

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Friday, 17th July, 2020

PRESENT: Councillor Cllr. G. Caron [Chair]

Councillors:

Cllr. P. Lewis, Cllr. C. Lloyd, Cllr. M. Norris, Cllr. J. Pugh Roberts, A. Shotton 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)
B. Davies, Director of Financial Services (RCT)
J. Dong, Chief Treasury & Technical Officer (C&CS)
D. Edwards, Head of Finance (GCC)
P. Latham, Pension Fund Manager (FCC)
C. Lee, Corporate Director of Resources (CoC)
A. Parnell, Treasury & Pension Investments Manager (CCC)
J. Thomas, Head of Financial Services (PCC)
T. Williams, Senior Financial Services Officer (CCC)
M. Evans Thomas, Principal Democratic Services Officer (CCC)

Also present:

E. Gough, Link Fund Solutions
D. Lowman, Link Fund Solutions
K. Midl, Link Fund Solutions
J. Leggate, Russell Investments
A. Quinn, Russell Investments
F. Hope, Hymans Robertson
J. Wright, Hymans Robertson

Virtual Meeting : 10.00 a.m. – 11.35 a.m.

1. APPOINTMENT OF 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.

The outgoing Chair was thanked for his hard work and contribution to the Joint Committee during his period as Chair.

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



UNANIMOUSLY RESOLVED that Councillor Clive Lloyd be appointed Vice-Chair of the Joint Governance Committee for the forthcoming calendar year.

3. APOLOGIES FOR ABSENCE

An apology for absence was received from Cllr. Chris Weaver (City of Cardiff Council).

4. DECLARATIONS OF INTEREST

Councillor	Nature of Personal Interest
G. Caron	Member of the Greater Gwent Pension Fund; Wife is deferred member of the Greater Gwent Pension Fund; Son-in-law is member of the Greater Gwent Pension Fund
P. Lewis	Member of the Powys Pension Fund
C. Lloyd	Member of the City & County of Swansea Pension Fund
M. Norris	Member of the Rhondda Cynon Taf Pension Fund
A. Shotton	Member of Clwyd Pension Fund; Wife is a member of the Clwyd Pension Fund
E. Williams	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.]

5. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON THE 12TH MARCH 2020

RESOLVED that the minutes of the Joint Governance Committee meeting held on 12th March, 2020 be signed as a correct record.

6. WPP 2019/20 ANNUAL RETURN

The Joint Committee Section 151 Officer presented the audited Annual Return for 2019/20. The Accounting Statements and Annual Governance Statement sections of the Annual Return had been prepared by the Host Authority and Carmarthenshire County Council's Internal Audit Department had carried out an Internal Audit Review. The Annual Return had been audited by Audit Wales and Jason Garcia from Audit Wales presented the letter.

It was pointed out that the Joint Committee was being asked to approve the Unaudited Statement of Accounts for 2019/20 and not to note them as indicated in the report.



RESOLVED

- 6.1 That the letter from Audit Wales regarding the WPP 2019/20 Annual Return be received;**
- 6.2 That the Audited Annual Return for 2019/20 be approved;**
- 6.3 That the Unaudited Statement of Accounts for 2019/20 be approved.**

7. HOST AUTHORITY UPDATE

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.

8. WPP CONFLICTS OF INTEREST AND PROCEDURE POLICY

The Joint Committee was advised that it had a fiduciary and legal duty to act in the best interest of the Wales Pension Partnership's (WPP) stakeholders and beneficiaries, but this did not preclude WPP's personnel and providers from having other roles or responsibilities, which may result in a conflict of interest.

The importance was stressed of following good governance principles and putting in place a conflict of interest and procedure policy to outline how conflicts are identified, managed and monitored.

The Joint Committee considered the WPP Conflicts of Interest and Procedure Policy which applied to all WPP Personnel and Providers. An up-to-date list of WPP Personnel and Providers would be available on the WPP's website and would be updated, as and when required. A Conflict of Interest Register would be maintained by the Host Authority. The policy would be formally reviewed by the OWG and updated if required, on an annual basis. It was noted that the policy may be reviewed or amended more frequently if the WPP needs to take account of relevant guidance or regulations. The WPP's policy would be an annual JGC agenda item which would ensure that the WPP provides full transparency of its conflicts of interest at least annually.

UNANIMOUSLY RESOLVED that the Wales Pension Partnership Conflicts of Interest and Procedure Policy be approved.

9. WPP CLIMATE RISK POLICY

The Joint Committee was informed that, in line with the WPP's approved Responsible Investment Policy and the WPP's commitment to its ongoing



approach towards Responsible Investment, a specific Climate Risk Policy for the WPP had been developed.

This policy sets out WPP's approach to addressing the requirements of the Constituent Authorities in regard to climate related risks and the monitoring of these risks. It had been developed in line with the WPP's beliefs and objectives.

The policy would be reviewed annually and the WPP would prepare and publish an annual report detailing the actions undertaken in fulfilment of this policy and the results achieved.

Reference was made to paragraph 8 of the Policy and it was suggested that, in view of the fact that the Welsh Government does not have direct influence over the Pension Fund, the paragraph be amended as follows:-

“This policy will have regard to the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and any relevant guidance provided by the Scheme Advisory Board (“SAB”), the Ministry of Housing Communities and Local Government (“MHCLG”), Intergovernmental Panel on Climate Change (“IPCC”) and the policy will note the Welsh Government and the Well-being of Future Generations (Wales) Act 2015.”

UNANIMOUSLY RESOLVED that the Wales Pension Partnership Climate Risk Policy, to include the above-mentioned amendment, be approved.

10. WPP RISK POLICY & RISK REGISTER

The Joint Committee was informed that a Risk Policy and Risk Register has been developed for the WPP. The Risk Policy was reflective of WPP's belief that good governance and greater transparency will improve the decision-making process and deliver superior outcomes for WPP stakeholders. The WPP recognises that all WPP Personnel and Providers have a role to play in identifying, understanding, managing and monitoring potential and actual risks facing the WPP.

The policy outlined the WPP's:

- Beliefs and objectives in relation to Risk;
- Risk Strategy;
- Risk identification and understanding;
- Risk management and monitoring.

The WPP had formulated a Risk Register which was the means by which risks are documented, managed and monitored. The purpose of the WPP Risk Register was to:

- Outline the WPP's key risks and factors that may limit its ability to meet its objectives;
- Quantify the severity and probability of the risk facing the WPP;
- Summarise the WPP's risk management strategies;
- Monitor the ongoing significance of these risks and the requirement for further risk mitigation strategies.



The Officers Working Group would be responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the Joint Committee on a quarterly basis.

UNANIMOUSLY RESOLVED that the Wales Pension Partnership Risk Policy and Risk Register be approved.

11. OPERATOR UPDATE

The Joint Committee received an update from Karl Midl and Eamonn Gough of Link Fund Solutions 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.

UNANIMOUSLY RESOLVED that the update be received.

12. PERFORMANCE REPORTS AS AT 31 MARCH 2020

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 31st March 2020.

It was noted that the market values of all 3 sub funds had decreased during the last quarter. WPP Global Growth Fund decreased from £2,373,976,400 to £1,961,972,648, WPP Global Opportunities Fund decreased from £2,233,379,922 to £1,881,872,223 and the UK Opportunities Fund decreased from £685,363,821 to £480,052,962. Global Growth and UK Opportunities had underperformed their benchmarks by 0.82% (gross) / 1.21% (net) and 3.64% (gross) / 3.81% (net) respectively whilst Global Opportunities had outperformed their benchmark by 1.39% (gross) / 1.05% (net).

UNANIMOUSLY RESOLVED that the performance reports for the WPP Global Growth Fund, the Global Opportunities Fund and the UK Opportunities Fund as at 31st March, 2020 be received.

CHAIR

DATE

