

DYFED PENSION FUND PENSION BOARD

Wednesday, 23 October 2019

PRESENT: Mr. John Jones (Chair)

Mr. P. Ashley-Jones [Pembrokeshire County Council - Employer Member Representative];

Cllr. P. Hughes [Carmarthenshire County Council – Employer Member Representative];

Mr. G. Jones [Member Representative];

Cllr. G. Lloyd [Ceredigion County Council – Employer Member Representative];

Mr. M. Rogers [Pensioner Member Representative]

The following Officers were in attendance:

R. Hemingway, Head of Financial Services;

K. Gerard, Pensions Manager;

A. Parnell, Treasury and Pension Investments Manager;

M. Owens, Assistant Accountant;

J. Laimann, Assistant Democratic Services Officer.

Democratic Services Committee Room, County Hall, Carmarthen, 2.00 - 3.20 pm

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Tommy Bowler (Union Member Representative) and Chris Moore.

2. DECLARATIONS OF PERSONAL INTEREST

There were no declarations of personal interest made at the meeting.

3. MINUTES OF THE PENSION BOARD MEETING HELD ON THE 9 JULY 2019

AGREED that the minutes for the Pension Board meeting held on 9 July 2019 be confirmed as a correct record.

4. DYFED PENSION FUND COMMITTEE MEETING 18 SEPTEMBER 2019

The Board received for consideration the following reports which had been considered by the Dyfed Pension Fund Committee at its meeting held on 18 September 2019.

4.1. MINUTES OF THE DYFED PENSION FUND COMMITTEE MEETING ON 19 JUNE 2019

The Board received the minutes of the Dyfed Pension Fund Committee meeting held on 19 June 2019.

AGREED that the minutes be noted.

4.2. WAO AUDIT OF FINANCIAL STATEMENTS REPORT 2018-19

The Board received the Audit of Financial Statements Report for the Dyfed Pension Fund prepared by the Wales Audit Office detailing the matters arising from the audit which required reporting under ISA 260.

It was noted that the Auditor General was responsible for providing an opinion on whether the financial statements of the Dyfed Pension Fund gave a true and fair view of their financial position as at 31 March 2019 and of its income and expenditure for the year end. An unqualified audit report on the financial statements had been issued and the finalised report had been considered by the Audit Committee on 13 September 2019.

Wales Audit Office found that there were no misstatements identified in the financial statements which remained uncorrected but there had been a slight delay in the receipt of the accounts. A number of minor misstatements had been corrected by management as listed in Appendix 3.

In response to a query regarding the timeliness of submissions, the Board was advised that there had been a misunderstanding as to which supporting documentation was required however the overall Audit opinion had not been impacted by this.

AGREED that the Audit of Financial Statement Report 2018/19 be received.

4.3. BUDGET MONITORING 1 APRIL - 30 JUNE 2019

The Board considered the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the 2019/20 financial year.

In response to a query on expenses in relation to the Wales Pension Partnership, the Board was advised that transition costs were difficult to predict as they could vary depending on the timing and circumstances of the transition. A report providing further details on this would be circulated to Board Members.

AGREED that the report be noted.

4.4. CASH RECONCILIATION AS AT 30 JUNE 2019

The Board considered the Cash Reconciliation report which provided an update on the cash position in respect of the Dyfed Pension Fund. It was noted that, as at 30 June 2019, £13.8m cash was being held by Carmarthenshire County Council on behalf of the Fund for immediate cash flow requirements to pay pensions, lump sums and investment management costs.

The Board was advised that the current figure was partly driven by the fact that Pembrokeshire County Council and Carmarthenshire County Council paid employer contributions in advance for the whole year / every six months respectively. The figure was expected to decrease accordingly over the following months.

AGREED that the report be noted.

4.5. BREACHES REPORT 2019-20

The Board received for consideration the Breaches Report in relation to the Dyfed Pension Fund. Section 70 of the Pension Act 2004 set out the legal duty to report breaches of the law.

AGREED that the report be noted.

4.6. RISK REGISTER

The Board received for consideration a Risk Register which captured all the risks identified in relation to the functions of the Dyfed Pension Fund. The register, which was regularly monitored and reviewed, included information as follows:

- 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)

In response to a query on risks relating to staffing and training, the Board was advised that different items on the risk register related to different work streams and areas of expertise.

In response to a query, the Board was advised that a review was being undertaken on risks in relation to cyber security.

AGREED that the Risk Register be noted.

4.7. WALES PENSION PARTNERSHIP (WPP) UPDATE

The Board received a report on the Wales Pension Partnership which provided an update on the milestones and progress to date.

The Board noted key updates which included:

- Key Milestones
- Progress to date
 - Tranche 2 (UK and European Equities)
 - Tranche 3 (Fixed Income)
 - Tranche 4 (Private Markets)
- Next steps

AGREED that the update report be received.

4.8. LINK AND RUSSELL PRESENTATION

The Board considered a presentation by Link and Russell in relation to the key milestones and progress of the Wales Pension Partnership. The presentation gave an overview of the services provided by the Wales Pension Partnership operator, including the appointment and overseeing of investment managers, the monitoring of investments, the oversight of the administrator (Northern Trust) and key milestones. The presentation further provided information on the benefits and regulatory requirements of the Authorised Contractual Scheme (ACS) structure, which had been adopted by the Wales Pension Partnership.

AGREED that the presentation be received.

4.9. MINUTES OF THE DYFED PENSION FUND COMMITTEE MEETING ON 18 SEPTEMBER 2019

The Board received the draft minutes of the Dyfed Pension Fund Committee meeting held on 18 September 2019.

In response to a query regarding the suspension of the Woodford fund, the Board was advised that Link was providing asset services to the fund however the suspension had no impact on the WPP and its operations.

AGREED that the minutes be noted.

5. EXCLUSION OF THE PUBLIC

UNANIMOUSLY RESOLVED, pursuant to the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) (Wales) Order 2007, that the public be excluded from the meeting during consideration of the following items as the reports contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.

6. INDEPENDENT INVESTMENT ADVISOR REPORT TO 30 JUNE 2019

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 5 above, to consider this matter in private, with the public excluded from the meeting as disclosure would be likely to cause financial harm to the Pension Fund.

The Board received the Independent Investment Adviser Report which provided information in relation to the investment managers' performance for the quarterly, 12 month and rolling 3 year periods ending 30 June 2019.

AGREED that the report be noted.

7. NORTHERN TRUST PERFORMANCE REPORT TO 30 JUNE 2019

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 5 above, to consider this matter in private, with the public excluded from the meeting as disclosure would be likely to cause financial harm to the Pension Fund.

The Board considered the Northern Trust Performance report for the Dyfed Pension Fund as at 30 June 2019, which provided performance analysis at a total fund level and by investment manager for the periods up to inception.

AGREED that the report be noted.

CHAIR

DATE