure</b>		<b>81,226</b>	<b>81,791</b>	<b>82,500</b>	<b>86,487</b>	<b>3,987</b>		
<b>Income</b>								
<b>Contributions</b>								
Employer	Controllable	<b>-47,261</b>	<b>-46,403</b>	<b>-48,186</b>	<b>-50,515</b>	<b>-2,329</b>	<b>5.0</b>	2018-19 budget based on December 17 contributions including 2% pay increase and amendments to contribution rates and past service deficit amounts as per valuation results.
Member	Controllable	<b>-17,815</b>	<b>-17,546</b>	<b>-17,823</b>	<b>-18,640</b>	<b>-817</b>	<b>4.7</b>	2018-19 budget based on December 17 contributions including 2% pay increase and amendments to contribution rates and past service deficit amounts as per valuation results.
<b>Investment Income</b>	Controllable	<b>-18,595</b>	<b>-16,473</b>	<b>-16,166</b>	<b>-15,832</b>	<b>334</b>	<b>-2.0</b>	Dividend income is now reinvested. Investment income will be called upon as per cash flow requirements. £15.8 million cash required to breakeven. £6m approximately from Schroders income and the balance to be called from BlackRock.
<b>Other Income</b>	Controllable	<b>-58</b>	<b>-100</b>	<b>-60</b>	<b>0</b>	<b>60</b>	<b>-60.0</b>	Budget not required for 18-19. 3rd party administration invoices now raised against Pensions Administration budget within Carmarthenshire.
<b>Transfers in from other pension funds</b>	Non Controllable	<b>-1,889</b>	<b>-2,000</b>	<b>-2,000</b>	<b>-1,500</b>	<b>500</b>	<b>-25.0</b>	Budget based on likely outturn for 17-18.
<b>Total Income</b>		<b>-85,618</b>	<b>-82,522</b>	<b>-84,235</b>	<b>-86,487</b>	<b>-2,252</b>		
<b>Total</b>		<b>-4,392</b>	<b>-731</b>	<b>-1,735</b>	<b>0</b>	<b>1,735</b>		Net budget Zero. Income can be managed to suit cashflow requirements.
<b>Cash Transfer to Fund Managers</b>	Cash	<b>2,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Net Total of Cash Related Items</b>		<b>-1,892</b>	<b>-731</b>	<b>-1,735</b>	<b>0</b>	<b>1,735</b>		
<b>Indirect Transactional Management Fees</b>	Non Cash	<b>1,898</b>	<b>0</b>	<b>650</b>	<b>1,900</b>	<b>1,250</b>		New CIPFA Management cost guidance issued to show indirect transactional fees idirectly paid by the funds
<b>Investment Income</b>	Non Cash	<b>-12,866</b>	<b>-7,500</b>	<b>-8,150</b>	<b>-1,900</b>	<b>6,250</b>	<b>-83.3</b>	Contra entry to the Indirect transactional fees
<b>Realised gain/loss</b>	Non Cash	<b>-52,245</b>	<b>-50,000</b>	<b>-50,000</b>	<b>-50,000</b>	<b>0</b>	<b>0.0</b>	Non Controllable. To cover portfolio rebalances. No impact to cash.
<b>Net Total of Non-Cash Related Items</b>		<b>-63,213</b>	<b>-57,500</b>	<b>-57,500</b>	<b>-50,000</b>	<b>7,500</b>		

Mae'r dudalen hon yn wag yn fwiadol



**PWYLLGOR CRONFA BENSIWN DYFED  
DYDDIAD 14/03/2018**

**Cysoni Arian Parod fel yr oedd ar 31 Ionawr 2018**

**YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU  
HANGEN:**

Y Pwyllgor i gael adroddiad cysoni arian parod diweddaraf Cronfa Bensiwn Dyfed ac ystyried y sefyllfa o ran arian parod.

**RHESYMAU:**

Rhoi'r wybodaeth ddiweddaraf i Bwyllgor Cronfa Bensiwn Dyfed am y sefyllfa arian parod fel yr oedd ar 31 Ionawr 2018.

<b>Awdur yr Adroddiad:</b> Chris Moore	<b>Swydd:</b> Cyfarwyddwr y Gwasanaethau Corfforaethol, Cyngor Sir Gâr	<b>Rhif ffôn</b> 01267 224120 <b>e-bost:</b> CMoore@sirgar.gov.uk
---	---	--

**DYFED PENSION FUND COMMITTEE**  
**DATE 14/03/2018**

**Cash Reconciliation as at 31 January 2018**

**BRIEF SUMMARY OF PURPOSE OF REPORT**

The position as at 31 January 2018 reports £5.3m cash held by Carmarthenshire County Council on behalf of the Fund for immediate cash flow requirements to pay pensions, lump sums and investment management costs.

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>NONE</b>	Finance <b>YES</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>
<b>Finance – A sufficient cash balance is required to be held by Carmarthenshire to ensure the Fund can meet its immediate cash flow requirements.</b>				

## CONSULTATIONS

<p>Details of any consultations undertaken are to be included here</p> <p>None</p>
--

<b>Section 100D Local Government Act, 1972 – Access to Information</b> <b>List of Background Papers used in the preparation of this report:</b> <b>THESE ARE DETAILED BELOW</b>		
<b>Title of Document</b>	<b>File Ref No.</b>	<b>Locations that the papers are available for public inspection/WEBSITE LINK</b>

Mae'r dudalen hon yn wag yn fwriadol

**Dyfed Pension Fund Cash Reconciliation****January 2018**

Balance b/f 1st April 2017 £7,889,853.14

***Investment trades***

Sales 258,970,613.12

Purchases -266,843,070.03

---

-£7,872,456.91

Contributions received £58,302,134.78

Payments made -£66,637,391.08

Dividend Income £12,959,324.45 £4,624,068.15

---

£4,641,464.38

**Total Available for Investment**

---

**£4,641,464.38**

---

***Represented by :***

Cash at Carmarthenshire £5,303,035.85

Cash due to be received/deducted £0.00

CCC Debtors -£174,731.96

CCC Creditors -£486,839.51

---

**£4,641,464.38**

---

£0.00

Mae'r dudalen hon yn wag yn fwriadol

**PWYLLGOR CRONFA BENSIWN DYFED  
DYDDIAD 14/03/2018**

**Adroddiad Torri Amodau**

**YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:**

Nodi unrhyw achosion o dorri amodau sydd wedi digwydd yng Nghronfa Bensiwn Dyfed.

**RHESYMAU:**

Yn unol â Pholisi Torri Amodau Cronfa Bensiwn Dyfed.

**Awdur yr Adroddiad:**  
Chris Moore

**Swydd:**  
Cyfarwyddwr y Gwasanaethau  
Corfforaethol,  
Cyngor Sir Gâr

**Rhif ffôn**  
01267 224120  
**e-bost:**  
CMoore@sirgar.gov.uk

**DYFED PENSION FUND COMMITTEE**  
**DATE 14/03/2018**

**Breaches Report**

**BRIEF SUMMARY OF PURPOSE OF REPORT**

**Introduction**

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 provides guidance on reporting these breaches. The Dyfed Pension Fund Breaches Policy was approved by the Dyfed Pension Fund Panel in March 2016.

Under the policy, breaches of the law are required to be reported to the Pensions Regulator where there is 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 is likely to be of material significance to the regulator in the exercise of any of its functions.

The up to date breaches report is attached. Since the last Panel meeting, there have been a number of instances where employee/employer contributions have not been received on time, no report has been sent to the Pensions Regulator.

**DETAILED REPORT ATTACHED?**

**YES**



## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>NONE</b>	Finance <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>
--	----------------------	------------------------	---------------------------------------	--------------------------------------

## CONSULTATIONS

Details of any consultations undertaken are to be included here

None

### Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

**THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

Mae'r dudalen hon yn wag yn fwriadol

### Breaches Report

Breach Number	Year	Date of Breach / Likely Breach	Failure Type	A description of the breach (including relevant dates), its cause and effect, including the reasons it is, or is not, believed to be of material significance	Been reported to tPR before	RAG Status	Report to tPR	Actions taken to rectify the breach. A brief descriptions of any longer term implications and actions required to prevent similar types of breaches recurring in the future
1	2016-17	22/11/16 22/12/16	Contributions	Oct EES (£1,139.27) & Nov ERS (£2,897.77) contributions not received until 24/11/16 & 26/12/16 respectively - 3 & 6 days late. <b>Cause:</b> EES - not contacted, received within 3 days, ERS - miscommunication internally within departments <b>Effect:</b> Contributions now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date
2	2016-17	22/5/16 22/6/16	Contributions	April (£17,067.42) & May (£16,700.40) contributions not received until 3/6/16 & 24/6/16 respectively - 12 & 2 days late. <b>Cause:</b> Inadequate system in place <b>Effect:</b> Contributions now been received and subsequent months paid on time	No	Amber	No Report	There are no long term implications associated with this breach. The employer has paid contributions on time since June
3	2016-17	22/5/16 22/6/16 22/7/16	Contributions (PSD)	April, May & June (£3,999.99) Past Service Deficit payment not received until 3/6/16, 30/6/16 & 28/7/16 respectively - 12, 8 and 6 days late. <b>Cause:</b> Internal issues, now resolved <b>Effect:</b> Contributions now been received and subsequent months paid on time	No	Amber	No Report	There are no long term implications associated with this breach. The employer has paid contributions on time since July
4	2016-17	22/5/16 22/6/16 22/7/16 22/9/16	Contributions (PSD)	April, May, June & September (£377) Past Service Deficit payment not received until 25/7/16, 25/7/16, 25/7/16 & 5/10/16 respectively - 64, 33, 3 and 13 days late. <b>Cause:</b> Staff changes and banking issues <b>Effect:</b> Contributions now been received and subsequent months paid on time	No	Amber	No Report	There are no long term implications associated with this breach. The employer has paid contributions on time since September
5	2016-17	19/7/16	Contributions	Apr - June (£452.58) quarterly contributions not received until 30/8/16 - 42 days late. <b>Cause:</b> The cheque had gone lost, new cheque issued once we managed to get hold of her <b>Effect:</b> Contributions now been received and next quarters paid on time	No	Amber	No Report	There are no long term implications associated with this breach. The employer has paid the last quarterly contributions on time
6	2016-17	19/10/16	Contributions	July - September (£6,102.79) quarterly contributions not received until 1/11/16 - 13 days late. <b>Cause:</b> On annual leave, no cover <b>Effect:</b> Contributions now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions up to date
7	2016-17	19/10/16	Contributions	September (£1,203.40) contributions not received until 26/10/16 - 7 days late. <b>Cause:</b> On annual leave, no cover <b>Effect:</b> Contributions now been received and subsequent months paid on time	No	Amber	No Report	There are no long term implications associated with this breach. The employer has paid contributions on time since October
8	2016-17	22/10/16	Contributions	September (£591.73) contributions not received until 31/10/16 - 9 days late. <b>Cause:</b> On annual leave, no cover <b>Effect:</b> Contributions now been received and subsequent months paid on time	No	Amber	No Report	There are no long term implications associated with this breach. The employer has paid contributions on time since October
9	2016-17	22/11/16	Contributions (PSD)	October (£525) Past Service Deficit payment not received until 28/11/16 - 7 days late. <b>Cause:</b> On annual leave, no cover <b>Effect:</b> Contributions now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date
10	2016-17	19/1/17	Contributions	December (£2,492.10) contributions not received until 30/1/17 - 11 days late. <b>Cause:</b> Usual employee on annual leave, left for a colleague to action but not done <b>Effect:</b> Contributions now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date

11	2016-17	19/1/17	Contributions (PSD)	December (£91) Past Service Deficit payment not received until 14/2/17 - 26 days late. <b>Cause:</b> Due to staff changes, MCNPT have had problems getting 2 new authorised signatories for online payments. <b>Effect:</b> Contributions now been received-payment has been made up until 31/3/17	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
12	2016-17	17/2/17	Contributions	January (£578.17) contributions not received until 24/02/2017 - 2 days late. <b>Cause:</b> payment overlooked by staff. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
13	2016-17	17/3/17	Contributions	February (£106,820.56) contributions not received until 29/03/2017 - 7 days late. <b>Cause:</b> Accountancy Manager on sick leave - payment overlooked by other staff . <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
14	2016-17	17/3/17	Contributions (PSD)	February (£1,333.33) Past Service Deficit payment not received until 24/03/2017 - 7 days late. <b>Cause:</b> Finance Manager forgot to do payment. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
15	2016-17	22/4/17	Contributions	March (£2,626.38) contributions not received until 25/04/2017 - 3 days late (BACS). <b>Cause:</b> Finance Officers were not at work when payment was due to be made (see email). <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
16	2016-17	19/4/17	Contributions	March (£1,438.04) contributions not received until 21/04/2017 - 2 days late. <b>Cause:</b> The only person who can process the payment was on leave during April (see email). <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
17	2017-18	19/7/17	Contributions	June (£1,664.93) contributions not received until 24/07/2017 - 5 days late. <b>Cause:</b> Received late due to Royal Mail. Clerk states that payment was sent to us before 19th of month (payment is normally received early-see email). <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
18	2017-18	19/7/17	Contributions	June (£1,462.27) contributions not received until 20/07/2017 - 1 day late. <b>Cause:</b> Email received 14/07/2017 informing us that the payment will be late due to them moving to Pay Connect and 1 employee was late returning a form. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
19	2017-18	22/7/17	Contributions (PSD)	April-June (£4,181) Past Service Deficit payment not received until 28/07/2017 - 6 days late. <b>Cause:</b> Finance Officer off sick and works part-time. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
20	2017-18	22/7/17	Contributions (PSD)	June (£550) Past Service Deficit payment not received until 25/07/2017 - 3 days late. <b>Cause:</b> Finance Officer was on leave (see email). <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
21	2017-18	22/9/17	Contributions	August contributions not received until 6/10/2017 - 14 days late. <b>Cause:</b> Internet banking has been unavailable due to change of account number with bank. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.

22	2017-18	19/10/17	Contributions	September contributions not received until 23/10/2017 - 4 days late. <b>Cause:</b> Linked to a late payment of salaries. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
23	2017-18	22/10/17	Contributions	September contributions not received until 23/10/2017 - 1 day late. <b>Cause:</b> Didn't complete all stages for online banking therefore payment didn't leave the account. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
24	2017-18	22/10/17	Contributions (PSD)	July-September quarter contributions payment not received until 27/10/2017 - 5 days late. <b>Cause:</b> Dual authorisation process introduced-has had some problems with it . <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
25	2017-18	22/11/17	Employers Contributions	October ERS contributions not received until 1/12/17 - 9 days late. <b>Cause:</b> due to the reorganisation of the payment making process within the department that normally makes the payment. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
26	2017-18	22/11/17	Contributions	October contributions not received until 5/12/17 - 13 days late. <b>Cause:</b> Finance Officer off sick, person covering didn't make payment. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
27	2017-18	22/12/2017	Contributions	November contributions not received until 15/01/2018 - 24 days late. <b>Cause:</b> Finance Officer & other key members of staff off sick. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
28	2017-18	22/1/18	Contributions	December contributions not received until 24/01/2018 - 2 days late. <b>Cause:</b> Finance Officer off sick. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
29	2017-18	22/1/18	Contributions	December contributions not received until 7/2/2018 - 16 days late. <b>Cause:</b> Swim Narberth pool has been closed to staff for the past 3 months as major renovation work going on, manager had to contact committee to make payment. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
30	2017-18	19/1/18	Contributions (chq)	December contributions not received until 06/02/2018 - 18 days late. <b>Cause:</b> Clerk in hospital for previous 3 weeks-his job is not covered when he is ill. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
31	2017-18	22/1/18	PSD	December contributions not received until 30/01/2018 - 8 days late. <b>Cause:</b> Online banking issues (see attached email). <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
32	2017-18	19/1/18	Contributions (chq)	December contributions not received until 22/01/2018 - 3 days late. <b>Cause:</b> Delay in getting second signatory to sign cheque. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
33	2017-18	22/1/18	PSD	December contributions not received until 23/01/2018 - 1 day late. <b>Cause:</b> Finance Officer on compassionate leave. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
34	2017-18	22/2/18	Contributions	January contributions not yet received but payment will be received by end of w/e 9/3/18. <b>Cause:</b> Officer didn't inform Finance Dept to make payment and was then on leave. <b>Effect:</b> Contributions will be received by end of w/e 9/3/18	No	Amber	No Report	There are no long term implications associated with this breach caused by human error.

Mae'r dudalen hon yn wag yn fwiadol

**PWYLLGOR CRONFA BENSIWN DYFED**  
**DYDDIAD 14/03/2018**

<b>Cofrestr Risg</b>		
<b>YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:</b> Cymeradwyo'r gofrestr risg.		
<b>RHESYMAU:</b> I sicrhau bod yr holl risgiau'n cael eu nodi a'u hasesu'n gywir.		
<b>Awdur yr Adroddiad:</b> Chris Moore	<b>Swydd:</b> Cyfarwyddwr y Gwasanaethau Corfforaethol, Cyngor Sir Gâr	<b>Rhif ffôn</b> 01267 224120 <b>e-bost:</b> CMoore@sirgar.gov.uk

# DYFED PENSION FUND COMMITTEE

**DATE 14/03/2018**

## **Risk Register**

### **BRIEF SUMMARY OF PURPOSE OF REPORT**

The Risk Register is a working document that highlights all the risks identified in relation to the functions of the Dyfed Pension Fund. This is regularly monitored and reviewed.

The register includes:

- Details of all identified risks
- Assessment of the potential impact, probability and risk rating
- The risk control measures that are in place
- The responsible officer
- Target Date (if applicable)

There have been some minor amendments following the recent review.

**DETAILED REPORT ATTACHED?**

**YES**



## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>NONE</b>	Finance <b>NONE</b>	Risk Management Issues <b>YES</b>	Staffing Implications <b>NONE</b>
<p>Risk Management Issues:</p> <p>The register is used to identify any risks relating to the functions of the Dyfed Pension Fund and highlights what measures are in place to mitigate these risks. Failure to manage the risks correctly could result in the Fund not meeting it's objectives.</p>				

## CONSULTATIONS

Details of any consultations undertaken are to be included here

None

## Section 100D Local Government Act, 1972 – Access to Information

**List of Background Papers used in the preparation of this report:**

**THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

Mae'r dudalen hon yn wag yn fwriadol

# Tudalen 67

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

[illegible]

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
CSV400002 - Failure to respond to major change to the LGPS following Public Sector Pension Review	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> <li>Participation in all high level Government discussions and consultations</li> <li>Ensure best practice is implemented and DPF is seen as a centre of excellence for pension administration</li> <li>Continue to be recognised nationally by peers as one of the leaders in pension administration and facilitate site visits</li> <li>Society of Welsh Treasurers review the suitability of existing and any new pension fund arrangements</li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager  Pensions Manager  Pensions Manager and Treasury & Pensions Investments Manager		Substantial 4	Improbable 1	Low 4

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>CIPFA Pensions Network membership</li> <li>Technical Officer ensures legislative accuracy of calculations</li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager				
CSV400003 - Failure to process accurate pension benefits payments, including lump sum payments, in a timely manner	Significant 3	Unlikely 2	Medium 6	<ul style="list-style-type: none"> <li>Payroll deadline procedures in place</li> <li>Segregation of duties and authorisation of benefits following calculation by Senior Pensions Officer</li> <li>Altair Development Officer is responsible for regular system checks regarding calculations</li> <li>Communication&amp;Training Officer liaises closely with all employing authorities to ensure timely submission of information to DPF</li> </ul>	Pensions Manager  Pensions Manager  Pensions Manager  Pensions Manager		Significant 3	Improbable 1	Very Low 3

Tudalen 69

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>Item in Business Continuity/Disaster Recovery Plan</li> <li>Participate in National Fraud Initiative (NFI)</li> <li>Life Certificates exercise carried out for all cheque payments</li> <li>Undertake reviews of monthly performance to ensure service standards are maintained</li> <li>IT Contingency/Resilience Plan in place</li> </ul>	Pensions Manager  Pensions Manager  Pensions Manager  Pensions Manager				
<b>CSV400004 - Failure to collect and account for full receipt of contributions from employers and employees on time</b> Failure to collect full receipt of pension contributions from employees and employers in line with Regulation guidelines.  Failure of employers' financial systems; absence of key staff; failure to communicate with employers	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> <li>Contributions monitoring procedures</li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
effectively; failure of key systems such as on-line banking and/or financial ledger.  Possible adverse audit opinion; negative cash flow position; delays in producing IAS19 accounting reports; delays in closure of year end accounts; employers forced to leave the scheme.				<ul style="list-style-type: none"> <li>• <b>Formal timescales for receipt of contributions</b></li> <li>• <b>Budget set and monthly monitoring against the budget</b></li> <li>• <b>Escalation of non receipt of contributions</b></li> <li>• <b>Systems Audit undertaken by Internal Audit and External Auditors</b></li> </ul>	<p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p>				





# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
CSV400006 - Failure to hold personal data securely	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> <li>• Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls</li> <li>• Disaster Recovery Plan for pensions system</li> <li>• Authorised users have unique usernames and passwords must be changed every 60 days</li> <li>• Documentation is scanned on to the pensions system and paper copies are held for a period of 3 months before shredding</li> <li>• Compliance with the Data Protection Act 1998</li> <li>• Compliance with the Authority's in-house IT policies</li> <li>• Systems and Payroll audit undertaken annually</li> </ul>	Pensions Manager  Pensions Manager  Pensions Manager  Pensions Manager  Pensions Manager  Pensions Manager		Significant 3	Improbable 1	Very Low 3

Tudalen 73

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
CSV400007 - Loss of funds through fraud or misappropriation in administration related functions	Substantial 4	Unlikely 2	Medium 8	• Internal and external audit checks performed to ensure that appropriate and effective controls are in place	Pensions Manager		Moderate 2	Unlikely 2	Low 4
				• Segregation of duties and authorisation of benefits following calculation by Senior Pensions Officer and Pensions Officer	Pensions Manager				
				• Altair Development Officer undertakes data integrity checks	Pensions Manager				
				• Systems and Payroll audit undertaken annually	Pensions Manager				
CSV400008 - Normal operations disrupted by uncontrollable external factors Service delivery threats from fire, bomb, extreme weather, electrical faults, sickness epidemic, etc.  Insufficient daily back up, disaster recovery, and IT cover to support systems.  Temporary loss of ability to provide	Substantial 4	Possible 3	High 12	• Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls  • Disaster Recovery Plan for pensions system with the software provider	Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager		Significant 3	Improbable 1	Very Low 3

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
service to stakeholders.				<ul style="list-style-type: none"> <li>Data stored on one of Council's stand alone IT servers</li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager				
CSV400009 - Inability to keep service going due to loss of main office, computer system, or staff	Moderate 2	Unlikely 2	Low 4	<ul style="list-style-type: none"> <li>Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls</li> <li>Disaster Recovery Plan for pensions system</li> </ul>	Pensions Manager  Pensions Manager		Moderate 2	Improbable 1	Very Low 2
CSV400010 - Lack of expertise among some Pension Administration officers	Significant 3	Unlikely 2	Medium 6	<ul style="list-style-type: none"> <li>Personal development plan in place to support the development of each officer in the Section</li> <li>Specific courses / seminars attended by officers to further their knowledge and understanding</li> </ul>	Pensions Manager  Pensions Manager		Significant 3	Improbable 1	Very Low 3

Tudalen 75

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
<b>CSV400011 - Over reliance on key Pensions Administration and Investment Officers</b> Specialist nature of the work means there are relatively few experts in Investments and the Local Authority Pensions Regulations.  Significant knowledge gap left if experts leave.	<b>Significant</b> 3	<b>Possible</b> 3	<b>Medium</b> 9	<ul style="list-style-type: none"> <li>• Key officers convey specialist knowledge to colleagues on a function or topic basis by mentoring</li> <li>• Enhance training by bespoke sessions / courses / workshops</li> <li>• Specific relevant qualifications for administration and investment staff</li> <li>• External consultants and independent adviser available for short term assistance</li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager and Treasury & Pensions Investments Manager		<b>Significant</b> 3	<b>Unlikely</b> 2	<b>Medium</b> 6

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
<b>CSV400012 - Failure to appropriately attract, manage, develop, and retain staff at all levels</b>	<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8	• <b>Training and Development Plan established</b>	Pensions Manager		<b>Substantial</b> 4	<b>Improbable</b> 1	<b>Low</b> 4
<b>CSV400013 - Failure to communicate properly with stakeholders</b> Lack of clear communications.  Scheme members are not aware of their rights and entitlements, are distanced from the Fund, which could lead to a reduction in new members and an increase in leavers.  Communication with investment managers, custodian, independent adviser, fund employers, pensioners, scheme members, actuary and government organisations.	<b>Significant</b> 3	<b>Unlikely</b> 2	<b>Medium</b> 6	• <b>Dedicated Communication &amp; Training Officer post established</b> Dedicated Communication & Training Officer will continue to fulfil all the communication requirements of the DPF, in accordance with the Communications Policy Statement  • <b>Comprehensive website is continually updated and developed</b>  • <b>My Pension Online is used to enhance the service provided to scheme members</b>	Pensions Manager           Pensions Manager and Treasury & Pensions Investments Manager           Pensions Manager and Treasury & Pensions Investments Manager		<b>Significant</b> 3	<b>Improbable</b> 1	<b>Very Low</b> 3

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>Quarterly meetings with independent adviser and investment managers</li> <li>Communications Policy in place</li> <li>Annual Employer &amp; Consultative Meeting</li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager and Treasury & Pensions Investments Manager				
CSV400014 - No appropriate procedures for Employer bodies transferring out of the pension fund or Employer bodies closing to new membership	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> <li>Inter valuation monitoring and rate reassessment if appropriate</li> <li>Identification of any issue and resolution via regular site visits by Communication &amp; Training Officer</li> </ul>	Pensions Manager  Pensions Manager		Significant 3	Unlikely 2	Medium 6

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>Requirement for employing authorities to issue termination forms for each active member</li> <li>Validation of membership numbers</li> <li>Employer covenant checks</li> </ul>	Pensions Manager  Pensions Manager  Pensions Manager				
<b>CSV400015 - Liquidity/cashflow risk - insufficient funds to meet liabilities as they fall due</b> Failure of employers to pay contributions on time; low dividend income; significant number of liabilities paid out at the same time.  Immediate cash contribution would be required via employers; delay in the payment of promised liabilities; negative publicity and an adverse audit report.	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li>Monthly cash and dividend reconciliations</li> <li>Quarterly monitoring of investment managers by Pension Panel</li> <li>Appointment of custodian</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
<b>CSV400016 - Loss of funds through fraud or misappropriation in investment related functions</b> Fraud or misappropriation of funds by an employer, investment managers or custodian.  Financial loss to the fund.	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li>Internal and External Audit regularly test that appropriate controls are in place and working</li> <li>Regulatory control reports from investment managers, custodian, etc., are also reviewed by audit.</li> <li>Due diligence is carried out whenever a new manager is appointed.</li> <li>Reliance also placed in Financial Conduct Authority registration.</li> <li>Quarterly monitoring by Pension Panel and Independent Adviser</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8
<b>CSV400017 - Excessive levels of Pension Fund Cash held within Carmarthenshire County Council investment balances</b>	<b>Significant</b> 3	<b>Unlikely</b> 2	<b>Medium</b> 6				<b>Significant</b> 3	<b>Improbable</b> 1	<b>Very Low</b> 3



# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
High dividend / interest receipts and low benefit payments being made in period.  Lower cash like return instead of equity or bond investment returns.				<ul style="list-style-type: none"> <li>• <b>Monthly cash reconciliations and separate pension fund bank accounts</b></li> <li>• <b>Quarterly monitoring by Pension Panel</b></li> <li>• <b>Internal Audit and Wales Audit Office review</b></li> </ul>	<p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p>				
<b>CSV400018 - Significant rises in employer contributions due to increases in liabilities or fall in assets</b> Scheme liabilities increase disproportionately as a result of increased longevity or falling bond yields. Poor economic conditions, incorrect investment strategy, poor selection of investment managers.  Poor / negative returns leading to potential increase in employer's costs.	<b>Substantial</b> 4	<b>Likely</b> 4	<b>Significant</b> 16	<ul style="list-style-type: none"> <li>• <b>Use qualified actuary who uses assumptions and recommends appropriate recovery period and strategy</b></li> <li>• <b>Quarterly monitoring of investment managers by Pension Panel</b></li> <li>• <b>Diversified Strategic Asset Allocation</b></li> </ul>	<p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p>		<b>Significant</b> 3	<b>Possible</b> 3	<b>Medium</b> 9

Tudalen 81



# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
contribution rates become unacceptable, causing potential increase in employer's costs.				<ul style="list-style-type: none"> <li>Independent Investment adviser employed to assist the panel in making informed decisions.</li> </ul>	Treasury & Pensions Investments Manager				
<b>CSV400021 - Prolonged failure of investment managers to achieve the returns specified on their mandates</b> Under-performance by the investment managers; lack of monitoring and challenging by the Panel.	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li>Quarterly monitoring of investment managers and performance company reports by investment team and Pension Panel.</li> </ul>	Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8
<b>CSV400022 - Concentration risk - single asset class having disproportionate impact on investment objectives</b> Risk of the performance of a single asset class having a disproportionate impact on the ability to meeting investment objectives. Inappropriate investment strategy following the triennial valuation, including lack of diversification.  Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employers' costs.	<b>Significant</b> 3	<b>Possible</b> 3	<b>Medium</b> 9	<ul style="list-style-type: none"> <li>Establish &amp; review diversified strategic asset allocation</li> <li>Proactive in decision making</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Significant</b> 3	<b>Unlikely</b> 2	<b>Medium</b> 6

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
<b>CSV400023 - Counterparty risk - risk of other party in a transaction failing to meet its obligation to the fund</b> This arises from deposits held with banks and other financial institutions, as well as credit exposures to the fund's members and employers.  Loss of capital; decrease in asset values; cost of legal proceedings; adverse publicity.	Moderate 2	Possible 3	Medium 6	<ul style="list-style-type: none"> <li>Set appropriate parameters with fund managers and custodian to limit exposure to default risk</li> </ul>	Treasury & Pensions Investments Manager		Moderate 2	Unlikely 2	Low 4
<b>CSV400024 - Interest rate risk</b> Arises from risk of exposure to significant interest rate movements on investments.  Bond yields and cash decrease in value.	Moderate 2	Unlikely 2	Low 4	<ul style="list-style-type: none"> <li>Establish &amp; review diversified strategic asset allocation</li> </ul>	Treasury & Pensions Investments Manager		Moderate 2	Improbable 1	Very Low 2
<b>CSV400025 - Discount rate risk</b> Use of inappropriate discount rate to estimate future liabilities.  Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employers' costs.	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> <li>Engage qualified actuary to make assumptions</li> <li>Engage independent adviser to assist the panel in making informed decisions</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Significant 3	Unlikely 2	Medium 6

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
<b>CSV400026 - Price risk</b> The equity investments held exposes the fund to risk in relation to the market price of its investments.  Funding level decreases; employer contribution rates become unacceptable, causing a potential increase in employers' costs.	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> <li>Establish &amp; review a diversified strategic asset allocation.</li> <li>Anticipate long term returns on a prudent basis.</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9
<b>CSV400027 - Foreign exchange risk</b> The fund holds financial assets and liabilities denominated in foreign currencies. It is therefore exposed to an element of risk in relation to currency fluctuation.  Funding level decreases; employer contribution rates become unacceptable, causing a potential increase in employers' costs.	Moderate 2	Possible 3	Medium 6	<ul style="list-style-type: none"> <li>Establish &amp; review diversified (within regions) strategic asset allocation</li> </ul>	Treasury & Pensions Investments Manager		Moderate 2	Unlikely 2	Low 4
<b>CSV400028 - Failure to meet statutory deadlines leading to qualification of the accounts</b> Lack of planning for closure of accounts; lack of training; loss of expert knowledge.	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> <li>Timetabled Audit Committee cycles</li> </ul>	Treasury & Pensions Investments Manager		Substantial 4	Improbable 1	Low 4

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
Qualified audit report; potential bad publicity; members' loss of confidence on officers' abilities.				<ul style="list-style-type: none"> <li>• Liaise with external audit</li> <li>• Establish closedown timetable</li> <li>• Establish WAO working paper guidance &amp; planning document</li> <li>• Excellent time management skills</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager				
<b>CSV400029 - Adequate skilled resources not available for accounts preparation</b> Lack of training; loss of expert knowledge; annual or study leave.  Qualified audit report; unsatisfactory internal audit report; failure to meet statutory closure deadlines; employee stress.	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> <li>• Appropriate Treasury &amp; Pension Investments structure in place</li> <li>• Arrange training courses and seminars, and mentoring</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Significant 3	Unlikely 2	Medium 6

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
<b>CSV400030 - Failure to recover all debts</b> Lack of communication between fund officers and administering authority officers (debtors); lack of monitoring / recovery procedures.  Loss of income to the Fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to Fund employers	<b>Substantial</b> 4	<b>Likely</b> 4	<b>Significant</b> 16	<ul style="list-style-type: none"> <li>• Use of specialist debt recovery section within the administering authority</li> <li>• Monthly monitoring of debts due</li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager and Treasury & Pensions Investments Manager		<b>Moderate</b> 2	<b>Improbable</b> 1	<b>Very Low</b> 2
<b>CSV400031 - Officers acting outside delegated authority</b> Threat of officers making unauthorised decisions or payments.  Loss of income to fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers	<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8	<ul style="list-style-type: none"> <li>• Undertake regular review of Standing Orders &amp; Constitution</li> <li>• Report to Executive Board</li> <li>• Monitoring officer role</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Improbable</b> 1	<b>Low</b> 4

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
<b>CSV400032 - Non-performance by Officers and Panel Members</b> Lack of training for officers and members; turnover in officers and members; lack of appraisals; lack of PI monitoring; time constraints for members; conflicting deadlines for officers.  Qualified audit report; potential bad publicity; members' loss of confidence in officers' abilities; excessive pressure on officers; loss of income to the fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li>Establish performance measurement system</li> <li>Pension Panel member assessments</li> <li>Officer appraisals in October and March annually</li> <li>Regular internal and external audits</li> <li>Establish &amp; review training plan for officers and members</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8
<b>CSV400033 - Failure to operate strict financial and budgetary controls</b> Lack of regular budget monitoring and budget setting; lack of communication between admin and investment	<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8	<ul style="list-style-type: none"> <li>Quarterly monitoring of budgets</li> </ul>	Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Improbable</b> 1	<b>Low</b> 4



# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund 2017**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **5 March, 2018**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
<p>sections; lack of scrutiny of investment managers', consultants', and advisers' fees.</p> <p>Unexpected variances over budget headings; members' loss of confidence in officers' abilities; loss of income to the fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers.</p>				<ul style="list-style-type: none"> <li>Quarterly forecasting and profiling of budgets</li> <li>Closure of accounts to Audit Committee</li> <li>Monthly meetings between Head of Service, Admin and Investment managers</li> <li>Monthly reconciliations of contributions, dividends, and pension payroll</li> </ul>	<p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p>				
<p><b>CSV400034 - Insufficient resources to provide meaningful input to the development of the All Wales pool without having a detrimental impact on the management of the fund</b></p>	<p><b>Substantial</b> 4</p>	<p><b>Possible</b> 3</p>	<p><b>High</b> 12</p>	<ul style="list-style-type: none"> <li>Staffing resources to be kept under review to ensure the Fund's interests are properly met when developing investment pooling arrangements</li> </ul>	<p>Treasury &amp; Pensions Investments Manager</p>		<p><b>Substantial</b> 4</p>	<p><b>Unlikely</b> 2</p>	<p><b>Medium</b> 8</p>

Mae'r dudalen hon yn wag yn twriadol

**PWYLLGOR CRONFA BENSIWN DYFED  
DYDDIAD 14/03/2018**

**Polisi Llywodraethu a Datganiad Cydymffurfio 2018**

**YR ARGYMHELLION / PENDERFYNIAU ALLWEDDOL SYDD EU HANGEN:**

Y Pwyllgor i gymeradwyo'r Polisi Llywodraethu a Datganiad Cydymffurfio 2018.

**RHESYMAU:**

Cymeradwyo'r Polisi Llywodraethu a Datganiad Cydymffurfio 2018 wedi'i ddiweddarau.

**Awdur yr Adroddiad:**  
Chris Moore

**Swydd:**  
Cyfarwyddwr y Gwasanaethau  
Corfforaethol,  
Cyngor Sir Gâr

**Rhif ffôn**  
01267 224120  
**e-bost:**  
CMoore@sirgar.gov.uk

# DYFED PENSION FUND COMMITTEE

**DATE 14/03/2018**

## **Governance Policy and Compliance Statement 2018**

### **BRIEF SUMMARY OF PURPOSE OF REPORT**

A review has been undertaken on the Governance Policy and Compliance Statement of the Dyfed Pension Fund.

The policy and statement have been amended for constitutional changes.

<b>DETAILED REPORT ATTACHED?</b>	<b>YES</b>
----------------------------------	------------

## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>NONE</b>	Finance <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>
--	----------------------	------------------------	---------------------------------------	--------------------------------------

## CONSULTATIONS

Details of any consultations undertaken are to be included here

None

### Section 100D Local Government Act, 1972 – Access to Information List of Background Papers used in the preparation of this report: **THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

Mae'r dudalen hon yn wag yn fwriadol

**DYFED PENSION FUND**  
**GOVERNANCE POLICY 2018**

**Introduction**

The Dyfed Pension Fund is administered by Carmarthenshire County Council (the administering authority). All Local Government Pension Scheme (LGPS) Funds in England and Wales are required to publish a Governance Policy, under Regulation 73A of the LGPS 1997 Regulations. This regulation is superseded by Regulation 31 of the LGPS (Administration) Regulations 2008 and the 2013 Regulations. Additionally, one of the key requirements in the Public Service Pensions Act (PSPA) 2013 is for each Administering Authority in the LGPS to create a local Pension Board.

This policy has been prepared by the administering authority in consultation with appropriate interested persons.

**Purpose of the Governance Policy**

The regulations on governance policy requires an administering authority, after consultation with such persons as they consider appropriate, to prepare, maintain, publish and keep under review a written statement setting out:

- whether it delegates its function, or part of its function, in relation to maintaining a pension fund to a committee, sub-committee or officer of the authority, if it does so:
  - the frequency of any committee or sub-committee meetings
  - the terms, structure and operational procedures of the delegation
  - whether such a committee or sub-committee includes representatives of employing authorities (including non-scheme employers) or scheme members, and if so, whether those representatives have voting rights
- the extent to which a delegation, or absence of a delegation, complies with guidance given by the Secretary of State and, to the extent it does not so comply, the reasons for not complying.

## **Governance of the Dyfed Pension Fund**

Within Carmarthenshire County Council's constitution, a pension committee must be set up for the Dyfed Pension Fund to:

- To decide on all the policy matters and strategic direction relating to the investments of the Pension Fund
- To review and monitor the investment performance of the Fund
- To review and determine on all Pension Fund Valuation matters of the fund
- To determine on Administering Pension Fund Authority policy and strategic matters

Operational matters of both the Investments and Administration Functions are delegated to Director of Corporate Services.

Powers delegated to the Head of Financial Services for Pensions Administration, in accordance with The Local Government Pension Scheme Regulations 1997 or subsequent amending legislation, include:

- To collect employee and employer contributions from participating employers
- To make payments in respect of scheme benefits
- To collect and make pension transfer payments as elected by scheme members
- To determine non policy related discretions as an Employing / Administering Pension Authority
- To undertake Stage 1 determinations on disputes arising from the Local Government Pensions Scheme or related legislation
- To update and maintain the Fund's website  
[www.dyfedpensionfund.org.uk](http://www.dyfedpensionfund.org.uk)
- Maintenance and update of membership records
- The calculation and authorisation of benefit payments
- Provision of membership data for actuarial valuation purposes
- Preparation and maintenance of the Communication Policy Statement and the Pensions Administration Strategy Statement.

The Head of Financial Services will accept for admission into the Dyfed Pension Fund employees of authorities and bodies as prescribed in Regulations, subject to an approved Admission Agreement, and subject to any necessary indemnities as appropriate.



## **The Pension Committee**

### **Terms of Reference**

- To exercise the County Council's responsibility for the management of the Dyfed Pension Fund, including the management of the administration of the benefits and strategic management of Fund assets
- To meet at least quarterly, or otherwise as necessary
- To produce an Annual Report by 30 September each year on the state of the Fund and on the investment activities during the year
- To have overall responsibility for investment policy and monitor overall performance
- To review governance arrangements and the effective use of its advisers to ensure good decision-making
- To receive regular reports on Scheme administration to ensure that best practice standards are satisfied and met and to satisfy itself that and justify to all stakeholders, including Fund Employers that the Fund is being run on an effective basis
- To appoint Investment Managers to discharge functions relating to the management of the Fund's investments
- To appoint the Fund's custodian, performance measurement adviser, actuary, independent adviser and AVC provider
- To approve a Funding Strategy Statement and Investment Strategy Statement

### **Membership**

The Committee comprises of:

- three members (one acting as Chair) plus a nominated substitute to act in the absence of a member. Each member of the committee has voting rights and each committee member and the substitute are nominated by Carmarthenshire County Council, the Administering Authority, from its elected membership. At least three members must attend each panel meeting
- at least two officers from Carmarthenshire County Council from Director of Corporate Services, Head of Financial Services and Treasury and Pension Investments Manager.
- the independent investment adviser.

The Director of Corporate Services, as Treasurer of the Dyfed Pension Fund, will also maintain all necessary accounts and records in relation to the Fund.

The Treasury and Pension Investments Manager and officers in the Treasury and Pension Investments team support the Director of Corporate Services and Head of Financial Services in the responsibility for the monitoring and review of the investments of the Fund including:

- preparation and maintenance of the accounts of the Dyfed Pension Fund including preparation of the Dyfed Pension Fund Annual Report
- preparation and distribution of the annual Dyfed Pension Fund Newsletter
- servicing the Committee meetings
- regular dialogue with the Fund's advisers, investment managers and custodian
- monitoring and reconciliation of investment manager and custodian records
- preparation and maintenance of the Fund's Investment Strategy Statement, Funding Strategy Statement, Governance Policy and compliance with the Myners review
- monitoring the activity and performance of the Fund's investment managers including compliance with policy and performance objectives
- interpretation of new legislation and research in respect of the investments and accounts of the Fund
- monitoring the corporate governance activity of the Fund including attendance at the Local Authority Pension Fund Forum (LAPFF)
- arrangement and provision of appropriate training for committee members

### **Committee Meetings**

The Pension Committee meets four times a year. All meetings are held in Carmarthenshire.

An agenda, minutes from the previous meeting and written reports are sent to each Committee member by the Democratic Services Unit before each meeting. During the Committee meeting the Committee members receive reports presented by Officers of Carmarthenshire County Council, the Independent Investment Adviser and any other person the Committee invites to speak at the meeting. Committee decisions are formally minuted by the Democratic Services Unit.

After each Committee a meeting is held with the Directors of Finance of the three County Councils, where Fund performance and other items dealt with at the Committee meetings are discussed. Issues raised at this meeting that the Committee need to be made aware of are reported back to the following Committee meeting for discussion.

### **The Annual Consultative Meeting (ACM)**

The Dyfed Pension Fund is committed to the widest inclusion of all stakeholders in respect of consultation and communication arrangements. Any major policy changes are put to consultation with all participating employers, Trade Union representatives and retired member representative, before a decision is made.

An Annual Consultative Meeting (ACM) is held in Carmarthenshire. The ACM is open to all participating employers, retired member representatives and Trade Union representatives. Interested bodies are notified of the ACM in advance. The Chair of the Pension Committee, the Director of Corporate Services, the Head of Financial Services, the Fund Advisers and Investment Managers attend the ACM to answer any questions.

### **Local Pension Board**

The Board has an oversight/assisting role not a decision making role. It assists the Administering Authority (Carmarthenshire County Council) in securing compliance with regulations and requirements imposed by the Pensions Regulator and the Department for Communities and Local Government and ensuring effective and efficient governance and administration of the Fund.

There must be equal numbers of scheme member representatives and employer representatives on the Board. The Dyfed Pension Fund Board has 3 scheme member and 3 employer representatives and an independent member who will also be the Chair of the Board.

### **Governance Compliance Statement**

DCLG is committed to ensure that all LGPS committees operate consistently at best practice standards. Therefore, in addition to the regulatory requirement to produce this Governance Policy, the LGPS regulations 1997 were further amended on 30 June 2007 to require administering authorities to report the extent of compliance to a set of best practice principles to be published by DCLG, and where an authority has chosen not to comply, to state the reasons why. The Dyfed Pension Fund's Governance Compliance Statement is attached at Annex I.

This Governance Policy will be updated when necessary and reviewed at least annually. The last review was in 2016.

Mae'r dudalen hon yn wag yn fwriadol

## **DYFED PENSION FUND**

### **GOVERNANCE COMPLIANCE STATEMENT**

The purpose of the guidance is:

- To provide best practice principles against which compliance can be measured
- To provide guidance on how the compliance statement should be completed

The guidance sets out the best practice principles in relation to the following governance areas:

- Structure
- Representation
- Selection
- Voting
- Training, facility time and expenses
- Meetings (frequency / quorum)
- Access
- Scope
- Publicity

#### **Best Practice Principle A: Structure**

The guidance acknowledges that not all administering authorities are structured in the same way. It is not the intention to level out these differences but to ensure that structures reflect the following principles:

- The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council
- Representatives of participating LGPS employers, admitted bodies and scheme members (including pensioners and deferreds) are members of either the main or secondary committee (established to underpin the work of the main committee)
- Where a secondary committee or Committee has been established the structure ensures effective communication across both levels
- Where a secondary committee or Committee has been established at least one seat on the main committee is allocated for a member from the secondary committee or Committee

**Compliance Statement: Not Fully Compliant**

**Justification:**

The Dyfed Pension Fund Committee exists and meets four times a year. The Committee has three members and a substitute, officers (all from Carmarthenshire County Council) and an independent investment adviser. Other scheme employers, admitted bodies and scheme members do not attend Committee but they are all invited to the annual ACM where all Committee members and advisers report and are available to answer questions. Carmarthenshire County Council officers meet with officers of the other 2 major employers (Pembrokeshire County Council and Ceredigion County Council) after each Committee meeting where Committee minutes are made available. This system is supported by all parties and has worked very well as evidenced by the fact that the investment performance of the Fund is in the top 10% of funds over 10 years.

There is no secondary committee for the Dyfed Pension Fund.

**Best Practice Principle B: Representation**

The number of stakeholders affected by the local management of the pension scheme and governance of pension funds is vast and it is accepted that it would be impractical to expect individual committee structures to encompass every group or sector that has an interest in the decisions that fall to be made under the scheme's regulations.

- That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:
  - employing authorities (including non-scheme employers, e.g. admitted bodies as well as scheduled bodies)
  - scheme members (including deferred and pensioner scheme members)
  - independent professional observers, and
  - expert advisors (on an ad-hoc basis)
- That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights

**Compliance Statement: Not Fully Compliant****Justification:**

The Committee has representatives from Carmarthenshire County Council and the independent investment adviser. Other scheme employers, admitted bodies and scheme members do not attend Committee but they are all invited to the annual ACM where all Committee members and advisers report and are available to answer questions. Carmarthenshire County Council officers meet with officers of the other 2 major employers (Pembrokeshire County Council and Ceredigion County Council) after each Committee meeting where Committee minutes are made available. There is no secondary committee for the Dyfed Pension Fund.

### **Best Practice Principle C: Selection**

It is important to emphasise that it is not part of the fund authority's remit to administer the selection process for lay members sitting on main or secondary committees or to ensure their attendance at meetings, unless they wish to do so. Their role is to determine what sectors or groups are to be invited to sit on LGPS committees or Committees and to make places available.

Effective representation is a two way process involving the fund authorities providing the opportunity and the representative bodies initiating and taking forward the selection process under the general oversight of fund authority.

That committee or Committee members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.

#### **Compliance Statement: Fully Compliant**

##### **Justification:**

The Dyfed Pension Fund's Governance Policy lists the delegated functions the Committee is to perform. If Committee members change the new member/members are informed of their status, role and function they are required to perform.

### **Best Practice Principle D: Voting**

The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.

#### **Compliance Statement: Fully Compliant**

##### **Justification:**

All Committee members can vote. Carmarthenshire County Council is the Administering Authority and all functions are delegated to the Committee.

### **Best Practice Principle E: Training, facility time and expenses**

In 2001, the Government accepted the ten investment principles recommended by Paul Myners in his report, "Institutional Investment in the UK". The first of those principles, "Effective Decision Making", called for decisions to be made only by persons or organisations with the skills, information and resources necessary to take them effectively. Furthermore, where trustees - or in the case of the LGPS, members of formal committees - take investment decisions, that they have sufficient expertise to be able to evaluate critically any advice they take.

- That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision- making process
- That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory Committees or any other form of secondary forum

**Compliance Statement: Fully Compliant**

**Justification:**

The Committee have regular training sessions run by the Fund Managers, the Actuary, the Consultant and officers. New Committee members attend intense training sessions on commencement of their Committee duties, including the LGPC pension training session.

**Best Practice Principle F: Meetings (frequency / quorum)**

An administering authority's main committee or committees meet at least quarterly.

An administering authority's secondary committee or Committee meet at least twice a year and is synchronised with the dates when the main committee sits.

Administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.

**Compliance Statement: Fully Compliant**

**Justification:**

The Dyfed Pension Fund Committee meets quarterly. The Annual Consultative Meeting is held annually where other scheme employers, admitted bodies and scheme members are invited.

**Best Practice Principle G: Access**

That subject to any rules in the council's constitution, all members of main and secondary committees or Committees have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.

**Compliance Statement: Fully Compliant**

**Justification:**

All papers are circulated in advance to all members of the Committee, including the Committee's independent investment adviser.



### **Best Practice Principle H: Scope**

That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.

**Compliance Statement: Fully Compliant**

**Justification:**

The Committee receives and votes, on an ad-hoc basis, any major administration issues that affect the Fund. The officer managing the administration of the Fund provides regular training and updates for Committee members.

### **Best Practice Principle I: Publicity**

That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.

**Compliance Statement: Fully Compliant**

**Justification:**

The Dyfed Pension Fund Governance Policy was reviewed and published in March 2011. A Newsletter and Annual Report are produced annually. All published material (including the Governance Policy) are on the Dyfed Pension Fund website.

## SUMMARY

Best Practice Principle	Fully Compliant	Not Fully Compliant	Explanation for Non-Compliance
Structure		✓	The DPF structure is supported by all parties and has worked very well
Representation		✓	Regular meetings and discussion with other major stakeholders occur and an annual consultative meeting is held
Selection	✓		
Voting	✓		
Training, facility time and expenses	✓		
Meetings (frequency/quorum)	✓		
Access	✓		
Scope	✓		
Publicity	✓		

**PWYLLGOR CRONFA BENSIWN DYFED  
DYDDIAD 14/03/2018**

**Diweddariad y Gyfarwyddeb Marchnadoedd mewn Offerynnau  
Ariannol (MiFID II)**

**YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU  
HANGEN:**

Y Pwyllgor i nodi diweddariad cynnydd MIFID II.

**RHESYMAU:**

Aelodau'r pwyllgor i nodi diweddariad cynnydd MIFID II.

**Awdur yr Adroddiad:**  
Chris Moore

**Swydd:**  
Cyfarwyddwr y Gwasanaethau  
Corfforaethol,  
Cyngor Sir Gâr

**Rhif ffôn**  
01267 224120  
**e-bost:**  
CMoore@sirgar.gov.uk

# DYFED PENSION FUND COMMITTEE

DATE 14/03/2018

## Markets in Financial Instruments Derivative (MiFID II) Update

### BRIEF SUMMARY OF PURPOSE OF REPORT

Applications to financial institutions appointed by the Dyfed Pension Fund were submitted in October 2017, November 2017 and January 2018. Opt up has been completed by eight of the institutions and the remaining two applications are awaiting completion.

DETAILED REPORT ATTACHED?

YES

## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>YES</b>	Finance <b>YES</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>
<b>Legal – To comply with new EU legislation known as Markets in Financial Instruments Directive taking effect from 3<sup>rd</sup> January 2018.</b>				
<b>Finance – Election to professional status ensures that the fund can access the full range investment vehicles available to meet the investment strategy.</b>				

## CONSULTATIONS

<p>Details of any consultations undertaken are to be included here</p> <p>None</p>
--

<b>Section 100D Local Government Act, 1972 – Access to Information</b> <b>List of Background Papers used in the preparation of this report:</b> <b>THESE ARE DETAILED BELOW</b>		
<b>Title of Document</b>	<b>File Ref No.</b>	<b>Locations that the papers are available for public inspection/WEBSITE LINK</b>

Mae'r dudalen hon yn wag yn fwriadol

## Dyfed Pension Fund

### Markets in Financial Instruments Directive II (MiFID II)

Since the Pension Committee dated 21st September 2017, applications were submitted for Carmarthenshire County Council as administering authority for the Dyfed Pension Fund to opt up to Professional Client status for MiFID II purposes.

The Dyfed Pension Fund was required to establish a Legal Entity Identifier number (LEI). This was set up in October. Dyfed Pension Fund's LEI is: 549300H9T06XDBE5GN14

Company Name	Role	Application Status	Notes
BlackRock	Investment Manager	Application submitted October 2017	Opt up complete
Schroders	Investment Manager	Application submitted October 2017	Opt up complete
Partners Group	Investment Manager	Application submitted October 2017	Opt up complete
Baillie Gifford	Investment Manager	Application submitted October 2017	Opt up complete
Columbia Threadneedle	Investment Manager	Application submitted October 2017	Opt up complete
Northern Trust	Custodian	Application submitted October 2017	Opt up complete.
Hymans Robertson	Wales Pension Partnership Consultant	Application submitted November 2017	Opt up complete
Standard Life (via Schroders)	Pooled Property investment fund via Schroders	Application submitted November 2017	Awaiting confirmation from Schroders
Link Asset Services	Wales Pension Partnership Operator	Application submitted January 2018	Opt up complete
Russell Investments	Consultants to the Wales Pension Partnership Operator	Application submitted January 2018	Awaiting confirmation

Mae'r dudalen hon yn wag yn fwriadol



Yn rhinwedd paragraff(s) 14 o Rhan 4 o Atodlen 12A% o ddeddf Llywodraeth Leol 1972 fel y'i diwygiwyd  
Orchymyn Llywodraeth Leol (Mynediad at Wybodaeth) (Amrywio) (Cymru) 2007

Document is Restricted

Mae'r dudalen hon yn wag yn fwriadol

Document is Restricted

Mae'r dudalen hon yn wag yn fwriadol

Document is Restricted

Mae'r dudalen hon yn wag yn fwriadol