

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Wednesday, 23 March 2022

PRESENT: Councillor Cllr. C. Lloyd (Chair)

Councillors:

G. Caron, M. Norris, P. Jenkins, P. Lewis, C. Weaver, T. Palmer, 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)
N. Aurelius – Assistant Chief Executive – Resources (TCC)
J. Dong – Deputy S151 Officer/ Chief Finance Officer (C&CS)
D. Edwards – Fund Director (GCC)
J. Thomas – Head of Financial Services (PCC)
P. Latham – Head of Clwyd Pension Fund (FCC)
P. Griffiths – Service Director Finance and Improvement (RCT)
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
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
A. Quinn – Russell Investments
J. Leggate – Russell Investments
T. Paik - Russell Investments
S. Gervaise-Jones - bfinance

Also present as observers:

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)
Y. Keitch – Principal Accountant (RCT)
D. Fielder - Deputy Head of Clwyd Pension Fund (FCC)
A. Bull – Head of Pensions (TCC)

Virtual Meeting : 10:00am- 12:42pm

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 1ST DECEMBER, 2021

UNANIMOUSLY RESOLVED that the minutes of the Joint Governance Committee meeting held on 1st December, 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
- Resources, budget and fees

The Chair took the opportunity to thank the Host authority officers for their contribution to the presentation at the Joint Council for Wales which was held recently.

UNANIMOUSLY RESOLVED that the Host Authority update be received.

5. WPP TRAINING PLAN - 2022/23

[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 the Training Plan for 2022/23. The meeting was advised that the WPP's training plan is devised to supplement existing Constituent Authority training and will be relevant to the WPP's pooling activities. The training is primarily focussed on meeting the training needs of members of the OWG and JGC, however it may be extended to Pension Committee members, as well as Pension Board representatives, if relevant.

The 2022/2023 training sessions will be held quarterly and will cover the following topics:

- Product knowledge
- Pool knowledge
- Responsible Investment
- Market Understanding

UNANIMOUSLY RESOLVED that the WPP training plan 2022/23 report be approved.

6. WALES PENSION PARTNERSHIP BUSINESS PLAN 2022-2025

[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 Business Plan 2022-2025. The meeting was advised that the Business Plan has been drafted in accordance with Section 6 of the Inter Authority Agreement. Following approval by the Joint Committee, the Business Plan would be sent to all Constituent Authorities for their written approval.

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

UNANIMOUSLY RESOLVED that the Business Plan be approved.

7. RISK REGISTER Q1 2022 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 Q1 2022 Review. It was noted that during the last quarter a review was undertaken of the Governance and Regulation section, risks G.1 to G.6. The review outcomes of each risk were summarised in an appendix to the report.

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

8. 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:-

- Communication Policy
- Governance Matrix

These policies were approved by the JGC in December 2019. A second annual review of the policies has taken place and updated documents require approval by the JGC.

UNANIMOUSLY RESOLVED that the updated policies, as detailed above, be approved.

9. SCHEME MEMBER REPRESENTATION ON THE JOINT GOVERNANCE COMMITTEE

[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 to approve the recommendation of the Joint Governance Committee (JGC) sub-group to appoint:

- Osian Richards from Gwynedd Pension Fund as the Scheme Member Representative of the JGC
- Ian Guy from City and County of Swansea Pension Fund as the Deputy Scheme Member Representative of the JGC (the deputy will be required to attend meetings in the SMR's absence).

The appointment will be effective immediately after the JGC have approved the recommendations, with a tenure of two years. If the individual ceases to be a local pension board scheme member representative within that two-year period, their role as scheme member/deputy scheme member representative will also cease.

Reference was made regarding the high standard of calibre of applicant for the posts and that the successful applicants would be an asset to the JGC.

UNANIMOUSLY RESOLVED that the recommendations of appointments, as detailed above, be approved.

10. 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

In response to a query, the JGC was advised that it would be kept updated over the next 6 months, as Dye & Durham proceeds to acquire Link.

UNANIMOUSLY RESOLVED that the Operator Update report be received.

11. PERFORMANCE REPORTS AS AT 31 DECEMBER 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 31st December, 2021. It was noted that the sub funds had outperformed/underperformed against their respective benchmarks, as follows:

- Global Opportunities – outperformed by 0.71% gross / 0.34% net
- Global Growth – outperformed by 0.01% gross / underperformed by 0.44% net
- Emerging Markets – outperformed by 0.24% gross / 0.13% net
- UK Opportunities – outperformed by 1.12% gross / 0.68% net
- Global Government Bond – outperformed by 1.06% gross / 0.83% net
- Global Credit – outperformed by 1.23% gross / 1.06% net
- Multi Asset Credit – outperformed by 1.86% gross / 1.43% net
- ARB – underperformed by 0.73% gross / 1.19% net
- UK Credit – outperformed by 0.37% gross / 0.25% net

UNANIMOUSLY RESOLVED that the Performance Reports of the Sub Funds, as detailed above, as at 31st December, 2021, be noted.

12. 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.

13. GLOBAL SECURITIES LENDING REVIEW AS AT 31 DECEMBER 2021

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 12 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 ending 31st December, 2021.

UNANIMOUSLY RESOLVED that the Global Securities Lending Review as at 31st December, 2021 be noted.

14. ROBECO ENGAGEMENT SERVICE - Q4 2021 ENGAGEMENT REPORT

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 12 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 Q4 of 2021, which ended on 31st December 2021.

UNANIMOUSLY RESOLVED that the Engagement Report for Q4 of 2021 be noted.

15. WPP PRIVATE MARKET ALLOCATOR APPOINTMENTS

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 12 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 Governance Committee considered a report to appoint the Private Market Allocators for the Wales Pension Partnership.

Following the completion of the procurement process, it was recommended:

- To appoint bidder 8 as the preferred bidder for the Wales Pension Partnership Allocator for Private Debt (Lot 1) subject to the completion of the standstill period and the finalisation of the Allocator Contract
- To appoint bidder 7 as the preferred bidder for the Wales Pension Partnership Allocator for Infrastructure (Lot 2) subject to the completion of the standstill period and the finalisation of the Allocator Contract
- To appoint bidders 4,8 and 13 as the preferred bidders for the Wales Pension Partnership Allocators for Open Ended Infrastructure (Lot 3) subject to the completion of the standstill period and the finalisation of the Allocator Contract

UNANIMOUSLY RESOLVED that the Allocator Appointment, as detailed above, be approved

[NOTE: At this point in the meeting Cllr Ted Palmer had to leave the meeting]

16. RESPONSIBLE INVESTMENT & CLIMATE RISK REPORTS

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 12 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 received an update on the Q3 Responsible Investment & Climate Risk Reports for WPP's:

- Global Credit Sub Fund, and
- Multi Asset Credit Sub Fund.

UNANIMOUSLY RESOLVED that the Responsible Investment & Climate Risk Reports be noted.

CHAIR

DATE