

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Wednesday 19th July 2023

PRESENT: Councillor T. Palmer (Chair)

Councillors:

C. Weaver, M. Lewis, P. Lewis, M. Norris, E. Williams and N. Yeowell

O. Richards – Scheme Member Representative (Co-opted non-voting member)

The following officers were in attendance:

L. Rees-Jones – Joint Committee Monitoring Officer (CCC)
C. Lee – Corporate Director of Resources (CoC)
J. Dong – Deputy S151 Officer/ Chief Finance Officer (C&CS)
C. Hurst – Pension Fund Manager (PCC)
D. Jones-Thomas – Investment Manager (GCC)
P. Griffiths – Director Finance and Improvement (RCT)
D. Fielder – Deputy Head of Clwyd Pension Fund (FCC)
A. Bull – Head of Pensions (TCC)
A. Parnell – Treasury & Pensions Investment Manager (CCC)
T. Williams – Senior Financial Services Officer (CCC)
E. Evans – Member Services Officer (CCC) [Assisting]
A. Eynon – Simultaneous Translator (CCC)

Also in attendance to present reports:

R. Barrack – Hymans Robertson
K. Dickson – Hymans Robertson
I. Campbell – Hymans Robertson
R. Thornton – Link Fund Solutions
K. Midl – Link Fund Solutions
J. Zealander - Link Fund Solutions
A. Samson– Robeco
J. Leggate – Russell Investments
T. Paik – Russell Investments
M. Buchanan – Russell Investments
J. Blewitt – Audit Wales
D. Joyce – Northern Trust

Also present as observers:

M. Falconer – Pension Manager (CoC)
L. Grey – Graduate Pensions Officer (TCC)
Y. Keitch – Principal Accountant (RCT)
G. Watkins – Revenue Services Manager (CoC)
I. Guy – Deputy Scheme Member Representative (Reserve)

Virtual Meeting : 10.50 am - 12.54 pm



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

UNANIMOUSLY RESOLVED that Councillor Ted Palmer 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 Elwyn Williams be appointed Vice-Chair of the Joint Governance Committee for the forthcoming calendar year.

3. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Stephen Churchman (Gwynedd County Council) and Chris Moore (Carmarthenshire County Council).

4. DECLARATIONS OF INTEREST

Member	Agenda Item No.	Interest
Cllr. M. Lewis	All agenda items	He is a member of Swansea Pension Fund along with his wife.
Cllr. P. Lewis	All agenda items	He is a member of the Powys Pension Fund
Cllr. N. Yeowell	All agenda items	He is a member of the Greater Gwent Pension Fund
Cllr. M. Norris	All agenda items	He is a member of the RCT 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
Cllr. C. Weaver	All agenda items	He is a member of the Cardiff & Vale 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 29 MARCH 2023

RESOLVED that the minutes of the Joint Governance Committee meeting held on 29th March 2023 be signed as a correct record.



6. ANNUAL RETURN / AUDIT 2023

[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Host Authority presented the audited Annual Return for 2022/23. The Accounting Statements and Annual Governance Statement sections of the Annual Return had been prepared by the Host Authority whose Internal Audit Section had carried out an Internal Audit Review.

The Annual Return had also been audited by Audit Wales and Mr Jason Blewitt of Audit Wales presented the audit letter to the Joint Committee.

The Host Authority had also prepared a full Statement of Accounts for the Wales Pension Partnership for 2022/23. The Statement was not a statutory requirement and would not be audited. It has been prepared for information purposes only, to support the information included in the Annual Report.

RESOLVED

- 6.1 That the letter from Audit Wales regarding the WPP 2022/23 Annual Return be received;
- 6.2 That the Audited Annual Return for 2022/23 be approved;
- 6.3 That the Unaudited full Statement of Accounts for 2022/23 be approved.

7. HOST AUTHORITY UPDATE

[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, 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.

The Joint Committee were also informed that the pooling consultation was published on 11 July 2023 with a consultation period of 12 weeks to 2 October 2023. The WPP will be providing a pool response and the CAs were urged to provide individual responses.

UNANIMOUSLY RESOLVED that the Host Authority update be received.



8. RISK REGISTER Q2 2023 REVIEW

[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered the Risk Register Q2 2023 Review. During the last quarter the Officer Working Group had undertaken a review of the register, looking at the second half of the Governance and Regulation section, risks G.7 to G.14. The report summarised the review outcomes of each risk.

The Joint Committee were informed that another risk had been added, risk G.15 – the WPP is not prepared for the outcomes of any consultation or regulatory change. The rating will be monitored and discussed on a regular basis.

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

9. ANNUAL POLICY REVIEWS

[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, 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:-

- Climate Risk Policy
- Voting Policy (Stewardship Policy)

An annual review of these policies had taken place and the updated policies required approval by the JGC.

Hymans have reviewed the work completed in line with the commitments set out in the RI Policy and Climate Risk Policy and highlighted some key areas for activity/improvement over 2023/24.

UNANIMOUSLY RESOLVED

9.1 that the updated policies, as detailed above, be approved.

9.2 that the RI and Climate Risk Annual progress update be noted

10. OPERATOR UPDATE - Q1 2023 REVIEW

[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a presentation on the progress of the Wales Pension Partnership in relation to the following key areas:

- Market updates;
- Current Fund Holdings;
- Sub fund updates and other initiatives;
- Corporate Update and Engagement.



UNANIMOUSLY RESOLVED that the Operator Update be received.

11. PERFORMANCE REPORT AS AT 31 MARCH 2023

[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, 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 March, 2023. It was noted that the sub funds had outperformed/underperformed against their respective benchmarks, as follows:

- Global Opportunities – outperformed by 1.36% gross / 1.04% net
- Global Growth – underperformed by 0.40% gross / 0.81% net
- Emerging Markets – outperformed by 0.92% gross / 0.47% net
- UK Opportunities – underperformed by 0.83% gross / 1.23% net
- Global Government Bond – outperformed by 1.63% gross / 1.40% net
- Global Credit – outperformed by 0.15% gross / underperformed 0.02% net

The MAC and ARB funds did not meet their targets. The UK Credit fund exceeded its target.

UNANIMOUSLY RESOLVED that the Performance Reports of the sub-funds, as detailed above, as at 31st March, 2023 be noted.

12. EXCLUSION OF THE PUBLIC

UNANIMOUSLY RESOLVED

12.1 that the Deputy Scheme Member representative remain in the meeting during debate of exempt reports and permission be granted for the forthcoming calendar year;

12.2 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. SECURITIES LENDING PERFORMANCE REVIEW 2022/23

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 M. Lewis, C. Weaver, P. Lewis, N. Yeowell, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a report on the Securities Lending Performance Review for 2022/23.

UNANIMOUSLY RESOLVED that the Securities Lending Performance Review 2022/23 be noted.

14. ROBECO ENGAGEMENT SERVICE - Q1 2023 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 M. Lewis, C. Weaver, P. Lewis, N. Yeowell, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received the Engagement Report for Q1 of 2023.

UNANIMOUSLY RESOLVED that the Engagement Report for Q1 of 2023 be noted.

15. 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 M. Lewis, C. Weaver, P. Lewis, N. Yeowell, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received the Responsible Investment and Climate Risk reports in respect of the following funds:-

- Global Growth
- Global Opportunities

UNANIMOUSLY RESOLVED that the Responsible Investment and Climate Risk Reports for Q1 of 2023 be noted.

16. WPP SUB FUND REVIEW

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 potentially prejudicing the procurement process.

[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a sub fund review of WPP's UK Opportunities Equity Fund, Global Credit Fund and Global Government Bond Fund.

UNANIMOUSLY RESOLVED that the WPP Sub Fund Review be received.

17. OPERATOR PROCUREMENT - EVALUATION CRITERIA

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 potentially prejudicing the procurement process.

[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered a report regarding the evaluation criteria for the operator procurement which would be sent to all eight constituent authorities for written approval.

RESOLVED that the Operator Procurement – Evaluation Criteria, be agreed and sent to all eight constituent authorities for written approval.

CHAIR

DATE

