



DYFED PENSION FUND

Governance Policy & Compliance Statement

Administered by:



Contents

| | |
|--|---|
| Introduction | 2 |
| Purpose of the Governance Policy | 2 |
| Governance of the Dyfed Pension Fund | 3 |
| The Pension Committee | 4 |
| Membership | 4 |
| Committee Meetings | 5 |
| Training | 6 |
| The Annual Consultative Meeting (ACM) | 6 |
| Pension Board | 6 |
| Governance Compliance Statement | 8 |

Introduction

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 This regulation is superseded by Regulation 31 of the LGPS (Administration) Regulations 2008 and the 2013 Regulations.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

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

Purpose of the Governance Policy

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

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

Governance of the Dyfed Pension Fund

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

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

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

The Pensions Manager and officers in the Pensions Administration team support the Director of Corporate Services and Head of Financial Services in the responsibility for all aspects of Scheme administration including:

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

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

The Pension Committee

Terms of Reference

- to exercise the County Council's responsibility for the management of the Dyfed Pension Fund, including the management of the administration of the benefits and strategic management of Fund assets.
- to meet at least quarterly, or otherwise as necessary.
- to produce an Annual Report & Accounts in line with current regulations.
- to have overall responsibility for investment policy and monitor overall performance.
- to review governance arrangements and the effective use of its advisers to ensure good decision-making.
- to receive regular reports on Scheme administration to ensure that best practice standards are satisfied and met and to satisfy itself that and justify to all stakeholders, including Fund Employers that the Fund is being run on an effective basis.
- to appoint investment managers to discharge functions relating to the management of the Fund's investments.
- to appoint the Fund's custodian, performance measurement adviser, actuary, independent adviser and AVC provider.
- to approve a Funding Strategy Statement, Investment Strategy Statement and Responsible Investment Policy.
- to monitor the delivery of the Fund's Responsible Investment Policy in conjunction with investment managers and advisers.
- to consider other ESG factors.

Membership

The Committee comprises of:

- three members (one acting as Chair) plus a nominated substitute to act in the absence of a member. Each member of the Committee has voting rights and each committee member and the substitute is nominated by Carmarthenshire County Council, the Administering Authority, from its elected membership. At least three members must attend each Committee meeting.

The Committee will be supported by:

- Carmarthenshire County Council officers which include the Director of Corporate Services, Head of Financial Services, Treasury and Pension Investments Manager and Pensions Manager.
- the Independent Investment Adviser.

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

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

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

Committee Meetings

The Pension Committee meets at least four times a year. Committee meetings are held either remotely or multi location (hybrid) in accordance with The Local Government & Elections (Wales) Act 2021.

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

During the year, meetings are held with the Directors of Finance of the three County Councils, where Fund performance and other items dealt with at the Committee meetings are discussed. Issues raised at this meeting that the Committee need to

be made aware of are reported back to the following Committee meeting for discussion.

Training

The Fund recognises that effective management, administration, and decision making can only be achieved where those involved have the requisite knowledge and skills.

New members of the Committee will attend fundamentals training sessions and subsequent training events and conferences to ensure that knowledge and skills requirements are met. In addition to Committee members, officers involved in the management of the Fund will also attend training events and conferences to maintain and enhance their knowledge and skills.

A training plan for both Committee members and officers is presented to Committee for approval prior to the commencement of each financial year. The training plan is updated for each Committee meeting so attendance can be monitored. Committee members and officers are also updated at each meeting of upcoming training opportunities.

The Annual Consultative Meeting (ACM)

The Dyfed Pension Fund is committed to the inclusion of all stakeholders in respect of consultation and communication arrangements. Any major policy changes are put to consultation with all participating employers.

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

Pension Board

The Pension Board provides oversight and assistance in a non decision making role. It assists the Administering Authority (Carmarthenshire County Council) in securing compliance with regulations and requirements imposed by The Pensions Regulator and the Department for Levelling Up, Housing & Communities (DLUHC) and ensuring effective and efficient governance and administration of the Fund.

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

Governance Compliance Statement

As required by Local Government Pension Scheme Regulations the statement below compares Dyfed Pension Fund's current governance arrangements with the best practice guidance issued by DLUHC. The statement provides an explanation where the Fund is not fully compliant.

This Governance Policy will be reviewed at least triennially or more frequently if appropriate.

Governance Compliance Statement

The purpose of the guidance is:

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

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

- A. Structure
- B. Representation
- C. Selection
- D. Voting
- E. Training, facility time and expenses
- F. Meetings (frequency / quorum)
- G. Access
- H. Scope
- I. Publicity

The Fund's compliance with best practice principles and explanatory notes can be found below;

| A. Structure Best Practice | Compliant or not? | Explanatory Note |
|--|----------------------|--|
| The guidance acknowledges that not all administering authorities are structured in the same way. It is not the intention to level out these differences but to ensure that structures reflect the following principles: | | |
| The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council. | Compliant | Governance Policy outlines responsibilities of Pension Committee. |
| Representatives of participating LGPS employers, admitted bodies and scheme members (including pensioners and deferreds) are members of either the main or secondary committee (established to underpin the work of the main committee). | Not Fully Compliant | <p>The Committee has three members and a substitute member all nominated by Carmarthenshire County Council. The Committee is supported by officers (from Carmarthenshire County Council) and an independent investment adviser. Other scheme employers, admitted bodies and scheme members do not attend Committee but they are invited to the ACM where Committee members and advisers report and are available to answer questions. Carmarthenshire County Council officers meet with officers of the other two major employers (Pembrokeshire County Council and Ceredigion County Council) during the year where Committee minutes are made available. This system is supported by all parties and has worked very well as evidenced by the fact that timely decisions are made, and investment performance is above the actuarial assumption over the long-term.</p> <p>The Pension Board, although not a formal secondary committee, includes representation from Pembrokeshire County Council, Ceredigion County Council, and scheme members.</p> |
| Where a secondary committee or panel has been established the structure ensures effective communication across both levels. | Not applicable | There is no secondary committee for the Dyfed Pension Fund. |
| Where a secondary committee or panel has been established at least one seat on the main committee is allocated for a member from the secondary committee or Committee. | Not applicable | There is no secondary committee for the Dyfed Pension Fund. |

| B. Representation Best Practice | Compliant or not? | Explanatory Note |
|--|---------------------|--|
| The number of stakeholders affected by the local management of the pension scheme and governance of pension funds is vast and it is accepted that it would be impractical to expect individual committee structures to encompass every group or sector that has an interest in the decisions that fall to be made under the scheme's regulations. | | |
| <p>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> • employing authorities (including non-scheme employers, e.g. admitted bodies as well as scheduled bodies) • scheme members (including deferred and pensioner scheme members) • independent professional observers and expert advisors (on an ad-hoc basis) | Not Fully Compliant | <p>The Committee has representatives from Carmarthenshire County Council. Other scheme employers, admitted bodies and scheme members do not attend Committee but they are invited to the annual ACM where Committee members and advisers are available to answer questions. Carmarthenshire County Council officers meet with officers of the other two major employers (Pembrokeshire County Council and Ceredigion County Council) during the year where Committee minutes are made available.</p> <p>The Pension Board, although not a formal secondary committee, includes representation from Pembrokeshire County Council, Ceredigion County Council and scheme members.</p> |
| That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights | Not applicable | There are no lay members on the Pension Committee There is no secondary committee for the Dyfed Pension Fund. |

| C. Selection Best Practice | Compliant or not? | Explanatory Note |
|--|--------------------------|---|
| <p>It is important to emphasise that it is not part of the fund authority's remit to administer the selection process for lay members sitting on main or secondary committees or to ensure their attendance at meetings, unless they wish to do so. Their role is to determine what sectors or groups are to be invited to sit on LGPS committees or panels and to make places available.</p> <p>Effective representation is a two way process involving the fund authorities providing the opportunity and the representative bodies initiating and taking forward the selection process under the general oversight of fund authority.</p> | | |
| <p>That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p> | Compliant | <p>The Fund's Governance Policy lists the delegated functions the Committee is to perform. If membership of the Committee changes, the new member/members are informed of their status, role and function they are required to perform.</p> |
| <p>That at the start of any meeting committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.</p> | Compliant | <p>At the start of each Committee meeting there is a standing item for any declaration of interests to be made.</p> |

| D. Voting Best Practice | Compliant or not? | Explanatory Note |
|---|--------------------------|--|
| <p>The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.</p> | Compliant | <p>All Committee members have voting rights. Carmarthenshire County Council is the Administering Authority and all functions are delegated to the Committee.</p> |

| E. Training, facility time and expenses Best Practice | Compliant or not? | Explanatory Note |
|--|-------------------|---|
| | | <p>In 2001, the Government accepted the ten investment principles recommended by Paul Myners in his report, "Institutional Investment in the UK". The first of those principles, "Effective Decision Making", called for decisions to be made only by persons or organisations with the skills, information and resources necessary to take them effectively. Furthermore, where trustees - or in the case of the LGPS, members of formal committees - take investment decisions, that they have sufficient expertise to be able to evaluate critically any advice they take.</p> |
| <p>That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision- making process.</p> | <p>Compliant</p> | <p>The Committee have regular training sessions run by the Fund Managers, the Actuary, the Advisor and officers. New Committee members attend intense training sessions on commencement of their Committee duties, including the LGPC fundamentals training sessions.</p> <p>A training plan is approved by Committee ahead of each financial year which outlines training opportunities for Committee members and officers during the year. This training plan is updated and provided at each Committee meeting for monitoring.</p> |
| <p>That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.</p> | <p>Compliant</p> | <p>Training plan applies to all Committee members equally.</p> |

| F. Meetings (frequency / quorum) Best Practice | Compliant or not? | Explanatory Note |
|--|------------------------------|---|
| An administering authority's main committee or committees meet at least quarterly. | Compliant | The Pension Committee meets quarterly. |
| An administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits. | Not applicable | There is no secondary committee for the Dyfed Pension Fund. |
| Administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented. | Compliant | The Annual Consultative Meeting is held annually where participating employers, the Pension Board and Trade Union representatives are invited. The Pension Board includes representation from Pembrokeshire County Council and Ceredigion County Council. |

| G. Access Best Practice | Compliant or not? | Explanatory Note |
|---|------------------------------|---|
| That subject to any rules in the council's constitution, all members of main and secondary committee or committees have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee. | Compliant | All papers are provided in advance to all members of the Committee. |

| H. Scope Best Practice | Compliant or not? | Explanatory Note |
|---|------------------------------|--|
| That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements. | Compliant | The Committee receives and votes, on an ad-hoc basis, any major administration issues that affect the Fund. The officer managing the administration of the Fund provides regular training and updates for Committee members. |

| I. Publicity Best Practice | Compliant or not? | Explanatory Note |
|--|------------------------------|---|
| That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements. | Compliant | The Dyfed Pension Fund Governance Policy is reviewed as necessary. A Newsletter and Annual Report & Accounts are produced annually. All published material (including the Governance Policy) are on the Dyfed Pension Fund website. |