

Dyfed Pension Fund

Business Plan

2025 - 2028

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This is the business plan for the Dyfed Pension Fund, the business plan details the Fund's priorities and areas of focus for 2025-26, 2026-27 and 2027-28.

It enables the Fund to focus on achieving agreed targets and helps staff see how they contribute to the overall success of the Dyfed Pension Fund.

About the Fund

The Dyfed Pension Fund is one of 86 funds making up the Local Government Pension Scheme in England and Wales.

Carmarthenshire County Council is the statutorily appointed Administering Authority for the Dyfed Pension Fund. It administers the benefits and invests the assets of the Fund.

Carmarthenshire County Council also acts as the administrator for the unfunded Police and Fire pension schemes for Dyfed Powys Police Authority, Mid & West Wales Fire and Rescue Service and North Wales Fire and Rescue Service respectively.

The Fund's LGPS membership base consists of 55,804 members (as at 31st March 2024) from 48 contributing employing authorities.

How the Fund is Run

All pension matters are delegated to the Pension Fund Committee and its members act as 'quasi trustees'.

The Committee delegates the day to day running of the Pension Fund to the Section 151 Officer and the Pensions Administration and Investment teams.

The Pensions Administration and Investment teams are responsible for all aspects of the Fund including administration, accounting, investment, and governance.

The Local Pension Board was established on 1 April 2015 under the requirements of the Public Service Pensions Act (PSPA) 2013. It has an oversight/assisting role with the Administering Authority in securing compliance with regulations and requirements and ensuring effective and efficient governance and administration of the Fund (see below).

The Dyfed Pension Fund aims to provide a high-quality service that is transparent, efficient and supportive to all stakeholders.

The Pension Committee

Chair of the Pension Fund Committee

Councillor Elwyn Williams

Committee Members

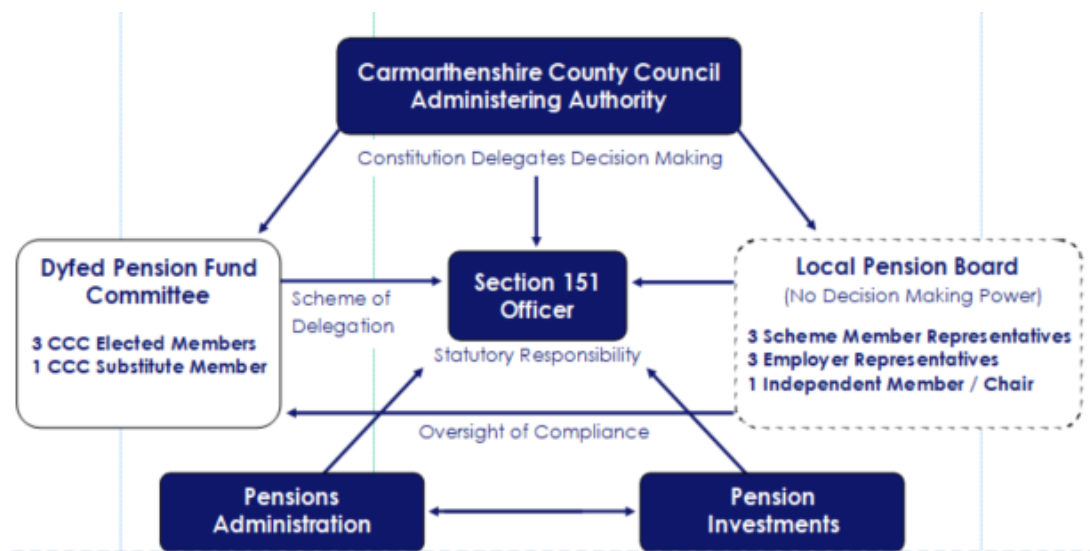
Councillor Dai Thomas

Councillor Philip Warlow

Councillor Neil Lewis (Substitute Committee Member)

Governance of the Fund

The relationship between the Dyfed Pension Fund Committee and operational management within Carmarthenshire County Council can be illustrated as follows. The detailed governance of the Fund is set out in the **Governance Policy**.



- The independent investment adviser advises the Committee on all aspects of investment management at quarterly and ad-hoc meetings.
- The custodian (Northern Trust) is responsible for the safe-keeping of the Fund's investment assets, arranges the settlement of sales and purchases and collects income on the investments held.
- The actuary (Mercer) carries out statutorily required fund valuations including the setting of employer contribution rates, IAS 19 schedules and other general actuarial advice.
- The performance management company (PIRC) reviews the performance of the investment managers relative to agreed benchmarks.

Principal Responsibilities

These responsibilities include:

- Pension administration services including calculating and paying benefits. To ensure accuracy of the member database in partnership with all stakeholders.
- Implementation of the funding strategy to ensure Fund assets are sufficient to meet pension liabilities.
- Investing Fund assets, implementing investment strategy, managing external investment managers.
- Internal management of assets and promoting responsible investment.
- Safekeeping and accounting of Fund assets.
- Preparing the Fund's annual report and accounts.
- Providing information and guidance on pension issues to employers and others.

Mission Statement

Our Mission

Our mission is to deliver a secure, sustainable, and efficient pension fund that provides financial peace of mind to our members. We are dedicated to managing the resources entrusted to us with the highest level of integrity, transparency, and accountability.

Core Principles

- **Security:** Our foremost priority is to ensure the long-term financial security of our members' pensions. We are committed to making prudent investment decisions and managing risks effectively to protect the assets of the fund for Employer rate stability.
- **Sustainability:** We aim to maintain a sustainable pension fund that can withstand economic fluctuations and demographic changes. Our approach focuses on balancing the needs of current and future members, ensuring intergenerational equity.
- **Efficiency:** We strive to operate the pension fund efficiently, minimising administrative costs while maximizing benefits to our members. Our goal is to deliver value for money without compromising on service quality.
- **Member-Centric:** Our members are at the heart of everything we do. We are committed to providing excellent customer service, clear communication, and timely information to support our members in making informed decisions about their retirement.
- **Responsible Investment:** We believe in responsible and ethical investing. Our investment strategy incorporates environmental, social, and governance (ESG) considerations to promote sustainability and positive impact.
- **Transparency:** We are dedicated to maintaining transparency in our operations. We provide updates and reports to our members and stakeholders, ensuring that they are fully informed about the performance and governance of the fund.
- **Collaborative Approach:** We work collaboratively with employers, regulators, and other stakeholders to ensure that the pension fund meets the needs of all parties involved. Our goal is to build strong partnerships that support the fund's long-term success.

Strategic Goals

- **Enhance Member Experience:** We will continuously seek to improve the service we provide to our members, utilising technology and innovation to enhance their experience and engagement with the fund.
- **Enhance Financial Resilience:** We will continue to enhance the financial resilience of the fund, including diversification of investments and robust risk management practices.
- **Promote Financial Wellbeing:** We will offer educational resources and support to help our members understand their pension benefits and make informed financial decisions for their retirement.
- **Enhance ESG Integration:** We will continue to enhance our commitment to responsible investment by embedding ESG factors into our investment processes and decision-making.
- **Foster Stakeholder Engagement:** We will engage with stakeholders regularly to understand their needs and perspectives, fostering a collaborative environment that supports the fund's objectives.

Conclusion

The Dyfed Pension Fund provides a secure and sustainable pension for our members. Through commitment to our core principles and strategic goals, we aim to deliver a pension fund that not only meets the current needs of our members but also ensures their long-term financial wellbeing. We will continually strive to innovate, improve, and adapt in the ever-changing landscape of pensions, guided by our mission to serve our members with excellence and integrity.

Overall Goal of the Fund

To continuously develop our services by aiming to:

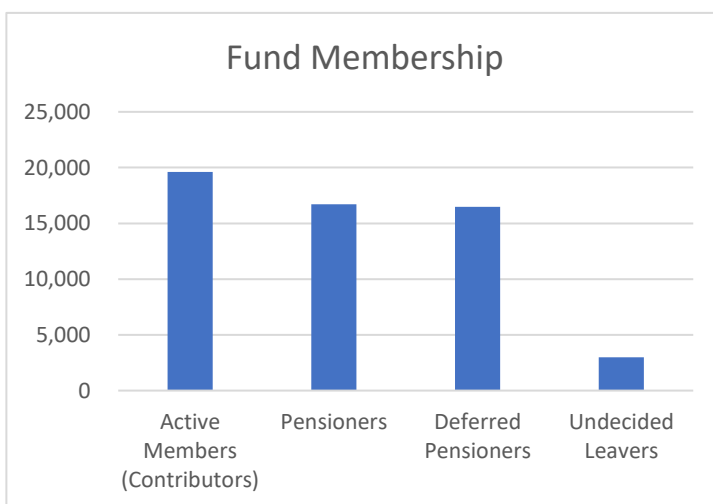
- Provide excellent customer care
- Support and develop staff
- Ensure that assets meet scheme liabilities
- Reduce the risk of employer contribution rate volatility
- Maximise returns subject to an acceptable level of risk

Customers of the Fund

Fund Membership

The Fund's members fall into four categories. The table below shows scheme membership as at 31st March 2024.

Active Members (Contributors)	19,619
Pensioners	16,721
Deferred Pensioners	16,472
Undecided Leavers	2,992
Total Membership	55,804



Employers of the Scheme Members

The Fund is dependent on the information provided by its employers in order to provide and maintain an accurate and effective service to members. The Dyfed Pension Fund has 48 contributing employing authorities participating in the Local Government Pension Scheme as at 31st March 2024.

Regulatory Bodies

The key bodies that the Fund liaise with include:

- The Ministry of Housing, Communities & Local Government – the regulatory body responsible for the LGPS.
- HM Revenues & Customs
- The Department for Work & Pensions
- The Pensions Regulator
- The Scheme Advisory Board

Key Policy Documents

Key policy documents which the reader may wish to refer to are available on the Dyfed Pension Fund website (www.dyfedpensionfund.org.uk):

- Administration Strategy & Service Standards
- Customer Charter
- Funding Strategy Statement
- Investment Strategy Statement
- Responsible Investment Policy
- Communication Policy Statement
- Governance Policy & Compliance Statement
- Risk Management Policy
- Knowledge & Skills Policy
- Overpayments Policy
- Breaches Policy
- Conflict of Interest Policy
- Data Improvement Plan
- Admission Agreement Policy

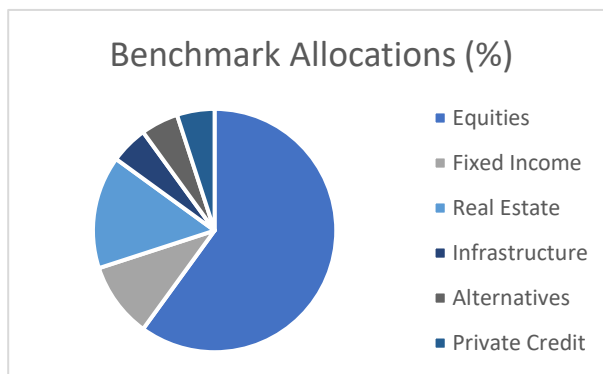
Business Objectives of the Fund

1. To ensure the effective management and governance of the Dyfed Pension Fund in a way that strives for continuous improvement through improved value for money, the promotion of excellent customer service and compliance with all regulatory and best practice requirements.
2. To ensure the proper administration, accounting and reporting of all the Dyfed Pension Fund's financial affairs.
3. To recruit, train, nurture and retain highly motivated staff with the necessary professional, managerial and customer focus skills.
4. To become a recognised role model of best practice amongst LGPS Funds and to be recognised by our customers as providing an excellent service.
5. To establish a strategic asset allocation benchmark which is expected to deliver the required investment return, at an accepted level of risk, in the long term.
6. To ensure that the assets of the Fund match or exceed its liabilities thus minimising and avoiding the volatility of the employers' contribution rate.
7. To provide a lean, effective, customer friendly benefits administration service, which ensures:
 - The calculation and payment of scheme benefits accurately and promptly;
 - The accurate maintenance of the records of all members of the Fund; and
 - Effective communication, as well as fair explanation and support to the Fund's scheme members and employer bodies.

Investments

The Fund's performance objectives are encapsulated in its strategic benchmark. The following illustrations show the Fund's investment strategy and benchmarks.

Asset Class	Benchmark (%)
Equities	60.0
Fixed Income	10.0
Real Estate	15.0
Infrastructure	5.0
Alternatives	5.0
Private Credit	5.0
Total	100.0



The approach to investment of the Fund's assets is built around the policies and practices set out in the Investment Strategy Statement (ISS), Funding Strategy Statement (FSS) and Responsible Investment Policy.

The Fund has a range of managers, including the Wales Pension Partnership (WPP), and expert advisers in place to support its investment objectives detailed in its ISS.

The in-house management is formulated to provide advice on investment management, promote best practice and implement the decisions of the Committee.

Best practice having regard to:

- Myners' Principles
- Professional and industry standards
- Audit Wales, and other professional bodies' views, codes and recommendations
- Investment management regulations
- Accounting standards
- LGPS Regulations
- Overriding pensions legislation



BlackRock

Schroders

**PARTNERS
GROUP**

Key Statistics

The Fund is over 100% funded as at the 31 March 2022 valuation

Primary employer contribution rate of 19.8%

Investment Return of 10.9% in 2023-24

Market Value of the Fund - £3,468m as at 31st March 2024

Budget

April 2025 - March 2026	Budget £'000
Pensions Payable	105,006
Lump Sum, Death Benefits, Transfers Out	30,300
Administration Fees	1,111
Investment Management Expenses	9,170
Central Recharges	1,689
Expenditure	147,276
Employee Contributions	30,168
Employer Contributions	81,994
Investment Income	26,614
Transfers In	8,500
Income	147,276

Priorities

Work to be undertaken – Developments/In Year

2025-26

- Undertake work in respect of the Actuarial Valuation as at 31 March 2025.
- Implementation of Engage as the replacement for My Pension Online.
- Review and retender the Independent Investment Advisor contract.
- Review and retender the Pension Board Chair contract.
- Transition of Real Estate investments to WPP.
- Engage with WPP and the other Welsh LGPS funds to implement the Fit for the Future Consultation proposals.

2026-27

- To review and update fund policy documents.
- Implement employer contribution rates resulting from the 2025 Actuarial Valuation for the five largest employers.
- Review and retender the Actuarial, Benefits and Governance Consultancy Services contract.
- Development of the Funding Strategy Statement.
- Review the Strategic Asset Allocation and Investment Strategy Statement.

2027-28

- To review and update fund policy documents.
- Implement employer contribution rates resulting from the 2025 Actuarial Valuation for the smaller employers.

Work to be undertaken – Ongoing/Each Year

- Implement amendments as a result of fund and pooling legislative and regulatory amendments.
- Complete reconciliation of member data to that held by the HMRC in respect of contracted-out membership.
- Continue to promote Engage (online pension portal) to members.
- Implement the i-Connect data exchange for uploading and improving data transfer.
- Ensure compliance with the implementation of auto enrolment in accordance with the requirement of the Pensions Act.
- Developing and updating the Fund's website.
- Reviewing existing fact sheets and letters to improve readability.
- Ensure that Data Quality scores in respect of both common and scheme specific data which are reported to the Pensions Regulator increase annually.
- Comply with the legal requirement to participate in Pensions Dashboards by undertaking preparatory work for the implementation and ongoing data matching requirements.
- In relation to the McCloud Judgement, the reconciliation and rectification of scheme member benefits utilising software developments and enhancements as and when they are released.
- Quarterly monitoring of the Fund's risk register.
- Continue to review the Fund's carbon footprint including identifying further low carbon investment opportunities.
- Provision of IAS19/FRS17 accounting schedules to scheme employers.
- Production of the Fund's Annual Report & Accounts in accordance with statutory deadlines.
- Review governance and investment arrangements in relation to asset pooling with WPP.
- To provide training to the Pension Committee and Pension Board.
- Quarterly monitoring of investment manager performance.

Contacting the Dyfed Pension Fund

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