CLWYD PENSION FUND COMMITTEE
27 November 2024

Minutes of the meeting of the Clwyd Pension Fund Committee of Flintshire County Council, held as a hybrid meeting at County Hall at 9.30am on Wednesday, 27 November 2024, with remote attendance available via Zoom.

PRESENT: Councillor Dan Rose (Chairman), Councillor Jason Shallcross (Vice-chair)
Councillors: Billy Mullin, Ted Palmer, Antony Wren

CO-OPTED MEMBERS: Councillor Andy Rutherford (Other Scheme Employer Representative), Councillor Anthony Wedlake (Wrexham County Borough Council), Cllr Gwyneth Ellis (Denbighshire County Council), and Mr Steve Hibbert (Scheme Member Representative)

ALSO PRESENT (AS OBSERVERS): Tracey Sutton-Postlethwaite (PFB Scheme member representative), Elaine Williams (PFB Scheme member representative)

APOLOGIES: None.

Advisory Panel comprising: Philip Latham (Head of Clwyd Pension Fund), Gary Ferguson (Corporate Finance Manager), Sharon Carney (Corporate Manager, People and Organisational Development), Karen McWilliam (Independent Adviser, Aon), Paul Middleman (Fund Actuary – Mercer), Steve Turner (Fund Investment Consultant – Mercer)

Officers/Advisers comprising: Karen Williams (Pensions Administration Manager), David Bateman (Pension Fund Accountant), Matt Grundy (Graduate Accountant), Ieuan Hughes (Graduate Investment Trainee), Morgan Nancarrow (Governance Administration Assistant – taking minutes), Steve Goodrum (Democratic Services Manager), Maureen Potter (Democratic Services Officer), Chris Emmerson (Public Sector Consultant – Aon), Sandy Dickson (Investment Adviser – Mercer).

Guest speakers presenting comprising
Jodie Williams (Audit Wales), Michelle Phoenix (Audit Wales)

The Chair welcomed Cllr Billy Mullin to his first meeting on his return to this Committee. Cllr Mullin was a member of the Committee when it was first established and sat on it for a number of years.

The Chair also welcomed Michelle Phoenix and Jodie Williams of Audit Wales who will be presenting the Audit Report during item 4.

22. DECLARATIONS OF INTEREST (including conflicts of interest)

The Chair invited attendees to declare any potential conflicts of interest that they may have in relation to the Fund, other than those already recorded in the Fund's register.

Cllr Wedlake declared that he is a member of Unite the Union and the Palestine Solidarity Campaign.

Cllr Mullin said that he is a member of the Unite retirement branch in Wrexham, and that he has been approached by officials from the branch.

Cllr Palmer highlighted that his daughter and partner are members of the Fund.

The Chair said that he is a member of Unite and was also approached by Unite prior to the meeting.

The Chair explained that Item 12 will consider Supplier Contracts, so the Fund's Independent Advisers, Investment Consultants, and Actuarial and Benefits Consultants will be asked to leave the meeting for the duration of that item.

23. MINUTES 11 SEPTEMBER 2024

The minutes of the meeting of the Committee held on 11 September 2024 were agreed.

RESOLVED:

The minutes of 11 September 2024 were received, approved, and will be signed by the Chairman.

24. CLWYD PENSION FUND ANNUAL REPORT AND ACCOUNTS 2023/24

Mr Bateman introduced this item and explained that since the September meeting Audit Wales have completed their audit of the Annual Report and Accounts and there have been some changes to the accounts and notes which did not affect the bottom line. There was one matter Audit Wales classed as significant relating to the quality of the working papers. This was due to a combination of factors including a key staff member's retirement and the deadline agreed to complete the draft accounts which was much earlier than usual. These two key factors resulted in a longer time taken on the audit by Audit Wales staff and officers of the Fund. A post-audit meeting between Audit Wales and officers will be held to discuss lessons learned. The Committee was asked to approve the Annual Report and Statement of Accounts, and the final Letter of Representation.

Jodie Williams of Audit Wales thanked the team for their co-operation and support during the audit, and took the Committee through the key points of the Audit of Accounts report including:

- The proposed unqualified audit opinion on the accounts,
- The materiality, reporting threshold, and areas of specific interest,
- Mitigation of potential conflicts including two members of audit staff who are deferred members of the Fund, for which safeguards were in place throughout the audit,
- There were no uncorrected misstatements within the accounts,
- The significant issue identified relating to the quality of the working papers, due in part to staffing changes and the agreed earlier draft accounts audit submission deadline. The change in key staff has been noted as a key risk to the timely preparation and quality of the financial statements.

- A summary of the corrected misstatements. These did not affect the overall final position of the Fund, however additional time was spent understanding the impact on the amended accounts, so Audit Wales are in discussion with management regarding impact on the audit fee chargeable.

Mr Ferguson, the Section 151 Officer, said that he was pleased with the outcome of the audit overall. He thanked Mr Bateman and the team and said he was confident in the Fund's ability to maintain and improve upon its performance. He was pleased that all adjustments identified were corrected and highlighted that in an organisation of this size, some adjustments to the accounts are expected and provide assurance that the published accounts are an accurate reflection of the financial position of the Fund as at the end of March. He thanked the Audit Wales team for completing the audit in a timely and professional manner, in order for the accounts to meet the statutory deadline of 29 November. He recommended that the Committee approve the Statement of Accounts.

Cllr Wedlake asked if the number of adjustments made was typical for a fund of this size. Jodie Williams said there were more than had been identified in previous years and a post-project learning exercise will be completed to work with officers to improve on working papers going forward. Cllr Wedlake clarified that this was not a criticism, and he was interested in whether the result was typical of organisations of similar size or after such a major change to staffing. Michelle Phoenix of Audit Wales said there were more amendments than the audit team expected or have experienced in other bodies, but the reasons for this were understood. Mr Ferguson said that the audit findings of a particular financial year are always the first call for the following year, meaning all adjusted statements will be taken into account in the preparation of next year's statement of accounts so hopefully will not reappear next year. Mr Latham clarified that compared with previous years the amendments are of a very similar level, and highlighted that there were two fewer adjustments this year compared with last year, and the team will work with Audit Wales to reduce these in future.

RESOLVED:

The Committee:

a) Approved the Fund's Annual Report for 2023/24 including the Statement of Accounts,
b) Considered the Audit of Accounts Report
c) Approved the final Letter of Representation

25. UPDATE ON NATIONAL DEVELOPMENTS

The Head of Clwyd Pension Fund took the Committee through this report. He highlighted key points relating to the Autumn Budget:

- The consultation on inheritance tax changes, which could directly impact the Fund's administrative burden. The Pensions Administration Manager will be in discussion with other Funds across the LGPS in England and Wales, and the Fund's response to the consultation will be approved under the urgency delegation to meet the January deadline.
- LGPS funding levels will now be included as part of public sector net financial liabilities.

- Increase to employers' national insurance contributions payable, which may indirectly affect the ability for employers to continue to afford other costs such as future Pension Fund employer contributions.

He also gave an overview of the Treasury's Pensions Review including the open consultation which covers pooling, local investment and governance. He highlighted the short timescale to the January 2025 consultation deadline and also the proposed deadline of 31 March 2026 for establishing the new pooling arrangements including having all assets fully transitioned to the pool. A workshop was being held after to the Committee meeting to brief Committee and Board members further on this, including the risks and opportunities it presents.

RESOLVED:

The Committee noted the report and the various areas that will need to be considered further.

26. EXPOSURE TO BUSINESS ENTERPRISES LISTED ON THE UN OHCHR DATABASE AND REVIEW OF PALESTINE SOLIDARITY CAMPAIGN ANALYSIS

Mr Turner of Mercer took the Committee through this report. At the previous meeting the Committee requested a preliminary update including analysis of the extent to which the Fund might have exposure to business enterprises listed in the United Nations Office of the High Commissioner for Human Rights (UN OHCHR) database. This analysis has been carried out and was presented along with analysis on the Palestine Solidarity Campaign database for comparison.

In relation to the UN OHCHR database, all analysis was based on data as at 31 September 2024, covering 40% of total Fund assets which includes the WPP Sustainable Active Equity (SAE) and Multi-Asset Credit (MAC) sub-funds and the Tactical Asset Allocation (TAA) portfolio. This area of the Fund's portfolio represents around £1bn and is the area with the most accurate data available, where exposure to the listed companies is most likely. Of the remainder of the Fund's portfolio, around 30% is invested in government gilts which are very unlikely to have exposure to companies on the UN OHCHR database, and around 30% is invested in private markets which was not included in the analysis for practical reasons, as gathering information would be time-intensive and not cost effective.

The latest UN OHCHR database was provided in 2023, and although it is in the process of being updated the timescale for this has not been made clear. There are currently 97 companies listed, and Mercer identified that 7 of these are part of the global equity market where the Fund could theoretically have exposure. The analysis found:

- No exposure in the WPP SAE fund
- Exposure of just over £600,000 (0.02% of assets) to one company through the WPP MAC fund
- Exposure of just under £195,000 (0.01% of assets) to 4 companies through the LGIM Future World North America Equity Index Fund held within the TAA portfolio. This is an index tracker fund, and the 4 companies identified are held because they form part of the index.

- In total the Fund's exposure to listed companies on the UN OHCHR database is just over £800,000 or 0.03% of the Fund.

Mr Hibbert asked for clarity on the difference between funding the credit of a company and investing in the company. Mr Turner explained that these are different forms of exposure to the capital structure of a company and investors in credit likely have less influence on the stewardship of the company (compared to equity ownership). Mr Hibbert asked what is the difference in the moral position between the two. Mr Turner said that there is no information available on how the company uses the proceeds of debt.

Mr Turner explained that the Palestine Solidarity Campaign analysis appeared to accurately identify exposure as at the first half of 2023 to 12 'complicit investment' companies (including two companies also on the UN OHCHR database). Mercer's analysis sought to extend this to reflect changes to the Fund's portfolio since then, including divestment from the WPP Global Opportunities fund and the LGIM North America Equity Fund, and also additionally applied the analysis to the Tactical Asset Allocation portfolio. This identified that the Fund had exposure to 8 listed companies as at 30 September 2024, totalling just under £4.7m (0.19% of assets). He highlighted the overlap between the two lists of companies and differences in definitions of companies' exposure to Israel. . It was noted that other approaches to assessing exposure to companies with activities in Israel could be considered, if of interest to the Committee.

Mr Turner highlighted the Scheme Advisory Board's (SAB) statement on fiduciary duty which states that it is legitimate for funds to consider non-financial factors in decision making as long as there is no material financial impact on performance and funding level. The Fund's exposure to the companies listed in the UN OHCHR database is small, and Mercer advised that in theory to divest from these would not have a material impact on the Fund's financial position. However, this may not be practical or possible to implement, as set out in the report. The SAB statement also highlighted the requirement to ensure that there is the belief that the majority of scheme members would support the decision being made.

Mr Hibbert said that the membership of any pension fund will have a wide range of views expressed, and the Committee's role is to apply its fiduciary duty. Mr Turner agreed with this, and highlighted challenges in gathering and assessing members' views. Mr Hibbert asked if this would be a matter of consultation with the full membership of the Fund on every matter to do with exclusion/divestment, or a consultation on the methodology applied to any exclusion or divestment, and Mr Turner confirmed the latter but highlighted that establishing member views sets a precedent for requests on further issues.

Mr Turner highlighted the second SAB statement, which presented King's Counsel's legal opinion on whether LGPS funds were in breach of international law from holding investment exposure to companies involved in Israel and the occupied territories. The opinion suggested that LGPS investors are not in breach of international law.

Mr Hibbert said that what is important for any exclusion or divestment policy is that there is a route for members to raise concerns to the Committee, which the Committee can examine. Mr Turner said the process the Committee is currently following and the establishment of a divestment review framework in 2023 both evidence that the Fund is currently doing this.

Mr Turner discussed the challenges of implementing changes based on the analysis in the context of pooling and the current consultation. Changes would need to be made in collaboration with WPP in relation to the MAC fund. In relation to the Fund's non-pooled assets, the government proposals suggest these may need to become pooled in the near future. There is also a practical challenge to excluding companies which form part of an index (relevant for passive mandates). Mr Turner explained the potential next steps the Committee may wish to consider as set out in in report.

Cllr Palmer asked whether the Fund's existing exclusion policy within the responsible investment policy could cover this issue. Mr Turner explained that the current exclusions policy is specific to companies generating revenue from the extraction and distribution of fossil fuels, so is not applicable to Israel and the occupied territories, however it does demonstrate that it is possible to establish exclusion policies following a robust assessment framework documenting that the potential impact has been considered and would not be detrimental. Cllr Palmer asked if the Fund could develop an all-inclusive exclusion policy, to avoid repeating the process for issues in future. Mr Turner said that if the Committee wishes to introduce additional issues to the exclusions policy, this could be looked at.

Mr Hibbert was in support of an exclusion policy that can be applied not just to the current conflict in the middle east but to any possible issue of contention. Mr Turner said that while the current policy is issue-specific, work can be done to achieve this. Mr Latham clarified that the framework in place can be applied to other issues beyond the existing exclusions policy. Mr Turner confirmed this and said that if a further exclusion policy relating to Israel was pursued, the same framework would be followed.

Cllr Wren asked at what point do potential specific issues add up to have a material impact on the Fund. Mr Turner considered that based on the analysis undertaken to date on excluding business enterprises on the UN OHCHR database, in addition to the existing fossil fuels exclusions policy, this should not have a material impact on the Fund's ability to generate the investment returns required over the long-term. Mr Turner highlighted that if more exclusion issues are added going forward, the cumulative impact would need to be monitored as part of the process; this consideration had already been factored into the Fund's assessment framework.

Mr Latham highlighted that some of the exposure identified by this analysis is held in the WPP MAC fund, and WPP is seeking to establish a sustainable MAC fund, similarly to the SAE fund. It is possible that when established, this fund may naturally exclude the companies identified.

Cllr Mullin said that an additional exclusion policy would be beneficial under the present climate in Gaza, for the Fund to anticipate and prepare for risks to its investments and funding.

Cllr Rutherford was concerned about waiting for WPP to implement changes and how long this could take, and said he would prefer to use the existing framework to efficiently and expediently take action on the investments the Fund has direct control of. Mrs McWilliam said that establishing an exclusion policy may allow quicker divestment from some non-pooled assets, acknowledging that some of the Fund's non-pooled assets within the TAA are more difficult to divest in practice. However, the Fund would still need to work with WPP to implement this for any pooled assets or to gather information through engagement on why companies are on the UN OHCHR database are invested in. Mr Turner said the main implementation challenge is the US equity index exposure in the TAA as Mercer are not aware of an index that excludes companies on the UN OHCHR database. He highlighted that although there are implementation challenges to divesting, the Committee may wish to continue monitoring exposure on a regular basis or when the UN OHCHR database is updated. He also noted that HM Treasury's pensions review could mandate for the Fund to retire the TAA and transfer those assets to WPP and invest in a different way.

Mr Hibbert said that the cumulative effect of exclusions is irrelevant because exclusions would be mitigated by alternative investments. Mr Turner said the number of companies excluded for the fossil fuels and UN issues would be relatively small, but there is an issue in terms of how exclusions are defined – and if companies that form a large part of the index are excluded, the impact on risk and return would potentially increase. Mr Hibbert said looking at such stocks would require direct engagement with those companies to determine a route forward.

Cllr Palmer agreed with Cllr Mullin that an exclusion policy is necessary. But he would like to see a single exclusion policy covering a broad range of issues so that as new issues arise, they are covered by that policy, rather than creating a new policy for every issue.

Cllr Wedlake thanked officers and advisers for the comprehensive and transparent analysis on this topic. He acknowledged the work that has gone into this and said he was grateful for the opportunity to have a meaningful discussion. He said that the Fund is not the only pension scheme discussing exclusion of companies and he said these exclusion policies are effective which is why Barclays has recently sold direct holdings in an Israeli arms firm. He said that this agenda item was raised because scheme members wrote to Committee members asking for the matter to be considered. He said that since then, Benjamin Netanyahu has been issued with a warrant for his arrest, and Cllr Wedlake feels he cannot look fund members in the eye and say an exclusion policy was too difficult to implement so the Fund hasn't taken action. He also said that ethical companies perform better than most unethical companies in the long term. He said the database from the UN has an independent basis and therefore although it needs updating, he proposed that once available, the Fund should put the updated list into an exclusions policy (subject to further review) and ensure that policy will be fit for the future and for the current discussion, and to engage with WPP with a view to disinvesting. He acknowledged that some progress may be out of the funds hands but said the Fund should take what action it can now to reflect the wishes of members who have approached councillors, on the basis that there is no major materiality so no impact on fiduciary duty, and there is clear legal advice that it is in the Fund's ability to take forward.

Cllr Wedlake proposed that the Fund should:

a) Engage through the Wales Pension Partnership (WPP) and directly with managers within the TAA portfolio, in relation to companies identified in this analysis which the Fund has exposure to, and
b) Develop an Exclusions Policy by going through the assessment framework within Appendix 1.

Mr Turner said that he was comfortable recommending excluding companies on the existing UN OHCHR database but cautioned against excluding the updated UN database automatically before an assessment of the materiality of its impact on investment risk/performance has been carried out. Mrs McWilliam highlighted that the development of the exclusion policy would be following the existing framework, which will include picking up these issues including risks and opportunities. Cllr Wedlake agreed but added that if the updated UN database is not found to be material, it can be excluded without returning to Committee – Mrs McWilliam confirmed that this would come out as part of the framework.

Cllr Palmer proposed to add developing a fit for purpose exclusion policy that covers all or most potential issues. Mrs McWilliam said it will be very difficult to create a policy that covers all potential scenarios, but that the current recommendations would widen the policy to start considering other areas, while ensuring each potential addition is tested for material financial impact following the agreed framework. Mr Latham agreed that the framework in place can be applied to any future issue, but those specific issues can't be predicted before they arise.

RESOLVED:

The Committee noted the report and agreed to:

a) Engage through the WPP and directly with managers within the TAA portfolio, in relation to companies identified by this analysis.
b) Develop an Exclusions Policy by going through the robust assessment framework.

27. CLIMATE CHANGE ANALYSIS UPDATE

Mr Dickson of Mercer took the Committee through this report, explaining the background to the report and the Fund's climate transition targets. He highlighted:

- The Fund has met and exceeded decarbonisation targets in the listed equities portfolio following the Committee's strategic decisions in this area, and the importance of engagement in implementing this to continue making progress.
- The initial analysis on nature related disclosures within the TCFD report. The Committee will receive training on this is the coming year.
- The Fund's performance against its exclusions policy.
- Next steps to continue improving, including a climate engagement target list and proposed updates to the Fund's objectives.

Cllr Wedlake thanked officers and advisers for the report and noted he was pleased that the Fund's positive progress was recognised at the Annual Employers and Scheme Member Representatives meeting. He highlighted the two companies remaining in the listed equities portfolio which fall short of the Fund's exclusion policy ambition and asked what is preventing the Fund from divesting these companies. Mr Dickson explained that these are invested through WPP, and WPP does not have an exclusions policy to exclude these companies. He said that the Fund can engage with WPP to exclude these investments by working collaboratively with the agreement of all the constituent authorities. He highlighted that one of the purposes of the exclusion policy is to manage risk from fossil fuels exposure, and the minimal exposure demonstrates that this risk is being managed.

Cllr Wedlake noted that 6% of the Fund's investments are responsible for 80% of its carbon emissions and said this carries a risk of greenwashing. He acknowledged the Fund is working towards its targets but felt it would be helpful to complete the targets which the Fund is nearly meeting, and he wished to propose more collaborative lobbying to implement the exclusion of these policies.

Mrs McWilliam asked how WPP have responded to requests for engagement with these specific companies. Mr Dickson noted the distinction between exposure to companies which are involved in the extraction, processing and distribution of fossil fuels, and the ongoing greenhouse gas emissions from every company's carbon intensity. He said the Fund has engaged with Russell to understand who these fossil fuels companies are and has been provided with the rationale for holding the investments including proportion of revenue generated and transition goals. With respect to the carbon intensity, WPP are looking to engage with their top emitters across all its sub-funds and these are typically already absent in the SAE fund although there is some overlap. He highlighted that WPP does take carbon emissions seriously and carries out its own analytics and engagement, and that the Fund will carry on engaging in order to continue making progress.

Mr Hibbert said that the reasons given for holding the remaining fossil fuels company stocks are the same as the reasons for not holding the stocks and agreed that the Fund should encourage excluding them.

Cllr Wedlake proposed to accept the recommendations and to undergo additional lobbying for WPP to allow the Fund to meet the exclusion policy targets as part of the carbon emission policy, by excluding the two outstanding companies in the WPP SAE fund. This was seconded and accepted.

RESOLVED:

a) The Committee considered, discussed and noted the draft Task Force on Climate-Related Financial Disclosures (TCFD) report, draft member summary and the analysis from the Analytics for Climate Transition (ACT).
b) The Committee reviewed and agreed the proposed updates to the Fund's targets that look to align an existing Engagement Target and implement a new Alignment Target in line with latest guidance from the Institutional Investors Group on Climate Change (IIGCC) Net Zero Investment Framework (NZIF) 2.0.
c) The Committee agreed that the Fund will carry out further lobbying for WPP to allow the Fund to meet its exclusion policy relating to carbon emissions, by excluding the two outstanding companies in the WPP Sustainable Active Equity fund.

28. GOVERNANCE UPDATE

Mrs McWilliam highlighted the upcoming training opportunities, and the new red risk within the Governance risk register due to the impact of the HM Treasury's Pensions Review. She noted that as the national pensions reform develops, there could be more red risks appearing in relation to the governance and investment risk registers.

RESOLVED:

The Committee noted the update.

29. ADMINISTRATION AND COMMUNICATIONS UPDATE

There were no comments or questions on this item.

RESOLVED:

The Committee considered and noted the update.

30. INVESTMENT, FUNDING AND POOLING UPDATE

Mr I Hughes took the Committee through this report, including

- Progress against business plan tasks,
- WPP matters including Joint Governance Committee minutes, risk registers and quarterly performance updates from Waystone and Russell investments,
- Responsible investments including submission of the Fund's Stewardship Report, and an update on place-based and impact investing,
- Updates to the investment and funding risk register.

Cllr Rutherford said that the analysis of the Fund's impact and place-based invests shows the Fund's investments in Clwyd appear to be a small proportion of the investments in Wales and the UK. He appreciated there will be rationale around this but asked if there is any work on weighting more around the local economy of North Wales. Mr Hughes explained that while the Fund has explored options to increase investments in the Clwyd area, opportunities – particularly in private equity – are more readily available in cities such as Cardiff and Swansea. He noted that the Fund has achieved notable success in Wales by focusing on investments in infrastructure and clean/renewable energy, delivered through the Fund's separate managed account with Capital Dynamics.

Mr Turner took the Committee through he AVC report highlighting that there were no specific updates except to continue to undertake an annual review and engage with members to remind them of their AVCs.

Mr Hughes explained that members of the Committee had been approached by Unite the Union regarding an alleged fire-and-rehire scheme imposed by management at the Wrexham-based company Oscar Mayer. The Chair and Cllr Wedlake have requested that this be raised as an agenda item.

Mr Hughes confirmed that the Fund has no direct exposure to Oscar Mayer or Pemberton Asset Management (a shareholder with 85% control of the underlying company), however the Fund is exposed to Pemberton Asset Management indirectly through the WPP Private Credit fund. The Fund has committed £50m to the WPP Private Credit fund, of which approximately £5.6m (0.2% of Fund assets) is allocated to Pemberton. There is no exposure within the fund to Oscar Mayer, and the Fund has no plans to consider making any new commitments directly to Pemberton Asset Management. The Fund has begun the process of engaging with WPP and Russell Investments, and Mr Hughes attended a private meeting with the Private Credit Advisory Committee, 25 November to discuss matters with Pemberton and Russell.

Mr Hibbert thanked officers for the addition of the second part of the recommendation which he felt was missing in the original letter.

Cllr Wedlake added his thanks. He said he had calculated that if every Oscar Mayer employee paid council tax, they would pay the equivalent of roughly £250,000 annually into the Clwyd Pension Fund through their council tax, noting this is a very local issue. He was thankful for the feedback and the work done by the Fund in picking up this issue.

Cllr Mullin agreed with Cllr Wedlake, and said he was reassured by the statement that no further investments are planned and was thankful for the Fund's support.

Cllr Rose also agreed with this and said when he received the email from the Trade Union, officers were able to provide details of the investment exposure within the day and he was pleased by the speed of the response.

Mr Middleman updated the Committee on the 2024 Interim Funding Review, highlighting the outcome funding level of 107% and the future service rate which dropped by 0.8% of pay due to changes in profile and life-expectancy. The position will continue to be monitored and will be formally reviewed as part of the 2025 valuation. It was noted that the normal monthly monitoring (as in a later committee report) will be based on a roll forward from the 2022 valuation and does not currently build in the interim review results. This is in line with existing monitoring frameworks.

Cllr Wedlake asked if there was any feedback from employers at the Annual Employer and Scheme Member Representatives Meeting. Mr Middleman said the recent Steering Group meeting with the three Councils had highlighted that contribution reductions would be welcome particularly considering councils' budget positions, and some employers in attendance at the Annual Employer and Scheme Member Representatives Meeting fed back similarly that pension costs are critical for their budgets and affordability. This will form a crucial part of discussions around surplus management and the policy position for the Fund which will be documented in the Funding Strategy Statement. This will be discussed at committee meetings later in 2025 in line with the valuation plan.

RESOLVED:

The Committee:

a) Considered, noted and commented on the update.
b) Noted the confirmation that there are no plans for Clwyd Pension Fund to invest directly with Pemberton Asset Management.
c) Agreed that the Clwyd Pension Fund will engage with WPP on the justification of allocating to Pemberton, seeking further clarification and explanation from Pemberton Asset Management on the matter in line with the WPP Responsible Investment Policy

31. FUNDING AND INVESTMENT PERFORMANCE

Mr Turner took the Committee through the investment performance and risk management framework, highlighting:

- Discussions between officers and advisers regarding the impact of the US Presidential election. It was agreed that there was no need for immediate changes to the Fund's investment strategy, and the policies of the new US administration and their impact will continue to be monitored.

- Private Markets underperformance against the benchmark, which advisers have considered and there may be a need to review the benchmark which would be considered further.

Mr Middleman took the Committee through the funding position and ongoing monitoring as the Fund approaches the triennial valuation and national developments, highlighting that the risk management framework is working as intended and the Fund is ahead of target as at the end of September.

RESOLVED:

The Committee considered and noted the update.

32. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 – TO CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED:

That the press and public be excluded for the remainder of the meeting by virtue of exempt information under Paragraph 14 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

33. SUPPLIER CONTRACTS

This agenda item was presented and discussed.

RESOLVED:

The Committee agreed to:

a) Approve the appointment of bidder number one to undertake the role of governance consultant providing the role of Independent Advisor and Independent Member of the Pension Board to the Clwyd Pension Fund for the period 1 April 2024 to 31 March 2029 (with the option to extend for a further 3 years to 31 March 2032 and an additional optional to extend for a further 2 years to 31 March 2034).
b) Approve the extension of the contract with Mercer for Actuarial and Benefits Consultancy Services until 31 March 2026.
c) Approve a contract variation to further extend the contract with Mercer for Actuarial and Benefits Consultancy Services until 31 March 2027 given the timescale of the actuarial valuation.

34. FUTURE MEETINGS

The Chairman asked the Committee to note the following future Committee meetings:

9.30 am on Wednesday 19 February 2025
9.30 am on Wednesday 19 March 2025
9.30 am on Wednesday 18 June 2025

RESOLVED:

The Committee noted the upcoming Committee dates.

The Chairman thanked everyone for their attendance and participation. The next formal Committee meeting is on 19 February 2025 in hybrid format and will be followed by a training session. He reminded members of upcoming events. The meeting finished at 11:49am.

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Chairman