

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

WEDNESDAY, 1ST DECEMBER, 2021

PRESENT: Councillor Cllr. C. Lloyd [Chair]

Councillors:

G. Caron, M. Norris, P. Jenkins, P. Lewis, T. Palmer, C. Weaver and D.E. Williams

The following officers were in attendance:

C. Moore – Joint Committee Section 151 Officer (CCC)
L. Rees-Jones – Joint Committee Monitoring Officer (CCC)
C. Lee – Corporate Director of Resources (CoC)
A. Bull – Head of Pensions (TCC)
B. Davies – Head of Financial Services (RCT)
J. Dong – Deputy S151 Officer/ Chief Finance Officer (C&CS)
D. Edwards – Chief Finance Officer (GCC)
J. Thomas – Head of Financial Services (PCC)
P. Latham – Head of Clwyd Pension Fund (FCC)
T. Williams – Senior Financial Services Officer (CCC)
M. Evans Thomas – Principal Democratic Services Officer (CCC) [Note Taker}
J. Owen – Democratic Services Officer (CCC) [Assisting]
K. Evans – Assistant Democratic Services Officer (CCC) [Assisting]
E. Evans – Principal Democratic Services Officer (CCC) [Webcasting]
S. Rees – Simultaneous Translator (CCC)

Also in attendance to present reports:

A. Johnston – Hymans Robertson
J. Wright – Hymans Robertson
E. Gough - Link Fund Solutions
K. Midl – Link Fund Solutions
R. Thornton - Link Fund Solutions
N. Round – Northern Trust
A. Knell – Robeco
K. Robertson – Robeco
T. Paik – Russell Investments
A. Quinn – Russell Investments

Also present as observers:

D. Fielder – Deputy Head of Clwyd Pension Fund (FCC)
K. Cobb – Pension Fund Accounting & Investment Manager (C&CS)
M. Falconer – Pension Manager (CoC)
C. Hurst – Pension Fund Manager (PCC)
D. Jones-Thomas – Investment Manager (GCC)
G. Watkins – Revenue Services Manager (CoC)
Y. Keitch – Principal Accountant (RCT)

Virtual Meeting : 10.00 am - 12.35 pm



1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

Member	Agenda Item No.	Interest
Cllr. G. Caron	All agenda items	He is a paying and receiving member of the Greater Gwent Pension Fund, his wife is a receiving member and his son-in-law is a paying member
Cllr. P. Jenkins	All agenda items	He is a member of the Gwynedd Pension Fund
Cllr. P. Lewis	All agenda items	He is a member of the Powys Pension Fund
Cllr. C. Lloyd	All agenda items	He is a member of the County & City of Swansea Pension Fund
Cllr. M. Norris	All agenda items	He is a member of the Rhondda Cynon Taf Pension Fund
Cllr. T. Palmer	All agenda items	His partner and daughter are members of the Clwyd Pension Fund
Cllr. E. Williams	All agenda items	He is a member of the 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 THE 22 SEPTEMBER 2021

UNANIMOUSLY RESOLVED that the minutes of the Joint Governance Committee meeting held on 22nd September, 2021 be signed as a correct record.

4. HOST AUTHORITY UPDATE

[NOTE: Councillors G. Caron, P. Jenkins, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a progress update in relation to the following key areas:-

- Governance;
- Ongoing establishment;
- Operator services;
- Communications and reporting;
- Training and meetings; and
- Resources, budget and fees.



UNANIMOUSLY RESOLVED that the Host Authority update be received.

5. RISK REGISTER Q4 2021 REVIEW

[NOTE: Councillors G. Caron, P. Jenkins, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered the Risk Register Q4 2021 Review. It was noted that during the last quarter a review was undertaken of the Investment & Performance risks, risks I.1 to I.9. The review outcomes of each risk were summarised in an appendix to the report.

The Officer Working Group has a dedicated WPP Risk Sub-Group to take ownership of the WPP Risk Register and the quarterly review of this document. The next review will take place in Q1 2022 and will focus on risks G.1 to G.8 in the Governance & Regulation Risks section.

UNANIMOUSLY RESOLVED that the amendments to the WPP Risk Register, as detailed in the report, be approved.

6. REBALANCING & ALTERATION POLICY

[NOTE: Councillors G. Caron, P. Jenkins, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered a Rebalancing and Alteration policy which sets out the WPP's approach to rebalancing the assets held within the pool's sub-funds. The policy outlined the framework that has been put in place to ensure that manager allocations within sub-funds are monitored and rebalanced where appropriate.

The policy applied to the full range of sub-funds held in the WPP ACS umbrella, covering equity and fixed income mandates. Constituent Authorities may have other assets held outside the WPP and these assets were not covered by this policy. The WPP's rebalancing policy has been designed to ensure that all investors have clarity over the rebalancing policies in place.

The policy will be formally reviewed by the Officer Working Group on an annual basis and, if necessary, changes to the policy will be submitted to the Joint Governance Committee for approval.

UNANIMOUSLY RESOLVED that the Rebalancing and Alteration Policy be endorsed.

7. ANNUAL POLICY REVIEWS

[NOTE: Councillors G. Caron, P. Jenkins, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a report detailing the Annual Policy Reviews undertaken on the following policies:-



- Responsible Investment Policy
- Training Policy

These policies were approved by the JGC in September 2019 and December 2020 respectively and had been reviewed and updated by the Officer Working Group.

With regard to the Responsible Investment Policy, reference was made to point 5 (Exclusions) and the statement that the WPP has not adopted a policy of exclusionary practices. Officers were asked whether this should be amended to say that the WPP will be looking at exclusionary practices going forward as it has been discussed by the constituent authorities. It was felt that the intention should be included. The representative from Hymans agreed to extend the wording to say that the matter will remain on the agenda.

UNANIMOUSLY RESOLVED that the updated policies, as detailed above, including the amendment to the Responsible Investment Policy as detailed above, be approved.

8. OPERATOR UPDATE

[NOTE: Councillors G. Caron, P. Jenkins, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received an update on the progress of the Wales Pension Partnership in relation to the following key areas:-

- Current Fund Holdings
- Fund Launch Progress
- Corporate Update and Engagement

The report also provided an update on the progress and milestones of the following Sub Funds:-

- Tranche 1 – Global Equity
- Tranche 2 – UK Equity
- Tranche 3 – Fixed Income
- Tranche 4 – Emerging Markets

UNANIMOUSLY RESOLVED that the Operator Update report be received.

9. PERFORMANCE REPORTS AS AT 30 SEPTEMBER 2021

[NOTE: Councillors G. Caron, P. Jenkins, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a presentation on the Performance Reports as at 30th September, 2021. It was noted that the sub funds had outperformed/underperformed against their respective benchmarks, as follows:



- Global Opportunities Equity Fund – outperformed by 1.14% gross / 0.77% net
- Global Growth Equity Fund – outperformed by 1.90% gross / 1.44% net
- UK Opportunities Equity Fund - outperformed by 2.44% gross / 1.99% net
- Global Government Bond Fund – outperformed by 1.80% gross / 1.60% net
- Global Credit Fund – outperformed by 1.49% gross / 1.33% net
- Multi Asset Credit Fund – outperformed by 3.21% gross / 2.79% net
- Absolute Return Bond Strategy Fund – outperformed by 0.27% gross / 0.19% net
- UK Credit Fund – underperformed by 0.28% gross / 0.15% net

Reference was made to the outstanding performance of the various funds since the establishment of the Partnership and to the responsible investment undertaken and thanks were extended to the investors.

UNANIMOUSLY RESOLVED that the Performance Reports of the Sub Funds, as detailed above, as at 30th September, 2021, be noted.

10. 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.

11. GLOBAL SECURITIES LENDING REVIEW AS AT 30 SEPTEMBER 2021

Following the application of the public interest test it was **UNANIMOUSLY 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 adversely impact upon the Pension Fund by disadvantaging Fund Managers in negotiations with borrowers to the detriment of the Fund.

[NOTE: Councillors G. Caron, P. Jenkins, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered the Global Securities Lending Review for Quarter 3, as at 30th September, 2021.

UNANIMOUSLY RESOLVED that the Global Securities Lending Review as at 30th September, 2021 be noted.

12. ROBECO ENGAGEMENT SERVICE - Q3 2021 ENGAGEMENT REPORT

Following the application of the public interest test it was **UNANIMOUSLY 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 Pension Fund by prejudicing ongoing and future negotiations.



[NOTE: Councillors G. Caron, P. Jenkins, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered the Engagement Report for Q3 of 2021, which ended on 30th September, 2021.

UNANIMOUSLY RESOLVED that the Engagement Report for Q3 of 2021 be noted.

13. WPP SUB FUND REVIEW

Following the application of the public interest test it was UNANIMOUSLY 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 adversely impact upon the Pension Fund by disadvantaging Fund Managers in negotiations.

[NOTE: Councillors G. Caron, P. Jenkins, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered a report on the review of the Global Growth and Global Opportunities Equity Funds.

UNANIMOUSLY RESOLVED that the WPP Sub Fund Review be noted.

14. LOCAL INVESTMENT OPPORTUNITY

Following the application of the public interest test it was UNANIMOUSLY 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 Pension Fund by prejudicing ongoing and future negotiations.

[NOTE: Councillors G. Caron, P. Jenkins, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered a report detailing a local investment opportunity for the WPP.

An amendment was proposed, which was debated, voted upon and lost. The original motion was thereupon voted upon and it was

RESOLVED to agree in principle for the WPP to proceed with the Local Investment Opportunity, as detailed in the report, subject to finalisation of structural aspects and legal due diligence.

[NOTE: At this point in the meeting the Chair had to leave and the remainder of the meeting proceeded with the Vice-Chair presiding.]



15. OPERATOR CONTRACT

Following the application of the public interest test it was UNANIMOUSLY 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 adversely impact upon the Pension Fund by disadvantaging Fund Managers in negotiations with borrowers to the detriment of the Fund.

[NOTE: Councillors G. Caron, P. Jenkins, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered a report proposing an extension to the operator contract. An operator review had been undertaken and the recommendation was to extend the existing contract to December 2024.

UNANIMOUSLY RESOLVED that the operator contract be extended for a further 2 years, as detailed in the report.

CHAIR

DATE

