

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Wednesday, 29 March 2023

**Ystafell Dafydd Orwig, Gwynedd County Council Offices, Caernarfon
and remotely – 10:30am – 12:29pm**

PRESENT: Councillor C. Weaver (Chair)

Councillors:

S. Churchman, T. Palmer, 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:

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. 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) (Virtual)
K. Evans – Assistant Democratic Services Officer (CCC) [Note Taker]
L. H. Evans – Democratic Services Officer (GCC)
R. Evans – Member Services Officer (GCC) [Assisting]
B.M. Evans – Simultaneous Translator (GCC)

Also in attendance to present reports:

A. Johnson – Hymans Robertson
R. Barrack – Hymans Robertson
K. Midl – Link Fund Solutions (Virtual)
J. Zealander - Link Fund Solutions
D. Armstrong – Northern Trust (Virtual)
A. Knell – Robeco (Virtual)
A. Samson– Robeco (Virtual)
J. Brown– Russell Investments
A. Quinn – Russell Investments

Also present as observers:

M. Falconer – Pension Manager (CoC) (Virtual)
D. Jones-Thomas – Investment Manager (GCC)
L. Grey – Graduate Pensions Officer (TCC)
K. Cobb – Senior Accountant (C&CS)



D. Edwards – Fund Director (GCC)
 Cllr. Ioan Thomas (GCC)
 I. Guy – Scheme Member Representative (Reserve) (Virtual)

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	His father and two aunts are members of the Greater Gwent Pension Fund and is in the process of joining 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 and is in the process of joining 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 5 DECEMBER 2022

RESOLVED that the minutes of the Joint Governance Committee meeting held on 5th December, 2022 be signed as a correct record.



4. HOST AUTHORITY UPDATE

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

UNANIMOUSLY RESOLVED that the Host Authority update be received.

5. WPP TRAINING PLAN 2023/24

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

The Joint Committee received the Training Plan 2023/24.

This training plan is devised to supplement existing Constituent Authority training and will be relevant to the WPP's pooling activities. This 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 2023/24 training sessions will be held quarterly and will cover the following topics:

- Product Knowledge
- Reporting
- Responsible Investment
- Market Understanding & Regulatory Requirements

In response to a query, it was agreed to schedule an early session on the various opportunities and options of investing in sustainable energy and local/impact investments.

RESOLVED that the Training Plan 2023/24 be approved.



6. WPP BUSINESS PLAN 2023-2026

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

The Joint Committee considered the Business Plan for 2023-2026.

The JGC was advised that the purpose of the business plan was to:

- Explain the background and governance structure of the WPP
- Outline the priorities and objectives of the WPP over the next three years
- Introduce the WPP's policies and plans
- Outline the financial budget for the relevant Business Plan period
- Summarise the WPP's Investments & Performance Objectives

The plan will be constantly monitored and will be formally reviewed and agreed annually.

The meeting was advised that, following approval by the JGC, the Business Plan would be sent to all Constituent Authorities for approval in accordance with Section 6 of the Inter-Authority Agreement.

In response to a query, it was agreed to consider, prior to being sent to the eight constituent authorities, adding the following to the objectives:-

- responsible investment and effective climate risk mitigation.

UNANIMOUSLY RESOLVED that the Business Plan be agreed and sent to all eight Constituent Authorities for written approval, subject to consideration of minor amendment.

7. RISK REGISTER Q1 2023 REVIEW

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

The Joint Committee considered the Risk Register Q1 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.



The Officers Working Group (OWG) has carried out a quarterly review of the register, looking at the first half of the Governance and Regulation section, risks G.1 to G.6. The Sub-Group also reviewed Risk G.12.

Members were informed that the next review will take place in Q2 2023 and will focus on the remaining risks within the Governance & Regulation Risks section.

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

8. ANNUAL POLICY REVIEWS

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

The Joint Committee considered the Governance Matrix.

The JGC approved the Governance Matrix in December 2019 and was reviewed and updated in December 2020 and March 2022 respectively. This quarter the 2023 annual review of the matrix was undertaken and has been updated to reference the relevant sections of the Inter Authority Agreement (IAA).

The Governance Matrix will be updated on the WPP website.

UNANIMOUSLY RESOLVED that the Governance Matrix be approved.

9. OPERATOR UPDATE

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

- Current Fund Holdings;
- Fund Launch Progress;
- Corporate Update and Engagement.

The report also provided an updated 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

Also, a Corporate and Engagement update was received, which included the engagement protocol and key meeting dates.



UNANIMOUSLY RESOLVED that the Operator Update be received.

10. PERFORMANCE REPORTS AS AT 31 DECEMBER 2022

[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, S. Churchman, 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 31 December 2022. Members were advised that the sub funds that had outperformed/underperformed their respective benchmarks, were as follows:

- Global Opportunities – outperformed by 1.58% gross / 1.29% net
- Global Growth – underperformed by 0.73% gross / 1.14% net
- Emerging Markets – underperformed by 1.00% gross / 1.31% net
- UK Opportunities – underperformed by 1.79% gross / 2.20% net
- Global Government Bond – outperformed by 1.93% gross / 1.70% net
- Global Credit – outperformed by 0.39% gross / 0.23% net

The MAC and ARB funds did not meet their targets.

The UK Credit fund exceeded its target.

RESOLVED that the Performance Reports of the following sub-funds as at 31 December 2022 be approved:

- 10.1. Global Opportunities Equity Fund;**
- 10.2. Global Growth Equity Fund;**
- 10.3. Emerging Markets Equity Fund;**
- 10.4. UK Opportunities Equity Fund;**
- 10.5. Global Government Bond Fund;**
- 10.6. Global Credit Fund;**
- 10.7. Multi Asset Credit Fund;**
- 10.8. Absolute Return Bond Strategy Fund;**
- 10.9. UK Credit Fund.**

On behalf of the WPP JGC, the Chair thanked Dafydd Edwards, Fund Director with Gwynedd for all of his work in his role as a founding member of the group and extended best wishes for an enjoyable retirement.

11. 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.

12. GLOBAL SECURITIES LENDING REVIEW AS AT 31 DECEMBER 2022

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 11 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, S. Churchman, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a report on Global Securities Lending Relationship and Performance Review for quarter ending 31 December 2022.

UNANIMOUSLY RESOLVED that the Global Securities Lending Review as at 31 December 2022 be noted.

13. ROBECO ENGAGEMENT SERVICE - Q4 2022 ENGAGEMENT REPORT

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 11 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, S. Churchman, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received the Engagement Report for Q4 of 2022.

UNANIMOUSLY RESOLVED that the Engagement Report for Q4 of 2022 be noted.

14. 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 11 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, S. Churchman, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

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

- UK Credit
- Global Credit
- Global Government Bond

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

CHAIR

DATE

