

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Wednesday, 13 December 2023

PRESENT: Councillor Cllr. C. Weaver (Chair) T. Palmer (Chair)

Councillors: S. Churchman, P. Downing substitute for M. Lewis), P. Lewis, M. Norris, C. Weaver, E. Williams and N. Yeowell

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

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)

J. Thomas – S151 Officer (PCC)

D. Morgan – Head of Finance (GCC)

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

P. Griffiths - Director Finance and Improvement (RCT)

A. Bull – Head of Pensions (TCC)

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

T. Williams – Senior Financial Services Officer (CCC)

M. Runeckles – Member Support Officer (CCC)

D. Hall-Jones – Member Support Officer (CCC)

J. Owens – Democratic Services Officer (CCC) [Note Taker]

C. Walters – Simultaneous Translator

Also in attendance to present reports:

S. Jones - Hymans Robertson

I. Campbell - Hymans Robertson

R. Barrack - Hymans Robertson

K. Midl – Waystone Management (UK) Ltd

R. Thornton – Waystone Management (UK) Ltd

R. Wheeler - Waystone Management (UK) Ltd

P. Ritchie - Waystone Management (UK) Ltd

H. Robinson - Waystone Management (UK) Ltd

A. Quinn – Russell Investments

J. Leggate - Russell Investments

T. Paik - Russell Investments

D. Joyce – Northern Trust (Item 10 only)

A. Knell – Robeco (Item 11 only)

K. Robertson – Robeco (Item 11 only)

Also present as observers:

M. Falconer – Pension Manager (CoC)

D. Fielder - Deputy Head of Clwyd Pension Fund (Clwyd CC)

K. Cobb - Pension Fund Accounting & Investment Manager (C&CS)

G. Watkins – Revenue Services Manager (CoC)

C. Hurst - Pensions Manager (PCC)

Y. Keitch – Principal Accountant (RCT)



Virtual Meeting - 10.05 am - 12.36 pm

(NOTE: The commencement of the meeting was delayed by 5 minutes due to technical issues).

1. APOLOGIES FOR ABSENCE

An apology for absence was received from Cllr. M. Lewis.

2. DECLARATIONS OF INTEREST

Member	Agenda Item No.	Interest
Cllr. P. Lewis	All agenda items	Member of the Powys Pension Fund
Cllr. P. Downing	All agenda items	Brother is a member of the Pension Fund along with his wife.
Cllr. N. Yeowell	All agenda items	Member of the Greater Gwent Pension Fund
Cllr. M. Norris	All agenda items	Member of the RCT Pension Fund
Cllr. C. Weaver	All agenda items	Member of the Cardiff & Vale Pension Fund
Cllr. S. Churchman	All agenda items	Member of the Greater Gwynedd Pension Fund
Cllr. E. Williams	All agenda items	Member of the Dyfed Pension Fund
Cllr. T. Palmer	All agenda items	He, his partner and daughter are members of the Clwyd 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 20TH SEPTEMBER 2023

RESOLVED that the minutes of the Joint Governance Committee meeting held on 20th September, 2023, be signed as a correct record.

4. HOST AUTHORITY UPDATE

(NOTE: Councillors S. Churchman, P. Downing, 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 Q4 2023 REVIEW

(NOTE: Councillors S. Churchman, P. Downing, 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 Q4 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; and
- 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 Investment Risks and the report detailed the review outcome for each of the identified risks.

The Joint Committee was advised that the next review would be undertaken in Q1 2024 and would focus on risks G.1 to G.7 of the Governance & Regulation Risks section.

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

6. ANNUAL POLICY REVIEWS

(NOTE: Councillors S. Churchman, P. Downing, 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 for consideration updated policies in respect of Training and Rebalancing & Alteration.



It was noted that the Training Policy had been approved by the JGC at its meeting in December 2020 and outlined the WPP's approach to training and development. The review resulted in the policy being updated to reflect the method that training needs are identified.

The Rebalancing and Alteration policy had been approved by the JGC at its meeting in December 2021 and set out WPP's approach to rebalancing the assets held within the pools' sub-funds. The policy outlined the framework established to ensure that manager allocations within sub-funds are monitored and rebalanced where appropriate. The review resulted in the policy being updated to take account of the Private Market mandates, as set out in sections 12 and 13 of the policy.

It was noted that the WPP website would be updated to reflect the revisions approved by the JGC.

UNANIMOUSLY RESOLVED that the Training Policy and the Rebalancing and Alteration Policy be approved.

7. OPERATOR UPDATE - Q3 2023 REVIEW

(NOTE: Councillors S. Churchman, P. Downing, 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 Waystone Management (UK) Limited on the progress of the Wales Pension Partnership for Quarter 3 (July – September) 2023 in relation to the following key areas:

- Market update relating to the acquisition of Link Fund Solutions;
- AUM summary as at 30 September 2023;
- Fund changes in relation to the Global Credit fund, Global Growth fund, UK Opportunities fund and Absolute Return Bond fund.
- Market updates in relation to Russia / Ukraine and the Middle East
- Corporate update and engagement

UNANIMOUSLY RESOLVED that the Operator Update be received.

8. PERFORMANCE REPORTS AS AT 30 SEPTEMBER 2023

(NOTE: Councillors S. Churchman, P. Downing, 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 September 2023. Members were advised that the sub funds that had outperformed/underperformed their respective benchmarks, were as follows:



- Global Opportunities Equity Fund – outperformed by 1.28% gross / 0.96% net;
- Global Growth Equity Fund – underperformed by 0.98% gross / 1.39% net;
- Sustainable Active Equity Fund – underperformed by 2.72% gross / 2.80% net;
- Emerging Markets Equity Fund – underperformed by 1.45% gross / 1.87% net;
- UK Opportunities Equity Fund – underperformed by 0.40% gross / 0.80% net;
- Global Government Bond Fund– outperformed by 1.10% gross / 0.87% net;
- Global Credit Fund– underperformed by 0.13% gross / 0.31% net.

Furthermore, it was reported that the Multi Asset Credit Fund and the Absolute Return Bond Fund did not meet their targets whereas the Sterling Credit Fund exceeded its target.

UNANIMOUSLY RESOLVED that the Performance Reports of the following sub-funds as at 30th September 2023 be received:

- 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

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 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 30 SEPTEMBER 2023

(NOTE: Councillors S. Churchman, P. Downing, 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 September 2023.

UNANIMOUSLY RESOLVED that the Global Securities Lending Relationship and Performance Review as at 30th September 2023 be noted.

11. ROBECO ENGAGEMENT SERVICE - Q3 2023 ENGAGEMENT REPORT

(NOTE: Councillors S. Churchman, P. Downing, 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 Robeco Engagement Report for Q3 of 2023.

UNANIMOUSLY RESOLVED that the Engagement Report for Q3 of 2023 be noted.

12. RESPONSIBLE INVESTMENT & CLIMATE RISK REPORTS

(NOTE: Councillors S. Churchman, P. Downing, 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:-

- Emerging Markets Sub-Fund
- UK Opportunities Sub-Fund

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

13. ALL-WALES CLIMATE REPORT

(NOTE: Councillors S. Churchman, P. Downing, 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 considered the outcome of the All-Wales Climate report which provided an assessment of climate risk across the entirety of the eight Funds.

UNANIMOUSLY RESOLVED that the All-Wales Climate Report be noted.

CHAIR

DATE

