

DYDD MAWRTH, 29 RHAGFYR 2020

AT: HOLL AELODAU'R PWYLLGOR CRONFA BENSIWN DYFED

**YR WYF DRWY HYN YN EICH GALW I FYNYCHU CYFARFOD
RHITHWIR O'R PWYLLGOR CRONFA BENSIWN DYFED A
GYNHELIR AM 2.00 YP, DYDD LLUN, 11EG IONAWR, 2021 ER
MWYN CYFLAWN'I'R MATERION A AMLINELLIR AR YR AGENDA
SYDD YNGHLWM**

Wendy Walters

PRIF WEITHREDWR

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

Wendy Walters Prif Weithredwr, *Chief Executive*,
Neuadd y Sir, Caerfyrddin. SA31 1JP
County Hall, Carmarthen. SA31 1JP

<p>AELODAETH PWYLLGOR CRONFA BENSIWN DYFED 3 AELOD</p>
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GRŴP PLAID CYMRU (1)

- 1 Cyngorydd Elwyn Williams (Cadeirydd)

GRŴP LLAFUR (1)

- 1 Cyngorydd Deryk Cundy

GRŴP ANNIBYNNOL (1)

- 1 Cyngorydd Jim Jones

DIRPRWY ENWEBEDIG (1)

Cyngorydd Dai Thomas

AGENDA

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10. GORCHYMYN I'R CYHOEDD ADAEL Y CYFARFOD
NI DDYLID CYHOEDDI'R ADRODDIAD SY'N YMWNEUD Â'R MATERION CANLYNOL GAN EU BOD 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 PWYLLGOR 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.
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Mae'r dudalen hon yn wag yn fwriadol

Dydd Gwener, 16 Hydref 2020

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

Y Cynghorwyr:

D.M. Cundy a D. Thomas (Aelod yn Dirprwyo);

Yr oedd y swyddogion canlynol yn gwasanaethu yn y cyfarfod:

C. Moore, Cyfarwyddwr Gwasanaethau Corfforaethol

R. Hemingway, Pennaeth Gwasanaethau Ariannol

A. Parnell, Rheolwr Pensiwn a Buddsodiadau Gyllidol

J. Owen, Swyddog Gwasanaethau Democrataidd

M.S. Davies, Swyddog Gwasanaethau Democrataidd

B. Owen, Swyddog Buddsodiadau Pensiwn.

Rhith-Gyfarfod: 2.00 yp - 3.00 yp

1. YMDDIHEURIADAU AM ABSENOLDEB

Cafwyd ymddiheuriad am absenoldeb gan y Cynghorydd Jim Jones. Dymunodd y Cadeirydd wellhad buan i'r Cynghorydd Jones ar ôl iddo dreulio cyfnod yn yr ysbyty yn ddiweddar.

2. DATGAN BUDDIANNAU PERSONAL

Ni ddatganwyd unrhyw fuddiannau personol.

3. COFNODION - 24AIN MEHEFIN, 2020

PENDERFYNWYD YN UNFRYDOL lofnodi bod cofnodion cyfarfod y Pwyllgor ar 24 Mehefin, 2020 yn gofnod cywir.

4. ADRODDIAD YNGHYLCH YR ARCHWILIAD O DDATGANIADAU ARIANNOL 2019-20

Croesawodd y Pwyllgor Jason Garcia o Archwilio Cymru i'r cyfarfod a gyflwynodd yr Adroddiad ynghylch yr Archwiliad o Ddatganiadau Ariannol ar gyfer Cronfa Bensiwn Dyfed, gan fanylu ar y materion a oedd yn codi o'r archwiliad yr oedd angen eu hadrodd o dan Safon Ryngwladol ar Archwilio 260.

Nodwyd mai'r Archwilydd Cyffredinol sy'n gyfrifol am roi barn ynghylch a yw datganiadau ariannol Cronfa Bensiwn Dyfed yn olwg gywir a theg ar ei sefyllfa ariannol ar 31 Mawrth 2020, a'i hincwm a'i gwariant yn ystod y flwyddyn honno. Rhoddwyd gwybod i'r Pwyllgor bod adroddiad archwilio diamod ynghylch y datganiadau ariannol wedi'i gyhoeddi a byddai'r Pwyllgor Archwilio yn ystyried yr adroddiad terfynol maes o law.

PENDERFYNWYD YN UNFRYDOL dderbyn adroddiad yr Archwiliad o Ddatganiadau Ariannol 2019–20 (ISA260).

5. MONITRO CYLLIDEB 1 EBRILL 2020 - 30 MEHEFIN 2020

Derbyniodd y Pwyllgor Adroddiad Monitro Cronfa Bensiwn Dyfed a oedd yn rhoi'r wybodaeth ddiweddaraf am y sefyllfa gyllidebol o ran blwyddyn ariannol 2020/21. Nodwyd bod y sefyllfa bresennol, fel yr oedd ar 30 Mehefin 2020, yn rhagweld tanwariant o £3.2m o ran arian parod. O ran gwariant, roedd effaith net y buddion taladwy a'r trosglwyddiadau allan yn dangos tanwariant o £1.5m. Roedd hyn yn bennaf oherwydd cynnydd o 3% wrth bennu'r gyllideb ar gyfer pensiynwyr, y cynnydd gwirioneddol ar gyfer y flwyddyn hyd yma oedd 1.5%. Roedd tanwariant o ran treuliau rheolwyr o £420k.

O ran incwm, roedd effaith net cyfraniadau, incwm buddsoddi a throsglwyddiadau i mewn yn dangos cynnydd o £1.3m, yn bennaf o ganlyniad i gynnydd o £1.5m mewn incwm buddsoddi. Yn gyffredinol, y cyfanswm gwariant oedd £99.1m a chyfanswm incwm amcangyfrifedig o £102.3m gan arwain at sefyllfa llif arian parod cadarnhaol o £3.2m.

PENDERFYNWYD YN UNFRYDOL dderbyn Adroddiad Monitro Cyllideb Cronfa Bensiwn Dyfed ar gyfer y cyfnod rhwng 1 Ebrill 2020 a 30 Mehefin 2020.

6. CYSONI ARIAN PAROD FEL YR OEDD AR 30 MEHEFIN 2020

Bu'r Pwyllgor yn ystyried yr adroddiad Cysoni Arian Parod a roddai'r wybodaeth ddiweddaraf am sefyllfa ariannol Cronfa Bensiwn Dyfed. Nodwyd ar 30 Mehefin, 2020 fod Cyngor Sir Caerfyrddin yn cadw £20.9m o arian parod ar ran y Gronfa ar gyfer gofynion llif arian uniongyrchol i dalu pensiynau, cyfandaliadau a chostau rheoli buddsoddiadau.

PENDERFYNWYD YN UNFRYDOL dderbyn adroddiad Cysoni Arian Parod Cronfa Bensiwn Dyfed.

7. ADRODDIAD TORRI AMODAU 2020-2021

Cafodd y Pwyllgor Adroddiad Torri Amodau, mewn perthynas â Chronfa Bensiwn Dyfed, i'w ystyried. Nodwyd gan y Pwyllgor fod Adran 70 o Ddeddf Pensiynau 2004 yn pennu'r ddyletswydd gyfreithiol i riportio achosion o dorri'r gyfraith. Mae Côt 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, roedd yn 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 gweithwyr/cyflogwr wedi'u derbyn ar amser. Fodd bynnag, nid oedd achos wedi'i gyfeirio at y Rheoleiddiwr Pensiynau.

PENDERFYNWYD YN UNFRYDOL nodi'r Adroddiad Torri Amodau mewn perthynas â Chronfa Bensiwn Dyfed.

8. COFRESTR RISG 2020-2021

Dywedwyd wrth y Pwyllgor fod y Gofrestr Risg yn ddogfen waith sy'n tynnu sylw at yr holl risgiau a nodwyd mewn perthynas â swyddogaethau Cronfa Bensiwn Dyfed. Cafodd hyn ei adolygu ac ni chafwyd unrhyw newidiadau i'r Gofrestr Risg a gyflwynwyd i'r Pwyllgor ar 2 Mawrth 2020. Byddai'r risgiau yn parhau i gael eu hadolygu'n chwarterol, a byddai unrhyw newidiadau yn cael eu dwyn at sylw'r Pwyllgor.

PENDERFYNWYD YN UNFRYDOL nodi bod y gofrestr risg ar gyfer 2020-2021 wedi'i hadolygu i sicrhau bod risgiau'n cael eu nodi a'u hasesu.

9. DIWEDDARIAD Y GWEITHREDWR

Cafodd y Pwyllgor adroddiad diweddarau ar Bartneriaeth Pensiwn Cymru (PPC), ynghylch cynnydd a cherrig milltir yr Is-gronfeydd canlynol ynghyd â thaliadau'r gronfa, y diweddaraf o ran lansio'r gronfa a diweddariad corfforaethol ac ymgysylltiad LFS.

- Tranche 3 - Incwm Sefydlog
- Tranche 4 – Marchnadoedd Datblygol.
- Tranche 5 - Marchnadoedd Preifat

PENDERFYNWYD YN UNFRYDOL fod y wybodaeth ddiweddaraf am Bartneriaeth Pensiwn Cymru yn cael ei nodi.

10. GORCHYMYN I'R CYHOEDD ADAEL Y CYFARFOD

PENDERFYNWYD, 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.

11. ADRODDIAD PERFFORMIAD A RISG YMGYNGHORYDD BUDDSODDI ANNIBYNNOL 30 MEHEFIN 2020

Yn sgil gweithredu'r prawf budd y cyhoedd **PENDERFYNWYD YN UNFRYDOL**, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 10 uchod, fod y mater hwn yn cael ei ystyried yn breifat, gan beidio â gadael i'r cyhoedd fod yn bresennol yn y cyfarfod, gan y byddai datgelu gwybodaeth yn debygol o achosi niwed ariannol i'r Gronfa Bensiwn.

Ystyriodd y Pwyllgor Adroddiad yr Ymgynghorydd Buddsoddi Annibynnol, a roddai wybodaeth 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 Mehefin 2020.

PENDERFYNWYD YN UNFRYDOL nodi Adroddiad yr Ymgynghorydd Buddsoddi Annibynnol fel yr oedd ar 30 Mehefin 2020.

12. BENTHYCA GWARANNAU

Yn sgil gweithredu'r prawf budd y cyhoedd **PENDERFYNWYD YN UNFRYDOL**, yn unol â'r Ddeddf y cyfeiriwyd ati yng Nghofnod 10 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).

Bu'r Pwyllgor yn ystyried adroddiad a ddarparwyd gan Northern Trust ar gyfer Partneriaeth Pensiwn Cymru ynghylch benthyca gwarannau am y cyfnod rhwng 1 Ebrill 2020 a 30 Mehefin 2020 ac argymhellwyd cymeradwyo'r cais am fenthyca gwarannau yng Nghronfa Credyd Byd-eang Partneriaeth Pensiwn Cymru.

PENDERFYNWYD YN UNFRYDOL nodi'r adroddiad benthyca gwarannau a chymeradwyo'r cais am fenthyca gwarannau yng Nghronfa Credyd Byd-eang Partneriaeth Pensiwn Cymru.

13. ADRODDIAD PERFFORMIAD NORTHERN TRUST 30 MEHEFIN 2020

Yn sgil gweithredu'r prawf budd y cyhoedd **PENDERFYNWYD YN UNFRYDOL**, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 10 uchod, fod y mater hwn yn cael ei ystyried yn breifat, gan beidio â gadael i'r cyhoedd fod yn bresennol yn y cyfarfod, gan y byddai datgelu gwybodaeth yn debygol o achosi niwed ariannol i'r Gronfa Bensiwn.

Ystyriodd y Pwyllgor adroddiad perfformiad Northern Trust ar gyfer Cronfa Bensiwn Dyfed fel yr oedd ar 30 Mehefin 2020 a oedd yn nodi dadansoddiad o berfformiad o ran lefel y gronfa gyfan a chan y rheolwr buddsoddi am y cyfnodau cyn i'r gronfa gychwyn.

PENDERFYNWYD YN UNFRYDOL dderbyn adroddiad perfformiad Northern Trust ar gyfer Cronfa Bensiwn Dyfed fel yr oedd ar 30 Mehefin 2020.

CADEIRYDD

DYDDIAD

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 11/01/2021**

Monitro Cyllideb 1 Ebrill 2020 – 30 Medi 2020

Rhoi'r wybodaeth ddiweddaraf i Bwyllgor Cronfa Bensiwn Dyfed am y sefyllfa gyllidebol fel yr oedd ar 30 Medi 2020.

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

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

Y RHESYMAU:

Rhoi'r wybodaeth ddiweddaraf i Bwyllgor Cronfa Bensiwn Dyfed am y sefyllfa gyllidebol fel yr oedd ar 30 Medi 2020.

Angen ymgynghori â'r Pwyllgor Craffu perthnasol AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad AMHERTHNASOL

Yr Aelod o'r Bwrdd Gweithredol sy'n Gyfrifol am y Portffolio - AMHERTHNASOL

Y Gyfarwyddiaeth:
Gwasanaethau Corfforaethol

Enw'r Cyfarwyddwr:
Chris Moore

Awdur yr Adroddiad:
Chris Moore

Swydd:

Cyfarwyddwr
Gwasanaethau
Corfforaethol, Cyngor
Sir Gâr

Rhifau ffôn: 01267 224120

Cyfeiriad e-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 11/01/2021**

BUDGET MONITORING 1 APRIL 2020 - 30 SEPTEMBER 2020

The position as at 30 September 2020 was an under spend compared to budget of £3m on cash items.

Expenditure

The net effect of Benefits Payable and Transfers Out is an under spend of £1.5m. This is mainly due to an increase of 3% built in at budget setting for pensioners, actual increase for the year to date is 1.5%. Management expenses are underspent by £312k.

Income

The net effect of Contributions, Investment Income and Transfers In is an increase of £1.2m. This is mainly due to an increase in Investment Income of £1.5m.

Total expenditure is estimated at £99.3m and total income estimated at £102.3m resulting in a positive cash flow position of £3m.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	YES	NONE	NONE	NONE	NONE

Finance

Overall, the Fund needs to maintain a positive cash flow balance to meet its obligations. The cash flow projection was positive by £3m as at 30 September 2020.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

EXECUTIVE BOARD PORTFOLIO
HOLDER(S) AWARE/CONSULTED : NA

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

THERE ARE NONE

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

Dyfed Pension Fund									
Budget Monitoring									
1st April 2020 - 30th September 2020									
	Budget Type	Actual 2019-2020	Budget 2020-2021	Total income/ expenditure to date	Forecast Commitments	Forecast 2020-2021	End of year variance		Assumptions/Comments
	Controllable / Non Controllable	£ '000 (a)	£ '000 (b)	£ '000 (c)	£ '000 (d)	£ '000 (e)	£ '000 (f)	%	
Expenditure									
Benefits Payable	Both	89,766	89,869	44,037	44,365	88,402	-1,467	-1.6	3% included at budget setting for new pensioners, actual increase year to date is 1.5%
Pensions Payable	Controllable	72,858	76,369	37,287	37,615	74,902	-1,467		
Commutation and lump sum retirement benefits	Non Controllable	14,708	12,000	6,000	6,000	12,000	0		
Lump sum death benefits	Non Controllable	2,200	1,500	750	750	1,500	0		
Payments to and account of leavers	Non Controllable	3,597	2,620	1,314	1,306	2,620	0	0.0	
Management Expenses		7,775	8,549	3,445	4,792	8,237	-312	-3.6	
Computer Software	Controllable	338	361	41	320	361	0		
Printing charges	Controllable	13	20	9	11	20	0		
Subscriptions, Legal fees, Conf Exps, Med Exps	Controllable	63	70	34	36	70	0		
Fund Managers									
BlackRock	Controllable	1,703	1,443	726	761	1,487	44		Based on 30 September 2020 Market valuations.
Schroders	Controllable	763	882	364	364	728	-154		Reduction in Market valuations of property investments, July 2020 -March 2021 forecast based on August 2020 valuation
Wales Pension Partnership	Controllable	2,600	3,510	581	2,769	3,350	-160		Corporate Bonds not pooled until July 2020.
Partners Group	Controllable	856	806	402	404	806	0		
Custodian									
Northern Trust	Controllable	30	31	1	31	32	1		
Actuary									
Mercer	Controllable	221	100	-5	105	100	0		
Performance Manager									
Northern Trust / PIRC / CEM	Controllable	10	26	0	26	26	0		
Independent Advisor	Controllable	21	30	7	23	30	0		
Other									
Euraplan, LSE, Pension Board	Controllable	21	23	3	33	36	13		
Central recharges	Non Controllable	1,108	1,219	1,268	-100	1,168	-51		Vacant posts within pensions administration
Audit fees	Controllable	28	28	14	9	23	-5		
Controllable Expenditure		79,525	83,699	39,464	42,507	81,971	-1,728		
Non Controllable Expenditure		21,613	17,339	9,332	7,956	17,288	-51		
Total Expenditure		101,138	101,038	48,796	50,463	99,259	-1,779		
Income									
Contributions									
Employer	Controllable	-60,238	-64,596	-35,122	-29,069	-64,191	405	-0.6	Advance payments made resulting in discounted contributions; Ceredigion CC, Pembs CC and Dyfed Powys Police in 2020-21
Member	Controllable	-20,194	-21,148	-10,695	-10,594	-21,289	-141	0.7	Increased member purchase of annuity (pension) from their AVC when matured than originally budgeted.
Investment Income	Controllable	-16,822	-13,794	-4,737	-10,532	-15,269	-1,475	10.7	Includes BlackRock SAIF, Schroders dividend income, WPP and Partners Group which is income reinvested.
Other Income	Controllable	0	0	-1	1	0	0	0.0	
Transfers in from other pension funds	Non Controllable	-6,839	-1,500	-1,065	-435	-1,500	0	0.0	
Controllable Income		-97,254	-99,538	-50,555	-50,194	-100,749	-1,211		
Non Controllable Income		-6,839	-1,500	-1,065	-435	-1,500	0		
Total Income		-104,093	-101,038	-51,620	-50,629	-102,249	-1,211		
Controllable Total		-17,729	-15,839	-11,091	-7,687	-18,778	-2,939		
Non Controllable Total		14,774	15,839	8,267	7,521	15,788	-51		
Total		-2,955	0	-2,824	-166	-2,990	-2,990		
Cash Transfer to Fund Managers	Cash	0	0	0	0	0	0		
Net Total of Cash Related Items		-2,955	0	-2,824	-166	-2,990	-2,990		
Indirect Transactional Management Fees	Non Cash	3,670	2,840	0	3,402	3,402	562	19.8	CIPFA Management cost guidance issued to show indirect transactional fees indirectly paid by the funds
Investment Income	Non Cash	-3,670	-2,840	0	-3,402	-3,402	-562	19.8	Contra entry to the Indirect transactional fees
Realised gain/loss	Non Cash	-30,270	-50,000	-151,754	-6,246	-158,000	-108,000	216.0	Non Controllable. No impact to cash. Gain as a result of Corporate Bond transition.
Net Total of Non-Cash Related Items		-30,270	-50,000	-151,754	-6,246	-158,000	-108,000		

Mae'r dudalen hon yn wag yn fwiadol

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 11/01/2021**

Cysoni Arian Parod fel yr oedd ar 30 Tachwedd 2020

Rhoi'r wybodaeth ddiweddaraf i Bwyllgor Cronfa Bensiwn Dyfed am y sefyllfa arian parod fel yr oedd ar 30 Tachwedd 2020.

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

Pwyllgor i derbyn Adroddiad Cysoni arian parod diweddaraf Cronfa Bensiwn Dyfed ac ystyried y sefyllfa o ran arian parod.

Y RHESYMAU:

Rhoi'r wybodaeth ddiweddaraf i Bwyllgor Cronfa Bensiwn Dyfed am y sefyllfa arian parod fel yr oedd ar 30 Tachwedd 2020.

Angen ymgynghori â'r Pwyllgor Craffu perthnasol AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad AMHERTHNASOL

Yr Aelod o'r Bwrdd Gweithredol sy'n Gyfrifol am y Portffolio - AMHERTHNASOL

Y Gyfarwyddiaeth:
Gwasanaethau Corfforaethol

Enw'r Cyfarwyddwr:
Chris Moore

Awdur yr Adroddiad:
Chris Moore

Swydd:

Cyfarwyddwr
Gwasanaethau
Corfforaethol, Cyngor
Sir Gâr

Rhifau ffôn: 01267 224120

Cyfeiriad e-bost:

CMoore@sirgar.gov.uk

EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 11/01/2021

CASH RECONCILIATION AS AT 30 NOVEMBER 2020

The position as at 30 November 2020 reports £23.1m 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

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	YES	NONE	NONE	NONE	NONE

Finance

A sufficient cash balance is required to be held by Carmarthenshire to ensure the Fund can meet its immediate cash flow requirements.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

EXECUTIVE BOARD PORTFOLIO
HOLDER(S) AWARE/CONSULTED : NA

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

THERE ARE NONE

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

Item 5.1

<u>Dyfed Pension Fund Cash Reconciliation</u>		<u>November 2020</u>
Balance b/f 1st April 2020		£6,853,602.71
<i>Investment trades</i>		
Sales	403,857,276.06	
Purchases	-419,131,466.76	
		-£15,274,190.70
Contributions received	£67,802,329.57	
Payments made	-£60,052,205.79	
Dividend Income	£23,304,850.90	£31,054,974.68
		£22,634,386.69
Total Available for Investment		£22,634,386.69
<i>Represented by :</i>		
Cash at Carmarthenshire		£23,053,458.34
Cash due to be received/deducted		£0.00
CCC Debtors		£116,322.97
CCC Creditors		-£535,394.62
		£22,634,386.69
		£0.00

Mae'r dudalen hon yn wag yn fwriadol

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 11/01/2021**

Adroddiad Torri Amodau 2020-2021

Nodi unrhyw achosion o dorri amodau sydd wedi digwydd yng Nghronfa Bensiwn Dyfed yn 2020-2021 yn unol â Pholisi Torri Amodau.

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

Nodi unrhyw achosion o dorri amodau sydd wedi digwydd yng Nghronfa Bensiwn Dyfed yn 2020-2021.

Y RHESYMAU:

Yn unol â Pholisi Torri Amodau Cronfa Bensiwn Dyfed.

Angen ymgynghori â'r Pwyllgor Craffu perthnasol AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad AMHERTHNASOL

Yr Aelod o'r Bwrdd Gweithredol sy'n Gyfrifol am y Portffolio - AMHERTHNASOL

Y Gyfarwyddiaeth:
Gwasanaethau Corfforaethol

Enw'r Gyfarwyddwr:
Chris Moore

Awdur yr Adroddiad:
Chris Moore

Swydd:

Cyfarwyddwr
Gwasanaethau
Corfforaethol, Cyngor
Sir Gâr

Rhifau ffôn: 01267 224120

Cyfeiriad e-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 11/01/2021**

BREACHES REPORT 2020-2021

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 Committee 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 Committee 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

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: C Moore

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

**EXECUTIVE BOARD PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

NA

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

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

THERE ARE NONE

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

Mae'r dudalen hon yn wag yn fwriadol

Breaches Report

89	2019-20	22/4/20	Contributions	An underpayment of contributions £435.34 has occurred during the year. Remittance advices were received late and often did not match the payments. The Accountant stated that it's the Employer's error but the Employer insists the responsibility of the Accountant.	No	Amber	No Report	Problems with differences between remittances and actual payments received and timing of payments has not been resolved. Accountant on Furlough Scheme at present. Underpayment for 19-20 still outstanding
90	2020-21	April 20 and May 20	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. April - 9 members & total refunds = £627.51, May - 14 members & total refunds = £1289.69	No	Amber	No Report	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.
91	2020-21	22/5/20	Contributions	April contributions (£284.81) received 4 days late. Cause: Difficulties between Accountant and Employer over who is responsible for accuracy and timing of payments. Effect: Payment has now been received.	No	Amber	No Report	Problems with differences between remittances and actual payments received and timing of payments has not been resolved. Accountant on Furlough Scheme at present. Underpayment for 19-20 still outstanding
92	2020-21	22/5/20	Contributions	April contributions (£21,425.90) received 14 days late. Cause: Payment not made by Finance Department Effect: Payment has now been received.	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
93	2020-21	22/5/20	Contributions (EES ONLY)	April EES contributions (£472.23) received 12 days late. Cause: Payment not made by Finance Department Effect: Payment has now been received.	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
94	2020-21	22/6/20	Contributions	May contributions (£21,168.63) received 2 days late. Cause: Payment runs now made fortnightly instead of weekly due to homeworking. Will put future payments on earlier run. Payment has now been received.	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
95	2020-21	22/7/20	PSD	June quarter PSD payment of £150 not received. Also underpayment of £435.34 from 2019-20 still not received. Another email sent 27th July to Accountant.	No	Amber	No Report	Accountant has replied stating that she will ask for underpayment to be paid in next payroll run. They do not have much contact with Employer at moment due to Covid 19 closure.
96	2020-21	June 20, July 20 & August 20	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. June - 15 members & total refunds = £2625.12, July - 22 members & total refunds = £1734.26, August - 44 members & total refunds = £9653.66	No	Amber	No Report	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.
97	2020-21	22/8/20	Contributions	July contributions (£21,673.12) received 2 days late. Cause: Payment runs now made fortnightly instead of weekly due to homeworking. Payment has now been received.	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
98	2020-21	22/9/20	Contributions & PSD	August contributions not yet received. Also, June quarter PSD payment of £150 not received as well as underpayment of £435.34 from 2019-20. Cause: Accountant has been on annual leave and difficulties between Accountant and Employer over who is responsible for accuracy and timing of payments is still ongoing	No	Amber	No Report	August contributions only received 6.10.20-awaiting further information from Accountant and Employer.
99	2020-21	22/10/20	Contributions & PSD	September contributions £262.73 received 4.11.20 (13 days late). Also, June & September qtrs PSD payment of £300 (£150x2) not received as well as underpayment of £435.34 from 2019-20. Cause: Accountant has been on annual leave and difficulties between Accountant and Employer over who is responsible for accuracy and timing of payments is still ongoing	No	Amber	No Report	Email sent 26 October to Accountant who will check outstanding balances and forward information to Employer
100	2020-21	22/10/20	Contributions	September payment of £1,333.09 was received 23/10/20 (1 day late). Cause: Payment was put on hold as query with figures. Payment has now been received.	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.

101	2020-21	September, October, November & December 20	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. September - 11 members & total refunds = £1746.78, October - 14 members & total refunds = £1694.06, November - 14 members and total refund = £2713.58, December - 15 members and total refund = £2737.93	No	Amber	No Report	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.
102	2020-21	22/12/20	Contributions	November payment of £1,250.63 not yet received. Finance Manager is looking into this.	No	Amber	No Report	There are no long term implications associated with this breach.

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 11/01/2021**

Cofrestr Risg 2020-2021

I sicrhau bod pob risg yn cael eu nodi a'u hasesu'n gywir

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

Hysbysu'r Pwyllgor bod y gofrestr risg ar gyfer 2020-2021 wedi'i hadolygu i sicrhau bod unrhyw risg yn cael eu nodi a'u hasesu.

Y RHESYMAU:

I sicrhau bod pob risg yn cael eu nodi a'u hasesu'n gywir.

Angen ymgynghori â'r Pwyllgor Craffu perthnasol AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad AMHERTHNASOL

Yr Aelod o'r Bwrdd Gweithredol sy'n Gyfrifol am y Portffolio - AMHERTHNASOL

Y Gyfarwyddiaeth:
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Chris Moore

Awdur yr Adroddiad:
Chris Moore

Swydd:

Cyfarwyddwr
Gwasanaethau
Corfforaethol, Cyngor
Sir Gâr

Rhifau ffôn: 01267 224120

Cyfeiriad e-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 11/01/2021**

RISK REGISTER 2020-2021

The Risk Register is a working document that highlights all the risks identified in relation to the functions of the Dyfed Pension Fund. This has been reviewed during the quarter and there are no changes since it was presented to committee on the 2 March 2020. It will continue to be reviewed during the year.

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)

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	YES	NONE	NONE

Risk Management Issues

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 its objectives.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

**EXECUTIVE BOARD PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

NA

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

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

THERE ARE NONE

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

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlle (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlle d Risk Rating
CSV400001 - Failure to comply with LGPS regulations as well as other overriding regulations	Substantial	Unlikely	Medium	• Altair Development Officer undertakes Altair system checks to ensure compliance with LGPS regulations <i>Implemented</i>	Pensions Manager		Substantial	Improbable	Low
	4	2	8	• Network Groups (Altair & LGPC) <i>Implemented</i>	Pensions Manager		4	1	4
				• Communication & Training Officer Communication & Training Officer responsible for the maintenance of Online Procedure manuals, and the provision of training to all section staff and employing bodies via site visits. <i>Implemented</i>	Pensions Manager				
				• Continue to act as an "Early Adopter" in conjunction with the system provider to ensure system meets regulatory requirements <i>Implemented</i>	Pensions Manager				

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Controls	Assigned To	Target Date Priority	Assessment of Controlle (Assume CONTROLLED in place)		Risk Controls Controlle d Risk Rating
	Impact	Probability				Impact	Probability	
				• Technical Officer ensures legislative accuracy of calculations <i>Implemented</i>	Pensions Manager			
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"> Participation in all high level Government discussions and consultations <i>Implemented</i> Ensure best practice is implemented and DPF is seen as a centre of excellence for pension administration <i>Implemented</i> Continue to be recognised nationally by peers as one of the leaders in pension administration and facilitate site visits <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager Pensions Manager	Substantial 4	Improbable 1	Low 4

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> Society of Welsh Treasurers review the suitability of existing and any new pension fund arrangements <i>Implemented</i> CIPFA Pensions Network membership <i>Implemented</i> Technical Officer ensures legislative accuracy of calculations <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager 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"> Segregation of duties and authorisation of benefits following calculation by Senior Pensions Officer <i>Implemented</i> 	Pensions Manager		Significant 3	Improbable 1	Very Low 3

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Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Controls	Assigned To	Target Date Priority	Assessment of Controlle (Assume CONTROLLED in place)		Risk Controls Controlle d Risk Rating
	Impact	Probability				Impact	Probability	
				<ul style="list-style-type: none"> • Altair Development Officer is responsible for regular system checks regarding calculations <i>Implemented</i> • Communication&Training Officer liaises closely with all employing authorities to ensure timely submission of information to DPF <i>Implemented</i> • Payroll deadline procedures in place <i>Implemented</i> • Item in Business Continuity/Disaster Recovery Plan <i>Implemented</i> • Participate in National Fraud Initiative (NFI) <i>Implemented</i> 	Pensions Manager Pensions Manager Pensions Manager Pensions Manager Pensions Manager			

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> Life Certificates exercise carried out for all cheque payments <i>Implemented</i> Undertake reviews of monthly performance to ensure service standards are maintained <i>Implemented</i> IT Contingency/Resilience Plan in place <i>Implemented</i> 	Pensions Manager Pensions Manager Pensions Manager				
CSV400004 - Failure to collect and account for full receipt of contributions from employers and employees on time 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	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Contributions monitoring procedures <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Controls	Assigned To	Target Date Priority	Assessment of Controlle (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability				Current Risk Rating	Impact	Probability
<p>communicate with employers effectively; failure of key systems such as on-line banking and/or financial ledger.</p> <p>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.</p>				<ul style="list-style-type: none">• Formal timescales for receipt of contributions <i>Implemented</i>• Budget set and monthly monitoring against the budget <i>Implemented</i>• Escalation of non receipt of contributions <i>Implemented</i>• Systems Audit undertaken by Internal Audit and External Auditors <i>Implemented</i>	<p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p>			

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlle (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlle d Risk Rating
CSV400005 - Failure to keep pension records up to date and accurate	Significant	Possible	Medium	<ul style="list-style-type: none"> Senior Officers liaise closely with employing authorities to ensure timely and accurate submission of data to DPF <i>Implemented</i> 	Pensions Manager		Significant	Improbable	Very Low
	3	3	9	<ul style="list-style-type: none"> i-Connect ensures that data from employers is identified by a direct transfer from payroll on a monthly basis <i>Implemented</i> 	Pensions Manager		3	1	3
				<ul style="list-style-type: none"> Data accuracy checks undertaken by the pension section prior to continual validation on workflow system <i>Implemented</i> 	Pensions Manager				
				<ul style="list-style-type: none"> Data integrity validation is performed monthly by Altair Development Officer <i>Implemented</i> 	Pensions Manager				

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlle (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability					Controlle d Risk Rating		
				<ul style="list-style-type: none">• Data validation checks also undertaken by the DPF's partners (e.g.the Actuary at Valuation) <i>Implemented</i>• Additional validation carried out through NFI <i>Implemented</i>• Opportunity to escalate non-compliance <i>Implemented</i>	Pensions Manager 				

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

Date: **29 December, 2020**

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Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlle (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlle d Risk Rating
CSV400007 - Loss of funds through fraud or misappropriation in administration related functions	Substantial	Unlikely	Medium	• Internal and external audit checks performed to ensure that appropriate and effective controls are in place <i>Implemented</i>	Pensions Manager		Moderate	Unlikely	Low
	4	2	8				2	2	4
				• Segregation of duties and authorisation of benefits following calculation by Senior Pensions Officer and Pensions Officer <i>Implemented</i>	Pensions Manager				
				• Altair Development Officer undertakes data integrity checks <i>Implemented</i>	Pensions Manager				
CSV400008 - Normal operations disrupted by uncontrollable external factors Service delivery threats from fire,				• Systems and Payroll audit undertaken annually <i>Implemented</i>	Pensions Manager				
	Substantial	Possible	High				Significant	Improbable	Very Low
	4	3	12				3	1	3

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Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability				Impact	Probability	
<p>bomb, extreme weather, electrical faults, sickness epidemic, etc.</p> <p>Insufficient daily back up, disaster recovery, and IT cover to support systems.</p> <p>Temporary loss of ability to provide service to stakeholders.</p>				<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls <i>Implemented</i> Disaster Recovery Plan for pensions system with the software provider <i>Implemented</i> Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. <i>Implemented</i> 	<p>Pensions Manager</p> <p>Pensions Manager</p> <p>Pensions Manager</p>			
<p>CSV400009 - Inability to keep service going due to loss of main office, computer system, or staff</p>	<p>Moderate</p> <p>2</p>	<p>Unlikely</p> <p>2</p>	<p>Low</p> <p>4</p>	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls <i>Implemented</i> 	Pensions Manager	<p>Moderate</p> <p>2</p>	<p>Improbable</p> <p>1</p>	<p>Very Low</p> <p>2</p>

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability				Impact	Probability	
				<ul style="list-style-type: none"> Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. <i>Implemented</i> 	Pensions Manager			
CSV400010 - Lack of expertise among some Pension Administration officers	Significant 3	Unlikely 2	Medium 6	<ul style="list-style-type: none"> Personal development plan in place to support the development of each officer in the Section <i>Implemented</i> Specific courses / seminars attended by officers to further their knowledge and understanding <i>Implemented</i> 	Pensions Manager Pensions Manager	Significant 3	Improbable 1	Very Low 3
CSV400011 - Over reliance on key Pensions Administration and Investment Officers Specialist nature of the work means there are relatively few experts in Investments and the Local Authority	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> Key officers convey specialist knowledge to colleagues on a function or topic basis by mentoring <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager	Significant 3	Unlikely 2	Medium 6

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

Date: **29 December, 2020**

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Tudalen 44

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

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Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		Controlled Risk Rating
	Impact	Probability				Impact	Probability	
				<ul style="list-style-type: none"> Communications Policy in place <i>Implemented</i> Annual Employer & Consultative Meeting <i>Implemented</i> 	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"> Inter valuation monitoring and rate reassessment if appropriate <i>Implemented</i> Identification of any issue and resolution via regular site visits by Communication & Training Officer <i>Implemented</i> 	Pensions Manager Pensions Manager	Significant 3	Unlikely 2	Medium 6

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> Requirement for employing authorities to issue termination forms for each active member <i>Implemented</i> Validation of membership numbers <i>Implemented</i> Employer covenant checks <i>Implemented</i> 	Pensions Manager Pensions Manager Pensions Manager				
CSV400015 - Liquidity/cashflow risk - insufficient funds to meet liabilities as they fall due 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	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Monthly cash and dividend reconciliations <i>Implemented</i> Quarterly monitoring of investment managers by Pension Committee <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

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

Manager

Manager

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk Controls (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlle (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability					Controlle d Risk Rating		
				<ul style="list-style-type: none">Quarterly monitoring by Pension Committee and Independent Adviser <i>Implemented</i>	Treasury & Pensions Investments Manager				
CSV400017 - Excessive levels of Pension Fund Cash held within Carmarthenshire County Council investment balances High dividend / interest receipts and low benefit payments being made in period. Lower cash like return instead of equity or bond investment returns.	Significant 3	Unlikely 2	Medium 6	<ul style="list-style-type: none">Monthly cash reconciliations and separate pension fund bank accounts <i>Implemented</i>Quarterly monitoring by Pension Fund Committee <i>Implemented</i>Internal Audit and Wales Audit Office review <i>Implemented</i>	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Significant 3	Improbable 1	Very Low 3
CSV400018 - Significant rises in employer contributions due to increases in liabilities or fall in assets Scheme liabilities increase disproportionately as a result of	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none">Use qualified actuary who uses assumptions and recommends appropriate recovery period and strategy <i>Implemented</i>	Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9

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Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Controls	Assigned To	Target Date Priority	Assessment of Controlle (Assume CONTROLLED in place)		Risk Controls Controlle d Risk Rating
	Impact	Probability				Impact	Probability	
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.				<ul style="list-style-type: none"> Quarterly monitoring of investment managers by Pension Committee <i>Implemented</i> Diversified Strategic Asset Allocation <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager			
CSV400019 - Lack of expertise on Pension Fund Committee and/or amongst Officers Lack of training, continuous professional development and 4 year election cycle. Flawed recommendations given to Pension Fund Committee which, unchallenged, could lead to incorrect decisions being made.	Significant 3	Likely 4	High 12	<ul style="list-style-type: none"> Ensure Officers are trained and up to date in key areas through courses, seminars, reading, discussions with consultants, etc. <i>Implemented</i> Members given induction training on joining Committee with subsequent opportunities to attend other specialist training. <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager	Significant 3	Possible 3	Medium 9

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> Members' training plan and Governance Policy established <i>Implemented</i> Specialist assistance available from consultants and independent adviser <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager				
CSV400020 - Failure of Investment Strategy to deliver investment objectives Inaccurate triennial valuation assumptions used. Incorrect recovery period used. Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employer's costs.	Significant 3	Likely 4	High 12	<ul style="list-style-type: none"> Qualified Actuary makes assumptions and recommends appropriate recovery period and strategy. <i>Implemented</i> Independent Investment adviser employed to assist the committee in making informed decisions. <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlle (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlle d Risk Rating
CSV400021 - Prolonged failure of investment managers to achieve the returns specified on their mandates Under-performance by the investment managers; lack of monitoring and challenging by the Committee.	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> Quarterly monitoring of investment managers and performance company reports by investment team and Pension Committee <i>Implemented</i> 	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
CSV400022 - Concentration risk - single asset class having disproportionate impact on investment objectives 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.	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Establish & review diversified strategic asset allocation <i>Implemented</i> Proactive in decision making <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlle (Assume CONTROLLED in place)		Risk Controls
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlle d Risk Rating
CSV400023 - Counterparty risk - risk of other party in a transaction failing to meet its obligation to the fund 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.	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none">Set appropriate parameters with fund managers and custodian to limit exposure to default risk <i>Implemented</i>	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
CSV400024 - Interest rate risk Arises from risk of exposure to significant interest rate movements on investments. Bond yields and cash decrease in value.	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none">Establish & review diversified strategic asset allocation <i>Implemented</i>	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
CSV400025 - Discount rate risk Use of inappropriate discount rate to estimate future liabilities. Funding level decreases; employer contribution rates become	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none">Engage qualified actuary to make assumptions <i>Implemented</i>	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Controls	Assigned To	Target Date Priority	Assessment of Controlle (Assume CONTROLLED in place)		Risk Controls Rating
	Impact	Probability				Impact	Probability	
unacceptable, causing potential increase in employers' costs.				• Engage independent adviser to assist the committee in making informed decisions <i>Implemented</i>	Treasury & Pensions Investments Manager			
CSV400026 - Price risk 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	• Establish & review a diversified strategic asset allocation. <i>Implemented</i> • Anticipate long term returns on a prudent basis. <i>Implemented</i>	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager	Substantial 4	Unlikely 2	Medium 8
CSV400027 - Foreign exchange risk 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	Substantial 4	Possible 3	High 12	• Establish & review diversified (within regions) strategic asset allocation <i>Implemented</i>	Treasury & Pensions Investments Manager	Substantial 4	Unlikely 2	Medium 8

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

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Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
CSV400029 - Adequate skilled resources not available for accounts preparation 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	Likely 4	High 12	<ul style="list-style-type: none"> • Appropriate Treasury & Pension Investments structure in place <i>Implemented</i> • Arrange training courses and seminars, and mentoring <i>Implemented</i> 	Treasury & Pensions Investments Manager Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9
CSV400030 - Failure to recover all debts 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	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> • Use of specialist debt recovery section within the administering authority <i>Implemented</i> • Monthly monitoring of debts due <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager and Treasury & Pensions Investments Manager		Moderate 2	Improbable 1	Very Low 2

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
CSV400031 - Officers acting outside delegated authority 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	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Undertake regular review of Standing Orders & Constitution <i>Implemented</i> Report to Executive Board <i>Implemented</i> Monitoring officer role <i>Implemented</i> 	Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager and Treasury & Pensions Investments Manager Pensions Manager and Treasury & Pensions Investments Manager		Substantial 4	Improbable 1	Low 4
CSV400032 - Non-performance by Officers and Committee Members Lack of training for officers and members; turnover in officers and members; lack of appraisals; lack of PI monitoring; time constraints for	Substantial 4	Possible 3	High 12				Substantial 4	Unlikely 2	Medium 8

Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Controls	Assigned To	Target Date Priority	Assessment of Controlle (Assume CONTROLLED in place)		Risk Controls Controlle d Risk Rating
	Impact	Probability				Impact	Probability	
<p>members; conflicting deadlines for officers.</p> <p>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</p>			<ul style="list-style-type: none"> • Establish performance measurement system <i>Implemented</i> • Pension Committee member assessments <i>Implemented</i> • Officer appraisals in October and March annually <i>Implemented</i> • Regular internal and external audits <i>Implemented</i> 	<p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p> <p>Pensions Manager and Treasury & Pensions Investments Manager</p>				

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

Date: **29 December, 2020**

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Risk Register 2020-21

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

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

Date: **29 December, 2020**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlle (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlle d Risk Rating
CSV400034 - Insufficient resources to provide information requirements for the Wales Pension Partnership on the management of the fund	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> Staffing resources to be kept under review to ensure the Fund's interests are properly met when developing investment pooling arrangements Implemented 	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

Mae'r dudalen hon yn wag yn twriadol

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 11/01/2021**

Diweddariad Gweithredwr Y Pwyllgor Cronfa Bensiwn Dyfed i gael y wybodaeth ddiweddaraf gan Link a Russell am gerrig milltir a chynnydd Partneriaeth Pensiwn Cymru.		
YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN: Link a Russell i ddarparu'r wybodaeth ddiweddaraf am garreg filltir a chynnydd Partneriaeth Pensiynau Cymru.		
Y RHESYMAU: Link a Russell i roi diweddariad ar y meysydd allweddol isod: <ul style="list-style-type: none"> • Daliadau Presennol y Cronfeydd • Cynnydd Lansio'r Gronfa • Diweddariad ac ymgysylltiad corfforaethol Link / Russell Investments 		
Angen ymgynghori â'r Pwyllgor Craffu perthnasol AMHERTHNASOL		
Angen i'r Bwrdd Gweithredol wneud penderfyniad AMHERTHNASOL		
Angen i'r Cyngor wneud penderfyniad AMHERTHNASOL		
Yr Aelod o'r Bwrdd Gweithredol sy'n Gyfrifol am y Portffolio - AMHERTHNASOL		
Y Gyfarwyddiaeth: Gwasanaethau Corfforaethol Enw'r Cyfarwyddwr: Chris Moore Awdur yr Adroddiad: Chris Moore	Swydd: Cyfarwyddwr Gwasanaethau Corfforaethol, Cyngor Sir Gâr	Rhifau ffôn: 01267 224120 Cyfeiriad e-bost: CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 11/01/2021**

OPERATOR UPDATE

A report from Link and Russell providing an update on the progress and milestones of the following Sub Funds:

- Tranche 3 – Fixed Income
- Tranche 4 – Emerging Markets
- Tranche 5 – Private Markets strategy development

Also, an update on the Engagement Protocol, including key meeting dates.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: C Moore

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

**EXECUTIVE BOARD PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

NA

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

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

THERE ARE NONE

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

Mae'r dudalen hon yn wag yn fwriadol

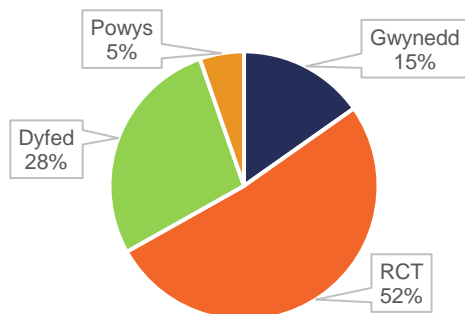
Wales Pension Partnership

Joint Governance Committee

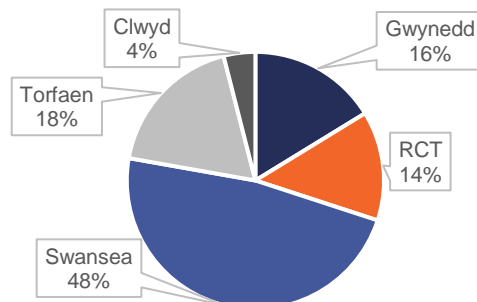
10th December 2020

September 2020 LF Wales PP Fund Snapshot

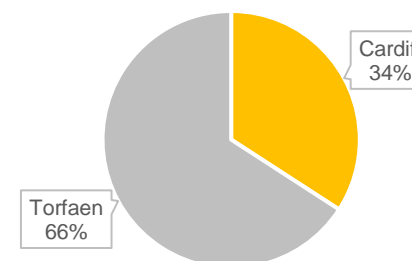
Global Growth



Global Opportunities



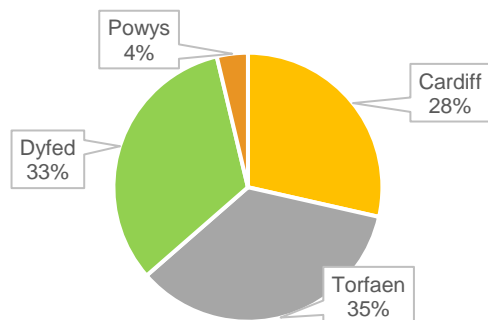
UK Opportunities



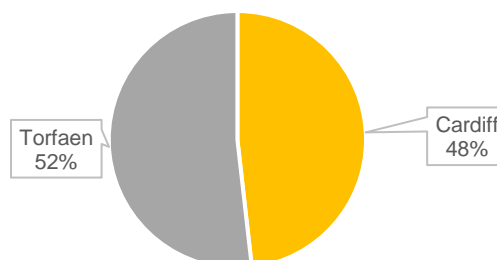
Key:

- Dyfed
- Powys
- Gwynedd
- RCT
- Torfaen
- Clwyd
- Swansea
- Cardiff

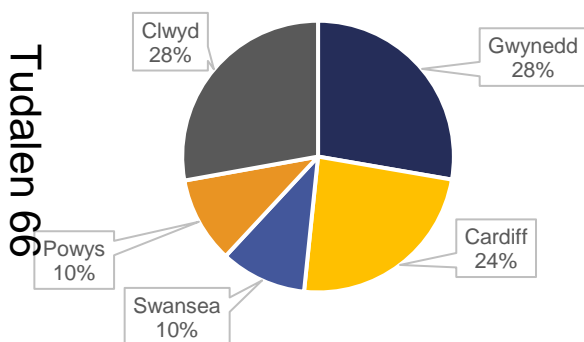
Global Credit



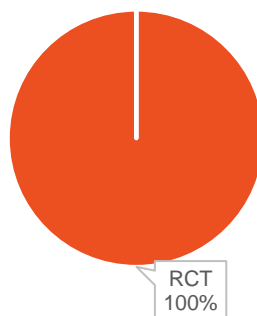
Global Gov. Bond



Multi Asset Credit



Sterling Credit



Fund	AUM	Inception date
Global Growth	£2,445,037,288	6 th Feb 2019
Global Opportunities	£2,284,960,573	14 th Feb 2019
UK Opportunities	£544,517,720	10 th Oct 2019
Global Credit	£789,846,587	21 st Aug 2020
Global Government Bond	£531,735,711	20 th Aug 2020
Multi Asset Credit	£636,770,339	12 th Aug 2020
Sterling Credit	£554,652,347	19 th Aug 2020
Total	£7,787,520,565	

Note: All data as at 30th September 2020

Fund Launch Progress Report

Tranche 3, 4 & 5 updates

Open Launch Activity

Key Achievements & Updates

Key:

- On track
- Progressing with delays
- On hold / progressing with major delays

Fund Launches Progress				
	Overview	Status	Progress in period	Launch dates
Tranche 3: Fixed Income sub-fund launch	<ul style="list-style-type: none"> Establishment of 5 Fixed Income sub-funds within the ACS FCA approval received and BlackRock appointed as transition manager 	Completed	<ul style="list-style-type: none"> All 5 funds launched successfully BlackRock have completed the post transition report and review with Host Authority / Hymans 28th September (final document issued 26th October) Byhiras review of transition pending 	27 th and 30 th July 2020 30 th September
Tranche 4: Emerging Markets sub-fund launch	<ul style="list-style-type: none"> Emerging Market fund to be created under the Enhanced Portfolio Implementation model with a carbon reducing overlay 	■	<ul style="list-style-type: none"> JGC agreed manager structure proposal March 2020 Prospectus review completed by LFS, Burgess Salmon and NT Depositary Submission to FCA due w/c 9th Nov 	May 2021

Strategic developments				
	Overview	Status	Progress in period	Planned Launch date
Tranche 5: Private Markets strategy development	<ul style="list-style-type: none"> Development of a WPP Private Market strategy including a road map for the potential creation of a standalone Private Market sub fund 	■	<ul style="list-style-type: none"> Russell Investments paper to outline launch proposal based on legacy asset and strategic plan of each participating Authority discussed within Working Group LFS provided a consultation paper on suitable structures to Host Authority / Hymans on 28th August Follow up paper on operating model and investment approach provided to Host Authority / Hymans on 28th October 	January to June 2021

LFS Corporate Update & Engagement

LFS Corporate Update & Engagement

ASX Announcement

- A non-binding indicative proposal to acquire Link Group was received from a consortium comprising Pacific Equity Partners, Carlyle Group and their affiliates (Consortium) dated 10 October 2020
- This offer was rejected as it did not represent compelling value for Link Group shareholders and a subsequent offer is under review
- These events have no impact to our service delivery and commitment to the WPP

Key Q3 and future WPP Engagement

Link attendance at OWG/JGC meetings in period:

- OWG 24th July 2020 (VC)
- JGC 11th Sep 2020 (VC)
- OWG 18th Sep 2020 (VC)

Link attendance at OWG/JGC meetings in next quarter:

- OWG 4th November 2020 (VC)
- JGC 10th Dec 2020 (VC)

Link - Pension Committee attendance in period:

- None

Link - Pension Committee attendance in next quarter :

- Clwyd – 25th November 2020 (VC)

Other meetings in period

- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly
- Private markets update 21st July 2020

Other meetings in next quarter

- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly

LFS Engagement Protocol

Business as Usual

Strategic Relationship Review	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Bi-annual 	<ul style="list-style-type: none"> ▪ Ensure strategic alignment between Host Authority and Link
WPP Attendees <ul style="list-style-type: none"> ▪ Chris Moore ▪ Anthony Parnell ▪ Two Section 151 / Deputy Section 151 officers 		Link Attendees <ul style="list-style-type: none"> ▪ Karl Midl, Managing Director ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ Duncan Lowman, Head of Client Coverage
JGC Engagement	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Quarterly 	<ul style="list-style-type: none"> ▪ Engage with JGC on pertinent matters and strategic deliverables
WPP Attendees <ul style="list-style-type: none"> ▪ Joint Governance Committee (JGC) 		Link Attendees <ul style="list-style-type: none"> ▪ Karl Midl, Managing Director / Adam Tookey, Head of Product – as required ▪ Richard Thornton, Head of Relationship Management, Asset Owners / Duncan Lowman, Head of Client Coverage ▪ Eamonn Gough, Senior Relationship Manager ▪ Russell Investments
OWG Engagement	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Every 2 Months 	<ul style="list-style-type: none"> ▪ Identify and deliver on opportunities to improve and expand the relationship ▪ Provide update on open projects or issues ▪ Monthly KPI Review (Data supplied monthly)
WPP Attendees <ul style="list-style-type: none"> ▪ Officers Working Group (OWG) 		Link Attendees <ul style="list-style-type: none"> ▪ Eamonn Gough, Senior Relationship Manager ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ Adam Tookey, Head of Product (as required) ▪ Ada Wabara, Relationship Manager (as required) ▪ Ad-hoc Link attendance from functional departments: Tax, Compliance, Product, etc. ▪ Russell Investments

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Note: The OWG Engagement and Monthly KPI meetings may be conducted remotely and/or amalgamated where required.

Link Engagement Protocol continued...

Business as Usual

Host Authority Update	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Bi-Weekly 	<ul style="list-style-type: none"> ▪ Regular Host Authority – LFS to discuss deliverables and business updates
WPP Attendees <ul style="list-style-type: none"> ▪ Anthony Parnell ▪ Tracey Williams 		<ul style="list-style-type: none"> ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ Eamonn Gough, Senior Relationship Manager ▪ Ada Wabara, Relationship Manager (as required) ▪ Sheetal Shetty, Client Service Manager (as required)
WPP Working Group	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Bi-Weekly 	<ul style="list-style-type: none"> ▪ Regular project call to discuss progress of deliverables
WPP Attendees <ul style="list-style-type: none"> ▪ Officers Working Group (OWG) ▪ Hymans 		<ul style="list-style-type: none"> ▪ Link Client Team ▪ Northern Trust ▪ Russell Investments ▪ Other consultants (e.g. bFinance)
Annual Shareholder Day	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Annual 	<ul style="list-style-type: none"> ▪ Open day for presentations on strategy and performance (with IM)
<ul style="list-style-type: none"> ▪ Open to all involved parties 		<ul style="list-style-type: none"> ▪ Link Client Team ▪ Northern Trust ▪ Russell Investments and other Investment Managers (e.g. Global Growth Managers) ▪ Other consultants as required (e.g. bFinance)
Pension Fund Committees		Objective
	<ul style="list-style-type: none"> ▪ Annual 	<ul style="list-style-type: none"> ▪ General update on the ACS and planned initiatives
Individual Pension Fund Committee meetings		<ul style="list-style-type: none"> ▪ Eamonn Gough, Senior Relationship Manager ▪ Ada Wabara, Relationship Manager ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ Russell Investments

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 11/01/2021**

Ailstrwythuro Ecwiti

Bod y Pwyllgor yn cymeradwyo'r adroddiad Ailstrwythuro Ecwiti.

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

Bod y Pwyllgor yn cymeradwyo:

- Bod y Gronfa'n dyrannu 10% o'i hasedau i strategaeth ecwiti byd-eang goddefol BlackRock, sef "Reduced Fossil Fuels", gan gyllido hyn o bortffolios gweithredol BlackRock UDA a goddefol y DU.
- Bod y Gronfa'n cynyddu'r dyraniad o 5% i gronfa twf byd-eang Partneriaeth Pensiwn Cymru a chyllido hyn o bortffolios gweithredol BlackRock UDA a goddefol y DU.

Y RHESYMAU:

Mewn ymateb i'r adolygiadau ecwiti a Dyraniad Asedau Strategol diweddar.

Angen ymgynghori â'r Pwyllgor Craffu perthnasol AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad AMHERTHNASOL

Yr Aelod o'r Bwrdd Gweithredol sy'n Gyfrifol am y Portffolio - AMHERTHNASOL

Y Gyfarwyddiaeth:
Gwasanaethau Corfforaethol

Enw'r Gyfarwyddwr:
Chris Moore

Awdur yr Adroddiad:
Chris Moore

Swydd:

Cyfarwyddwr
Gwasanaethau
Corfforaethol, Cyngor
Sir Gâr

Rhifau ffôn: 01267 224120

Cyfeiriad e-bost:

CMoore@sirgar.gov.uk

EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 11/01/2021

EQUITY RESTRUCTURE

With the need to consider climate-related risk and the Wales Pension Partnership (WPP) portfolios now established, it seems appropriate that the Committee consider the structure of the £1.27Bn legacy BlackRock equity portfolio. This is to allow the equity portfolio to work harder in achieving the Fund's goals in terms of long-term performance and climate risk.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	YES	NONE	NONE	NONE	NONE

Finance

Allocation of 10% of the Fund's assets to the BlackRock "Reduced Fossil Fuels" passive global equity strategy and an increased allocation of 5% towards WPP Global Growth Fund, both being funded by the BlackRock US active and UK passive portfolios.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

**EXECUTIVE BOARD PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

NA

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

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

THERE ARE NONE

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

REPORT PREPARED FOR

Dyfed Pension Fund

Pension Committee

Equity Restructure

11 January 2021

Adrian Brown
MJ Hudson Allenbridge

This document is prepared for the Pension Committee of the person on the front cover of this document on the basis of our investment advisory agreement. No liability is admitted to any other user of this report and if you are not the named recipient you should not seek to rely upon it. To the extent this report contains investment advice that advice is restricted to those funds the investment committee has requested that MJ Hudson Allenbridge assess for suitability in meeting the Strategic Asset Allocation..

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Note : Performance and valuation data is sourced from custodian (Northern Trust) data, wherever possible. This may differ marginally from manager reported returns due to data sources and calculation methodology. Performances over 1 year are annualised geometrically.

Restructure of Equity Allocations.

With the need to consider climate-related risk and with the Wales Pension Partnership (WPP) portfolios now established, it seems appropriate that the Committee consider the structure of the £1.27Bn legacy BlackRock equity portfolio, so as to allow the equity portfolio to work harder in achieving the Fund's goals in terms of long term performance and climate risk.

Options for reducing Carbon footprint.

1. WPP – Baillie Gifford (BG) Paris-Aligned Strategy.

BG have developed a low-carbon version of their Global Alpha strategy, which forms a 40% allocation in the WPP Global Growth active equity portfolio. The new variant offers the same performance and risk objectives, with a Carbon-intensity starting at 25% of the MSCI ACWI index *and* reducing each year to align with the “1.5 Degree warming” scenario outlined in the Paris agreement. This comes at the “cost” of a slightly higher active risk (4.6% vs 4.3% tracking error) and a higher growth tilt.

In our view this strategy offers the same performance objectives and fees as the original and only a marginal increase in traditional risk profile. It also incorporates a material reduction in climate risk, and an element of continuous improvement in Carbon intensity in line with the investment strategy of the DPF.

2. BlackRock Global Low Carbon Reduced Fossil Fuels Strategy

BlackRock have an established low-Carbon global (MSCI World) passive Fund. They are upgrading this to an even lower-Carbon (“Reduced Fossil Fuels”) passive global equity strategy, also managed vs MSCI World, which offers a Carbon-intensity of 22% of the MSCI World index, with a 50bps tracking error. It also screens out companies with exposure to fossil fuel reserves and all thermal coal. It is expected that the upgrade would be completed in Q1 2021. Given the timing for upgrading the BlackRock Fund, it's probably simplest that Dyfed wait until BlackRock has finished upgrading their fund, before allocating to it.

Whilst we have restricted our review to the suitability of this one fund in line with your instructions, we note that there are a limited number of other credible passive low carbon managers, and these are not likely to offer material differences. BlackRock is a credible passive manager and, being the incumbent investment manager, choosing them should minimise transition cost/risk, as well as avoiding the costs and time delay associated with a full tender.

Restructure of Equity holdings

The Committee should consider balancing risks from a number of areas:-

- Active risk / relative performance: The BlackRock active equity portfolios target half the level of active risk / outperformance to that targeted by the WPP strategy, so a similar level of exposure to active management may be achieved while allocating only part of the BlackRock active assets to WPP. Equally the past long-term relative performance of the BlackRock active strategies has been unremarkable net fees (below). While not established so long, the WPP portfolio offers a more balanced global exposure, both in terms of regions, and in terms of manager styles (given the WPP's combination of growth, quality and value styles).

Strategy	Outperformance target	-1 year (%) to 31 Oct	-5 years (% p.a.)
BlackRock US	+ 1 % p.a.	+0.39	-0.66
BlackRock Japan	+ 1 % p.a.	+1.34	+0.19
WPP Global growth	+ 2 % p.a.	+0.75	n/a

- Climate Risk / Reduced Carbon Emissions : Assuming all the current BlackRock portfolios have a Carbon exposure (tCO2/\$m sales) similar to the index, then I estimate that moving the WPP Baillie Gifford sleeve (including the proposed additional 5% allocation) to the “Paris aligned” strategy, would reduce the carbon footprint of the Dyfed equity holdings by c.4% vs current levels, and moving 10% to the BlackRock

“reduced fossil fuels” strategy might reduce the carbon footprint of the Dyfed equity holdings by a further 12%, delivering an estimated reduction of some 16% in total.

- **Regional risk:** The global portfolios (WPP or BlackRock) both have >50% of assets in the US, so it makes sense to use the US regional portfolio to fund these (particularly as US has outperformed and is now the most expensively valued equity region (21.3x P/E). Japan has also performed well recently, but is still attractively valued (16.0x P/E) and has some defensive characteristics (“safe haven” currency, low leverage) so we recommend retaining that for now, especially given the underweight to the US (the other more defensive region). While the UK market is one of the most attractively valued (14.4x P/E), along with EM, the portfolio has a very large (overweight) allocation here, and it typically has a high Carbon footprint, so we recommend reducing this allocation slightly.
- **Manager concentration risk:** This is primarily a concern for the active managers, and WPP in particular. While the Global Growth strategy does consist of 3 underlying managers, it represents a significant proportion of Dyfed’s overall assets, and so we would recommend limiting the allocation to 30% of total assets, at least until the strategy has a longer-term record.
We did also consider whether to allocate to the WPP Global Opportunities strategy, but we do not recommend that, on the basis that, with 7 more underlying managers, this would add an unnecessary degree of additional diversification / complexity to Dyfed’s active equity exposure.

In response to the Council’s challenge, it is likely that Dyfed will want to make changes over a period of time, to control timing risk, so the proposed transition may be seen as the first step. We are currently exploring transition costs/options with BlackRock, but given the high level of overlap in the portfolios, these are likely to be modest.

% Dyfed Fund	Active risk (%)	30 Sept allocation	Proposed Transition	Resulting Allocation
Passive UK	-	19.7	-3.6	16.1
Passive EM	-	8.5		8.5
Passive Regional	-	4.1		4.1
Active US	<2.0	11.4	-11.4	-
Active Japan	<2.0	3.5		3.5
Passive Low-C global	<0.5		+10.0	10.0
WPP Global	c.4.0	25.0	+5.0	30.0
Total Equity		72.2	-	72.2

Regional Weights

% Dyfed Equities	MSCI ACWI Index	30 Sept allocation	Proposed Transition	Resulting Allocation
N. America (US and Canada)	62	35	-2	33
UK	4	30	-4	26
Europe ex UK	13	10	+3	13
Dev. Asia	10	10	+2	12
Emerging Markets	11	15	+1	16

PROPOSAL 1: That the Committee allocate 10% assets to the BlackRock “Reduced Fossil Fuels” passive global equity strategy, funding this from the BlackRock US active and UK passive portfolios, as shown above

PROPOSAL 2: That the Committee increase by 5% the allocation to WPP Global Growth, funding this from the BlackRock US active and UK passive portfolios, as shown above.

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

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