

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Wednesday, 20 September 2023

PRESENT: Councillor T. Palmer (Chair)

Councillors:

S. Churchman, M. Lewis, P. Lewis (Virtual), M. Norris, C. Weaver (Virtual), E. Williams and N. Yeowell

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

The following Officers were in attendance:

C. Moore – Joint Committee Section 151 Officer (CCC)

L. Rees-Jones – Joint Committee Monitoring Officer (CCC) (Virtual)

C. Lee – Corporate Director of Resources (CoC)

J. Dong – Deputy S151 Officer/ Chief Finance Officer (C&CS)

C. Hurst – Pension Fund Manager (PCC)

D. Morgan – Head of Finance (GCC)

P. Latham – Head of Clwyd Pension Fund (Clwyd CC)

B. Davies – Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services (RCT)

A. Bull – Head of Pensions (TCC)

A. Parnell – Treasury & Pensions Investment Manager (CCC)

T. Williams – Senior Financial Services Officer (CCC)

K. Thomas Evans – Democratic Services Officer (CCC) [Note Taker]

J. Pennar-McFarlane – Simultaneous Translator (GCC)

Also in attendance to present reports:

A. Johnson – Hymans Robertson

R. Barrack – Hymans Robertson

I. Colvin – Hymans Robertson (Virtual)

K. Midl – Link Fund Solutions

J. Zealander - Link Fund Solutions

R. Thornton – Link Fund Solutions

D. Joyce – Northern Trust (Virtual)

A. Knell – Robeco (Virtual)

Y. Fujita – Robeco (Virtual)

A. Quinn – Russell Investments

Also present as observers:

M. Falconer – Pension Manager (CoC) (Virtual)

D. Jones-Thomas – Investment Manager (GCC) (Virtual)

L. Grey – Graduate Pensions Officer (TCC) (Virtual)

Y. Keitch – Principal Accountant (RCT) (Virtual)

Chamber, Rhondda Cynon Taf - Rhondda Cynon Taf, The Pavilions, Clydach Vale, Tonypany, CF40 2XX - 10.15 am - 12.20 pm



(NOTE: The commencement of the meeting was delayed by 15 mins due to inclement weather)

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. 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. S. Churchman	All agenda items	He is a member of the Greater Gwynedd Pension Fund
Cllr. P. Lewis	All agenda items	He is a member of the Powys Pension Fund
Cllr. N. Yeowell	All agenda items	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	He, 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.]

3. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON THE 19TH JULY, 2023.

RESOLVED that the minutes of the Joint Governance Committee meeting held on 19th July, 2023, be signed as a correct record.

4. HOST AUTHORITY UPDATE

(NOTE: Councillors S. Churchman, M. Lewis, P. Lewis, M. Norris, T. Palmer, C. Weaver, E. Williams and N. Yeowell 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.

UNANIMOUSLY RESOLVED that the Host Authority update be received.

5. RISK REGISTER Q3 2023 REVIEW

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

The Joint Committee considered the Risk Register Q3 2023 Review. Members were advised that the purpose of the WPP Risk Register is 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.

It was noted that during the previous quarter, the Officer Working Group had undertaken a review of the Training & Resources and Communications Risks and the report detailed the review outcome for each of the identified risks.

Members were further informed that the next review taking place in Q4 2023 would focus on the Investment Section Risks.

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

6. NEW POLICIES/PLANS: BREACHES AND ERRORS POLICY

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

The Joint Committee considered a Breaches and Errors Policy developed for the WPP detailing its policy and procedures for identifying, managing and, where necessary, reporting breaches of the law in accordance with Section 70 of the Pensions Act 2004.

It was noted the policy applied to both elected members and officers who undertook duties in respect of the WPP, as well as local pension board members of the constituent authorities with whom the WPP engaged. The policy set out the responsibilities of those groups in identifying, managing and, where necessary, reporting breaches of the law as they were applied to the governance, management and administration of the WPP.

Members also noted the policy would be formally reviewed by the Officer Working Group on a triennial basis and any substantive changes thereto would be submitted to the Joint Governance Group for its approval.



UNANIMOUSLY RESOLVED that the WPP Breaches and Errors Policy be approved.

7. OPERATOR UPDATE - Q2 2023 REVIEW

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

The Joint Committee received a presentation provided by Link Fund Solutions on the progress of the Wales Pension Partnership for Quarter 2 (April – June), 2023 in relation to the following key areas:

- Market Updates
- Current Fund Holdings
- Sub Fund and Other Initiatives
- Corporate update and engagement

The report also included details relating to :-

- the proposed acquisition of Link Fund Solutions by the Waystone Group with an anticipated completion date of 9th October 2023
- Assets Under Management Summary as at 30th June 2023
- Fund changes in relation to the Global Credit Fund, Sustainable Equities Fund and the Global Growth Fund
- Initiatives relating to the Management Information pack and Class Action reporting
- Market updates in relation to Russia / Ukraine and the Liability Driven Investments

UNANIMOUSLY RESOLVED that the Operator Update be received.

8. PERFORMANCE REPORTS AS AT 30TH JUNE 2023

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

The Joint Committee received a presentation on the Performance Reports as at 30th June 2023. Members were advised that the sub funds that had outperformed/underperformed their respective benchmarks, were as follows:



- Global Opportunities – outperformed by 1.16% gross / 0.83% net
- Global Growth – underperformed by 0.76% gross / 1.18% net
- Emerging Markets – underperformed by 0.94% gross / 1.39% net
- UK Opportunities – underperformed by 0.48% gross / 0.87% net
- Global Government Bond – outperformed by 2.35% gross / 2.11% net
- Global Credit – underperformed by 0.17% gross / 0.34% net

The Multi Asset Credit Fund, the Absolute Return Bond Fund did not meet their targets and the UK Credit Fund exceeded its target.

RESOLVED that the Performance Reports of the following sub-funds as at 30th June 2023 be approved:

- 8.1. Global Opportunities Equity Fund;
- 8.2. Global Growth Equity Fund;
- 8.3. Emerging Markets Equity Fund;
- 8.4. UK Opportunities Equity Fund;
- 8.5. Global Government Bond Fund;
- 8.6. Global Credit Fund;
- 8.7. Multi Asset Credit Fund;
- 8.8. Absolute Return Bond Strategy Fund;
- 8.9. UK Credit Fund.

9. 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 item as the reports contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.

10. GLOBAL SECURITIES LENDING REVIEW AS AT 30TH JUNE 2023

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

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 9 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.

The Joint Committee received a report on Global Securities Lending Relationship and Performance Review for the quarter ending 30 June 2023.

UNANIMOUSLY RESOLVED that the Global Securities Lending Review as at 30th June 2023 be noted.



11. ROBECO ENGAGEMENT SERVICE - Q2 2023 ENGAGEMENT REPORT

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

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 9 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.

The Joint Committee received the Engagement Report for Q2 of 2023.

UNANIMOUSLY RESOLVED that the Engagement Report for Q2 of 2023 be noted.

12. RESPONSIBLE INVESTMENT AND CLIMATE RISK REPORTS -

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

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 9 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.

The Joint Committee received a report on the Responsible Investment & Climate Risk Reports for the following sub funds:-

- Absolute Return Bond
- Multi-Asset Credit

UNANIMOUSLY RESOLVED that the Responsible Investment and Climate Risk Reports, as above, be noted.

13. SUSTAINABLE EQUITY SUB-FUND - TRANSITION REVIEW

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

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 9 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.

The Joint Committee received a post transition report on the launch of the WPP's Sustainable Equity Sub-Fund



UNANIMOUSLY RESOLVED that the Sustainable Equity Sub-Fund Transition Review Report be noted.

CHAIR

DATE

