

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Thursday, 12 March 2020

PRESENT: Councillor Cllr. P. Lewis (Chair)

Councillors:

H. Bateman, G. Caron, C. Lloyd, M. Norris, C. Weaver, J.Pughe Roberts and 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)
J. Dong, Chief Treasury & Technical Officer (C&CS)
D. Edwards, Head of Finance (GCC)
C. Hurst, Pension Fund Manager (PCC)
D. Fielder, Deputy Head of Pensions (FCC)
C. Lee, Corporate Director of Resources (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 as observers:

Cllr. P. Jenkins, Vice-Chair of the Pensions Committee (GCC)
J. Thomas, Head of Financial Services (PCC)
K. Cobb, Senior Accountant (C&CS)
G. Russell, Head of Pensions (TCC)
A. Bull, Pensions Investment Manager (TCC)

Also present:

Eamonn Gough, Link Fund Solutions
Karl Midl, Link Fund Solutions
Sasha Mandich, Russell Investments
John Wright, Hymans Robertson

Brecon Beacons National Park Authority, Plas y Ffynnon, Brecon, 11.00 am - 12.15 pm

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

G. Caron Member of Greater Gwent Pension Fund;
Wife is deferred member of Greater Gwent Pension Fund;



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

(Note: There is an exemption within the Code of Conduct for Members, which allows a member who has been appointed or nominated by their authority to a relevant body to declare that interest but remain and participate in the meeting).

3. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON 9 DECEMBER 2019

RESOLVED that the minutes of the Joint Governance Committee meeting held on 9 December 2019 be signed as a correct record.

4. WAO AUDIT PLAN

The Joint Governance Committee (JGC) welcomed to the meeting Mr Jason Garcia from the Wales Audit Office (WAO), who presented the Audit Plan for 2019/20. He advised that this was the first year the Wales Pension Partnership (WPP) would be producing full financial statements as last year's account had been below the £2.5m threshold and therefore only required the completion of an annual return. He advised further that the Audit Plan provided an overview of WAO's duties, audit risks, estimated audit fee, audit team and timetable. Regarding the timetable. WAO was planning to give an opinion on the WPP's financial statements by 31 July 2020 and a report would be brought to the 18 June 2020 JGC for approval. With regard to the Audit fee, the JGC was advised that only an estimate could be provided at this point and the total fee comprised of two elements: work carried out to undertake the audit of the financial statements themselves and work carried out in order to provide assurance to the individual pension fund auditors. Mr Garcia confirmed that Lucy Herman had been appointed as Audit Lead Senior Auditor.

RESOLVED that the Audit Plan 2019/20 be approved.

5. HOST AUTHORITY UPDATE

Mr Parnell advised the Committee that work on several proposals and plans had been completed over the last few months and the following documents would be brought to today's meeting for approval:

- WPP Business Plan
- Proposal for the Emerging Markets Equity Sub-Fund structure
- Voting and Engagement Service Provider tender exercise

With regard to next steps and priorities, Mr Parnell advised that work is progressing well with the private markets sub-group and a progress update would



be provided by Link and Russell later at the meeting. Further next steps and priorities included the development of a WPP climate risk policy and a WPP voting policy, a tender exercise for appointing a legal advisor off the National Framework, and the completion of the 2019/20 end of year closure of accounts. An updated workplan had been attached.

With regard to other key areas, the JGC was advised that Hymans Robertson had been appointed as the WPP's Oversight Advisor and the Governance Matrix, Communications Plan and Training Plan were now available on the WPP website.

With regard to Scheme Member Representation, Mr Moore advised the committee that a response letter outlining the WPP's representation and engagement arrangements had been sent to the Scheme Advisory Board. The letter had been circulated to all Pension Committee chairs and it had been suggested that options for widening representation on JGC meetings should be explored further. The JGC was advised that the JGC's governance arrangements and the Inter-Authority Agreement would need to be considered in this process and any changes to the Inter-Authority Agreement would have to be agreed by all constituent authorities.

In response to a query, the JGC was advised that a report on the subject of scheme member representation and potential legal implications would be provided at the next meeting.

RESOLVED that the host authority update be received.

6. WPP TRAINING PLAN 2020/21

The JGC considered the WPP Training Plan for 2020/21. Members were advised that the training plan had been developed on the basis of the responses received to a training requirements questionnaire that had been circulated to all JGC and Officer Working Group (OWG) members. The training had been devised to complement the training provisions of constituent authorities. It was primarily aimed at the training needs of the JGC and OWG however it could be extended to members of pension committees and boards at the constituent authorities' discretion.

In response to a query, members were advised that the training sessions would be scheduled together with formal JGC meetings where possible. This would be discussed further at the OWG meetings.

RESOLVED that the WPP Training Plan 2020/21 be approved.

7. WPP BUSINESS PLAN

The JGC considered the WPP Business Plan. The JGC was advised that the purpose of the Business Plan was to explain the background and governance structure of the WPP, outline priorities and objectives, introduce the WPP's policies and plans, outline the financial budget and summarise the WPP's Investment and Performance Objectives.



The meeting was advised that, following approval by the JGC, the Business Plan would be sent to all Constituent Authorities for approval in accordance with Section 6 of the Inter-Authority Agreement.

With regard to the financial budget, members were advised that investment manager fees were subject to changes due to moving market values and any variances would be explained going forward.

In response to a query, members were advised that the completion of a risk register would be included in the workplan.

RESOLVED that the WPP Business Plan be approved.

8. LINK/RUSSELL UPDATE

The JGC received a presentation from Link and Russell on the progress of the WPP with regard to current fund holdings, fund launch progress and the Link/WPP Engagement Protocol.

With regard to Fixed Income (Tranche 3), members were advised that FCA approval had been received on 10 March 2020 and a transition plan was being developed for launch dates on 20 and 23 April 2020.

With regard to Emerging Markets (Tranche 4), the JGC was advised that the timeframe for approval and set-up was expected to be longer than previous sub-funds with the earliest possible launch date being December 2020.

Members were further advised that, given concerns over Covid-19, Link and Russell were putting in place contingency measures to ensure they could continue to operate in case of lockdown of offices and travel bans.

In response to a query on the launch of the Fixed Income sub-funds, the JGC was advised that fund performance was monitored daily to ensure market conditions were suitable for launching on the 20 and 23 April 2020. Link/Russell were working closely with the Host Authority and Members could be provided with regular updates.

RESOLVED that the presentation be received.

9. PERFORMANCE REPORTS AS AT 31 DECEMBER 2019

The JGC received a presentation on the performance reports for the Global Growth Fund, the Global Opportunities Fund, and the UK Opportunities Fund as at 31 December 2019. The Committee was advised that the three funds total just under £5.3bn and the funds outperformed their benchmarks by 0.64%, 1.42% and 3.90% (ITD, gross of fees) respectively.

RESOLVED that the performance reports for the Global Growth Fund, the Global Opportunities Fund, and the UK Opportunities Fund as at 31 December 2019 be noted.



10. EXCLUSION OF THE PUBLIC

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

11. WPP VOTING AND ENGAGEMENT SERVICE PROVIDER

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in Minute 10 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 WPP by prejudicing ongoing and future negotiations.

The JGC considered a report on the WPP Voting and Engagement Service Provider.

RESOLVED to approve the appointment of bidder 5 as the Wales Pensions Partnership Voting and Engagement Service Provider, subject to the completion of the standstill period and the finalisation of the Voting and Engagement Service Provider Contract.

12. EMERGING MARKETS SUB-FUNDS

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in Minute 10 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 WPP by prejudicing ongoing and future negotiations.

The JGC considered a report on the Emerging Markets Equity Sub-Fund structure.

RESOLVED that the proposed Emerging Markets Equity Sub-Fund structure be approved.

CHAIR

DATE

