

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Friday, 8 July 2022

PRESENT: Councillor C. Weaver (Chair)

Councillors:

S. Churchman, D.E. Williams, T. Palmer, M. Lewis. P. Lewis, M. Norris, 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)

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)

B. Davies - Head of Financial Services (FCC)

J. Thomas – Head of Financial Services (PCC)

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

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

T. Williams – Senior Financial Services Officer (CCC)

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

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

M. Evans-Thomas – Principal Democratic Services Officer (CCC) (Assisting)

R. Morris – Principal Democratic Services Officer (CCC) [Webcasting]

S. Rees – Simultaneous Translator (CCC)

Also in attendance to present reports:

A. Johnston – Hymans Robertson

R. Thornton – Link Fund Solutions

J. Zealander - Link Fund Solutions

K. Midl – Link Fund Solutions

N. Round – Northern Trust

A. Knell – Robeco

A. Samson– Robeco

J. Leggate – Russell Investments

W. Pearce – Russell Investments

G. Fitzpatrick – Russell Investments

J. Blewitt – Audit Wales

Also present as observers:

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)



G. Watkins – Revenue Services Manager (CoC)

Chamber - County Hall, Carmarthen. SA31 1JP and remotely - 10.00 am - 12.59 pm

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

UNANIMOUSLY RESOLVED that Councillor Christopher Weaver be appointed Chair of the Joint Governance Committee for the forthcoming calendar year.

The outgoing Chair was thanked for all 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 Ted Palmer be appointed Vice-Chair of the Joint Governance Committee for the forthcoming calendar year.

3. APOLOGIES FOR ABSENCE.

There were no apologies for absence.

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.S. Churchman	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. N. Yeowell	All agenda items	His father and two aunts are members of the Gwent Pension Fund and is in the process of joining the Gwent 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 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.]

5. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON THE 23RD MARCH, 2022

UNANIMOUSLY RESOLVED that the minutes of the Joint Governance Committee meeting held on 23rd March, 2022 be signed as a correct record.

6. ANNUAL RETURN / AUDIT 2021/22

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

The Joint Committee Section 151 Officer presented the audited Annual Return for 2020/21. 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 2021/22. 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 2021/22 Annual Return be received;**
- 6.2 That the Audited Annual Return for 2021/22 be approved;**
- 6.3 That the Unaudited full Statement of Accounts for 2021/22 be noted**

7. 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; and
- Resources, budget and fees.

UNANIMOUSLY RESOLVED that the Host Authority update be received.



8. RISK REGISTER Q2 2022 REVIEW

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

The Joint Committee considered the Risk Register Q2 2022 Review. During the last quarter, the Officer Working Group had undertaken a review, looking at the second half of the Governance and Regulation section of the Risk Register i.e. Risks G.7 to G.14. The review outcomes of each risk were summarised in an appendix to the report.

It was recommended to amend the G9 responsible party to include the JGC.

UNANIMOUSLY RESOLVED that the amendments to the WPP Risk Register, as detailed in the report, be approved subject to inclusion of amendment to G9.

9. NEW POLICIES / PLANS

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

The Joint Committee received a report detailing the :-

- Whistleblowing Policy
- Business Continuity Plan

The Whistleblowing Policy has been developed for the WPP which provides guidance to WPP personnel and providers on how to raise concerns should they suspect malpractice by anyone acting for or on behalf of WPP. This policy will be formally reviewed by the OWG on a triennial basis.

All eight Constituent Authorities and WPP's current external providers have their own whistleblowing policies in place.

The Business Continuity Plan has been developed and outlines how WPP will continue operating during an unplanned disruption in service. This plan will be updated as required.

UNANIMOUSLY RESOLVED that the following, as detailed above, be approved:-

- **the Whistleblowing Policy**
- **the Business Continuity Plan**

10. ANNUAL POLICY REVIEWS

[NOTE: Councillors M. Lewis, P. Lewis, N. Yeowell, C. Weaver, S. Churchman, 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 this quarter by the OWG on the following policies:-

- Voting Policy
- Conflicts of Interest Policy
- Risk Policy
- Climate Risk Policy

With regard to the Conflicts of Interest Policy, reference was made to 16.2 and officers were asked if it was really necessary for members to declare an interest in all agenda items and at every meeting and couldn't an annual declaration be made instead. The Joint Committee Monitoring Officer explained that it was a requirement of the Code of Conduct that members declare any conflicts of interest at every meeting.

UNANIMOUSLY RESOLVED that the:

- 10.1 Voting Policy be approved**
- 10.2 Conflict of Interest Policy be approved**
- 10.3 Risk Policy be approved**
- 10.4 Climate Risk Policy be approved**
- 10.5 the RI and Climate Risk Annual progress update be noted**

11. OPERATOR UPDATE

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

UNANIMOUSLY RESOLVED that the Operator Update be received.

12. PERFORMANCE REPORTS AS AT 31 MARCH 2022



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

- Global Opportunities – outperformed by 1.12% gross / 0.78% net
- Global Growth – underperformed by 0.86% gross / 1.31% net
- Emerging Markets – underperformed by 0.35% gross / 0.58% net
- UK Opportunities – underperformed by 1.85% gross / 2.27% net
- Global Government Bond – outperformed by 0.84% gross / 0.61% net
- Global Credit – outperformed by 1.36% gross / 1.19% net

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

- 12.1. Global Opportunities Equity Fund;
- 12.2. Global Growth Equity Fund;
- 12.3. Emerging Markets Equity Fund;
- 12.4. UK Opportunities Equity Fund;
- 12.5. Global Government Bond Fund;
- 12.6. Global Credit Fund;
- 12.7. Multi Asset Credit Fund;
- 12.8. Absolute Return Bond Strategy Fund;
- 12.9. UK Credit Fund.

13. 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.

14. SUSTAINABLE ACTIVE EQUITY SUB-FUND

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

The Joint Committee considered a report detailing the proposed Sustainable Active Equity Sub-Fund structure for the Wales Pension Partnership.

UNANIMOUSLY RESOLVED that the proposed Sustainable Active Equity sub-fund structure, as detailed in the report, be approved.

15. GLOBAL SECURITIES LENDING RELATIONSHIP AND PERFORMANCE REVIEW

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in Minute 13 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would adversely impact on the WPP by prejudicing negotiations.

[NOTE: Councillors M. Lewis, P. Lewis, C. Weaver, S. Churchman, N. Yeowell, 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 2021/22.

UNANIMOUSLY RESOLVED that the Global Securities Lending Relationship and Performance Review be noted.

16. ROBECO ENGAGEMENT SERVICE - Q1 2022 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, P. Lewis, C. Weaver, S. Churchman, N. Yeowell, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

[NOTE: Cllr N. Yeowell had to leave the meeting during this item]

The Joint Committee received the Engagement Report for Q1 of 2022.

UNANIMOUSLY RESOLVED that the Engagement Report for Q1 of 2022 be received.

17. RESPONSIBLE INVESTMENT & CLIMATE RISK REPORT

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 13 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, S. Churchman, P. Lewis, M. Norris, and E. Williams had earlier declared an interest in this item.]

[NOTE: At start of this item Cllr Ted Palmer had to leave the meeting]

The Joint Committee received the Q1 2022 Responsible Investment and Climate Risk report in respect of the UK Credit sub fund.

UNANIMOUSLY RESOLVED that the Responsible Investment and Climate Risk Report for Q1 of 2022 be received.

CHAIR

DATE

