

# WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Friday, 28 June 2019

**PRESENT:** Councillor Cllr. P. Lewis (Chair)

**Councillors:**

Cllr. G. Caron, Cllr. C. Lloyd, Cllr. M. Norris, Cllr. J. Pughe Roberts, Cllr. C. Weaver and Cllr. D. E. Williams

**The following Officers were in attendance:**

C. Moore, Joint Committee Section 151 Officer (CCC)  
L.R. Jones, Joint Committee Monitoring Officer (CCC)  
N. Aurelius, Assistant Chief Executive - Resources (TCC)  
B. Davies, Director of Financial Services (RCT)  
J. Dong, Chief Treasury & Technical Officer (C&CS)  
D. Edwards, Director of Finance (GCC)  
C. Hurst, Pension Fund Manager (PCC)  
P. Latham, Pension Fund Manager (FCC)  
C. Lee, Corporate Director of Resources (CoC)  
G. Watkins, Assistant Director of Financial Services (CoC)  
A. Parnell, Treasury & Pension Investments Manager (CCC)  
Y. Keitch, Principal Accountant (RCT)  
T. Williams, Senior Financial Services Officer (CCC)  
J. Laimann, Assistant Democratic Services Officer (CCC)

**Also present:**

Eamonn Gough, Link Asset Services  
Duncan Lowman, Link Asset Services  
Jim Leggate, Russell Investments  
Sasha Mandich, Russell Investments  
Aidan Quinn, Russell Investments  
William Marshall, Hymans Robertson  
Fraser Hope, Hymans Robertson

**Committee Room 4, County Hall, Atlantic Wharf, Cardiff. 10.00 am - 11.15 am**

**1. APPOINTMENT OF CHAIR OF THE JOINT GOVERNANCE COMMITTEE FOR THE FORTHCOMING CALENDAR YEAR.**

**UNANIMOUSLY RESOLVED** that Councillor Peter Lewis be appointed Chair of the Joint Governance Committee for the forthcoming calendar year.

The Chair, Members and Officers expressed their appreciation to Cllr. Mark Norris for his work during his year as Chair.

**2. APPOINTMENT OF VICE-CHAIR OF THE JOINT GOVERNANCE COMMITTEE FOR THE FORTHCOMING CALENDAR YEAR.**



**UNANIMOUSLY RESOLVED that Councillor Glyn Caron be appointed Chair of the Joint Governance Committee for the forthcoming calendar year.**

### **3. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr. Aaron Shotton (Flintshire County Council) and Cllr. Haydn Bateman (Flintshire County Council, Substitute Member).

### **4. DECLARATIONS OF INTEREST**

G. Caron	Member of Greater Gwent Pension Fund; Wife is deferred member of the Greater Gwent Pension Fund; Son-in-law is member of Greater Gwent Pension Fund
P. Lewis	Member of the Powys Pension Fund;
C. Lloyd	Member of the City and County of Swansea Pension Fund; Father is member of the City and County of Swansea Pension Fund
M. Norris	Member of the Rhondda Cynon Taf Pension Fund;
J. Pugh Roberts	Member of the Gwynedd Pension Fund;
E. Williams	Member of the Dyfed Pension Fund.

### **5. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON THE 27TH MARCH 2019**

**UNANIMOUSLY RESOLVED that the minutes of the Joint Governance Committee meeting held on the 27<sup>th</sup> March 2019 be signed as a correct record.**

### **6. HOST AUTHORITY UPDATE**

Mr Parnell provided the Committee with an update on the following key areas.

Responsible Investment (RI) policy – The draft RI policy should be approved by each pension committee at their next meetings. The policy had been drafted as an overarching policy which allows each Pension Committee to have their own local RI policy.

Governance – It had been suggested that a number of objectives within the governance section could be advanced through Beliefs, Policies and Governance workshops. Mr Parnell advised that these would be held in September 2019.

Website – A local company based in Llanelli had been awarded the contract for the creation and ongoing maintenance of the website. It was expected that the website would be live by early August 2019. The costs would be around £5k for the first year and significantly less in future years.

Communications & Training – In addition to the above mentioned Beliefs, Policies and Governance workshops a communications workshop would take place after this Committee meeting. The host authority had met with the Ministry of Housing,



Communities and Local Government and provided an update on the progress of the Wales Pension Partnership (WPP).

**UNANIMOUSLY RESOLVED that the host authority presentation be received.**

## **7. ANNUAL RETURN/ AUDIT 2018/19**

The Joint Committee Section 151 Officer presented the unaudited Annual Return for 2018/19, providing a high level explanation on the expenses captured within the report. He advised that due to the turnover value with the WPP still being in development stage, the WPP only had to provide an Annual Return for this financial year but would more than likely need to provide a full Statement of Accounts in the future. This Annual Return would be subject to audit by the Wales Audit Office.

The Joint Committee was further advised that it was normally required to provide final approval of the audited Annual Return and Audit Report. However, the deadline for this was the 15<sup>th</sup> September 2019 and it had not been possible to bring forward the next Joint Committee meeting scheduled for the 20<sup>th</sup> September 2019. It was therefore suggested that the final approval of the 2018/19 audited Annual Return and Audit Report be delegated to the host authority's Audit Committee for 2018/19 only. A copy of the audited Annual Return would be provided to the JGC at the next meeting in September. The Joint Committee was advised that its future dates would be scheduled to accommodate the audit timeline.

**UNANIMOUSLY RESOLVED that**

- 7.1. The unaudited Annual Return 2018/19 be approved;**
- 7.2. The final approval of the audited Annual Return and Audit Report 2018/19 be delegated to the host authority's (Carmarthenshire County Council) Audit Committee for 2018/19 only;**
- 7.3. A copy of the audited Annual Return be provided to the next JGC meeting after approval.**

## **8. LINK/RUSSELL UPDATE**

The Committee welcomed to the meeting Mr Duncan Lowman and Mr Eamonn Gough of Link, who provided a presentation on the progress of the WPP and the Link Engagement Protocol.

Mr Lowman advised that the Global Growth Equity and Global Opportunities funds had increased in value to £2.195bn and £2.111bn respectively. Mr Gough advised that the structure for Tranche 2 (UK and European Equities) had been approved by the FCA and is effectively ready to go once the transition approach is determined. A detailed proposal for the manager line-up and fees in relation to Tranche 3 (Fixed Income) would be presented later at today's meeting for approval. With regard to Tranche 4 (Private Markets), an update paper detailing next steps would be provided after the next OWG meeting.

Mr Lowman advised that the Link Engagement Protocol provided details on Link's interaction with the JGC, the OWG, the host authority and S.151 officers. He



further advised that Link had reviewed its operator arrangements and Mr Gough would be fully dedicated to work for the WPP. He explained that Link will be holding an Annual Shareholder Day (date to be finalised) and will be attending individual Pension Fund Committees later in the year.

The Joint Committee S.151 Officer thanked Link for allocating Mr Gough to the WPP and advised that the workload warranted this arrangement.

In response to a query on S.151 officer attendance at the Strategic Relationship Review meetings, the Committee was advised that each meeting would be attended by two S.151 officers and that these would be allocated depending on availability.

In response to a query on the timeline for Tranche 4, the Committee was advised that the report's proposed June 2019 date for agreeing the fund structure was incorrect. It had transpired that private markets was a complex topic which required further discussion through an officer sub-group, therefore fund structure proposal would be presented later on in the year.

**UNANIMOUSLY RESOLVED that the presentation be received.**

## **9. EXCLUSION OF THE PUBLIC**

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

## **10. SECURITIES LENDING PROPOSAL**

**Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 9 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would be likely to cause financial harm to the Wales Pension Partnership by prejudicing ongoing and future negotiations.**

The JGC received a Northern Trust proposal on Securities Lending. Mr Parnell advised that all eight funds within the WPP had agreed their own stock lending requirements at their respective committee meetings and that a small percentage of monies could be held back from lending to retain voting rights.

It was suggested that a passage stating there would be no specific lending or borrower restrictions could be removed from the proposal. In response to a query, the Joint Committee was advised that the list of borrowers would be reviewed in collaboration with the host authority.

**UNANIMOUSLY RESOLVED that the Securities Lending proposal be agreed.**

## **11. FIXED INCOME SUB-FUNDS**



**Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 9 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would be likely to cause financial harm to the Wales Pension Partnership by prejudicing ongoing and future negotiations.**

The JGC received a presentation from Link/Russell in relation to the final manager line-ups and fees for the following Fixed Income sub-funds:

- Global Credit Fund;
- Global Government Bond Fund;
- Absolute Return Bond Fund;
- Multi-Asset Credit Fund.

Mr Sasha Mandich advised that an addendum had been circulated to inform JGC Members that one proposed manager in one of the sub-funds had been replaced. He advised that decisions to replace managers were always made in the light of potential transition costs. It was suggested that a protocol facilitating swift action in relation to manager replacement could help minimise transition costs while ensuring appropriate communication.

In response to a query, Mr Lowman advised that a transition plan would be provided to the OWG in August and a launch date around September/October 2019 was achievable.

**UNANIMOUSLY RESOLVED that**

**11.1 The final manager line-ups and fees for the following Fixed Income sub-funds be approved:**

- **Global Credit Fund;**
- **Global Government Bond Fund;**
- **Absolute Return Bond Fund;**
- **Multi-Asset Credit Fund.**

**11.2 A manager replacement protocol be developed and brought before the JGC for approval.**

## **12. PERFORMANCE REPORTS AS AT 31 MARCH 2019**

**Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 9 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would be likely to cause financial harm to the Wales Pension Partnership by prejudicing ongoing and future negotiations.**

The Joint Committee received a presentation from Link/Russell in relation to the performance of the following sub-funds as at 31<sup>st</sup> March 2019:

- Global Growth Fund;
- Global Opportunities Equity Fund.

**UNANIMOUSLY RESOLVED that the performance reports in relation to the Global Growth Fund and the Global Opportunities Equity Fund be noted.**



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CHAIR

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DATE

