

DYFED PENSION FUND COMMITTEE

Thursday, 28 November 2019

PRESENT: Councillor D.E. Williams (Chair)

Councillors:

T.J. Jones and D. Thomas (Substitute Member)

The following Officers were in attendance:

C. Moore, Director of Corporate Services

R. Hemingway, Head of Financial Services

K. Gerard, Pensions Manager

A. Parnell, Treasury and Pension Investments Manager

B. Owen, Pension Investments Officer

J. Laimann, Democratic Services Officer

Y Crochan, Theatr y Ffwrnes, Llanelli, 11.40 am - 12.10 pm

1. APOLOGIES FOR ABSENCE

[Note: In order for the Committee to be quorate, the start time of the meeting was postponed at the Chair's request.]

Apologies for absence were received from Councillor Rob Evans.

2. DECLARATIONS OF PERSONAL INTERESTS

Councillor	Nature of Interest
D.E. Williams	Member of the Dyfed Pension Fund
T.J. Jones	Member of the Dyfed Pension Fund
D. Thomas	Member of the Dyfed Pension Fund

3. MINUTES OF THE MEETING OF THE COMMITTEE HELD ON 18 SEPTEMBER 2019

RESOLVED that the minutes of the meeting of the Committee held on 18 September 2019 be signed as a correct record.

4. BUDGET MONITORING 1 APRIL - 30 SEPTEMBER 2019

The Committee received the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the 2019/20 financial year. It was noted that the current position, as at 30 September 2019, forecast an under-spend of £0.2m in cash terms. With regard to expenditure, the net effect of benefits payable and transfers out represented a £1,148k over-spend mainly influenced by a higher than anticipated pension increase due to deferred pensioner lump sum payments. Management expenses were overspent by £2,253k. With regard to income, the net effect of contributions, investment income and transfers in represented an increase of £3.6m. Overall, total fund expenditure was forecast to be £91.2m and total income £91.4m representing a positive cash flow position of £0.2m.

RESOLVED that the Dyfed Pension Fund Monitoring Report be received.

5. CASH RECONCILIATION AS AT 30 SEPTEMBER 2019

The Committee considered the Cash Reconciliation report which provided an update on the cash position in respect of the Dyfed Pension Fund. It was noted that, as at 30 September 2019, £7.3m 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 Committee was advised that the current figure was partly driven by the fact that Pembrokeshire County Council was paying employer contributions for the whole year in advance and Carmarthenshire County Council was paying them every six months in advance. The figure was therefore expected to decrease over the following months.

RESOLVED that the Dyfed Pension Fund Cash Reconciliation report be received.

6. BREACHES REPORT

The Committee received for consideration the Breaches Report in relation to the Dyfed Pension Fund. The Committee noted that Section 70 of the Pension Act 2004 sets out the legal duty to report breaches of the law. In the Code of Practice No. 14, published by the Pensions Regulator in April 2015, paragraphs 241 to 275 provide 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 were required to be reported to the Pensions Regulator where there was a reasonable cause to believe that:

- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with;
- the failure to comply was likely to be of material significance to the Regulator in the exercise of any of its functions.

The Committee noted that since the last meeting there had been a number of instances where employee/employer contributions had not been received on time. However, all contribution payments were now up to date or expected to be received shortly and no report had been sent to the Pensions Regulator. The Committee also noted that the automatic payment of refunds had been included on the breaches register.

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

7. WALES PENSION PARTNERSHIP LINK AND RUSSELL UPDATE

The Committee received an update report by Link and Russell on the Wales Pension Partnership (WPP), including current fund holdings, fund launch progress and the Link/WPP Engagement Protocol.

In response to a query on service delivery, the Committee was advised that Link's service delivery had improved after recent discussions with them but was still not to the required standard. Service delivery was monitored through six-monthly

review meetings in order to ensure compliance with the operator agreement. Representatives from the WPP participant funds attended these meetings.

RESOLVED that the Wales Pension Partnership Link and Russell Update be received.

8. WALES PENSION PARTNERSHIP HOST AUTHORITY UPDATE

The Treasury & Pension Investments Manager provided the Committee with an update on the milestones and progress of the Wales Pension Partnership. Key areas for information included WPP governance workshops, the launch of an online reporting portal for constituent authorities, the appointment of Hymans as Fixed Income Transition Management Oversight Advisor, the launch of the WPP website, the development of a communications and training plan and the submission of an MHCLG progress update. The Committee was advised that the report was appended with the WPP workplan, which would be reviewed on a quarterly basis.

RESOLVED that the Wales Pension Partnership Host Authority Update be received.

9. EXCLUSION OF THE PUBLIC

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.

10. INDEPENDENT ADVISOR PERFORMANCE AND RISK REPORT TO 30 SEPTEMBER 2019

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 9 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 Committee received the Independent Investment Adviser Report which provided information in relation to the investment managers' performance for the quarterly, 12 month and rolling 3 year periods ending 30 September 2019.

RESOLVED that the Independent Investment Adviser Report as at 30 September 2019 be noted.

11. NORTHERN TRUST PERFORMANCE REPORT 30 SEPTEMBER 2019

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 9 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 Committee considered the Northern Trust Performance report for the Dyfed Pension Fund as at 30 September 2019, which provided performance analysis at a total fund level and by investment manager for the periods up to inception.

RESOLVED that the Northern Trust Performance report for the Dyfed Pension Fund as at 30 September 2019 be received.

CHAIR

DATE