

# WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

18 SEPTEMBER 2024

**PRESENT:** Councillor D.E. Williams (Chair)

**Councillors (In Person):**

M. Hughes  
D. Rose  
O. Richards – Scheme Member Representative (Co-opted non-voting member)

C. Weaver  
N. Yeowell

M. Norris  
P. Lewis

**Councillors (Virtual):**

M. Lewis.

**The following officers were in attendance (In person):**

C. Moore – Joint Committee Section 151 Officer (CCC);  
S. Murphy – Joint Committee Monitoring Officer (CCC);  
C. Lee – Corporate Director of Resources (CoC);  
I. Hughes – Investment Officer (FCC);  
D. Morgan – Head of Finance (GCC);  
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);  
C. Gilkes – Simultaneous Translator (CCC);  
J. Owen – Democratic Services Officer (CCC) [Note Taker].

**The following officers were in attendance (Virtual):**

J. Dong – Deputy S151 Officer/ Chief Finance Officer (C&CS);  
J. Thomas - S151 Officer (PCC);

**Also in attendance to present reports (In Person):**

R. Barrack – Hymans Robertson  
S. Jones – Hymans Robertson  
J. Zealander – Waystone Management;  
A. Quinn – Russell Investments  
J. Brown – Russell Investments  
M. Khan – Russell Investments

**Also in attendance to present reports (Virtual):**

K. Midl – Waystone Management;  
I. Colvin – Hymans Robertson  
R. Thornton – Waystone Management;  
D. Joyce – Northern Trust;  
A. Knell – Robeco (item 11 only);  
K. Robertson – Robeco (item 11 only).

**Officers present as observers (In Person):**

M. Nancarrow - Governance Admin Assistant (FCC).  
D. Jones-Thomas – Investment Manager (GCC)  
C. Hurst – Pension Fund Manager (PCC)

**Officers present as observers (Virtual):**

M. Falconer – Pension Manager (CoC).

**Also Present (Virtual):**

D. Hall-Jones, Member Support Officer.

**Chamber, Flintshire County Council County Hall, Mold, CH7 6NB and Remote:  
10:00am - 12:40pm**

**1. APOLOGIES FOR ABSENCE.**

There were no apologies for absence.

**2. DECLARATIONS OF INTEREST**

<b>Member</b>	<b>Agenda Item No.</b>	<b>Interest</b>
Cllr. C. Weaver	All agenda items	He is a member of the Cardiff & Vale Pension Fund
Cllr. M. Lewis	All agenda items	He is a member of Swansea Pension Fund.
Cllr. P. Lewis	All agenda items	He is a member of the Powys Pension Fund
Cllr. N. Yeowell	All agenda items	He is a member of the Greater Gwent Pension Fund
Cllr. M. Norris	All agenda items	He is a member of the RCT Pension Fund
Cllr. D. Rose	All agenda items	He is a member of the Clwyd Pension Fund
Cllr. E. Williams	All agenda items	He is a member of the Dyfed Pension Fund
Cllr. M. Hughes	All agenda items	He is a member of the Gwynedd 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 17TH JULY 2024**

**RESOLVED that the minutes of the Joint Governance Committee meeting held on 17<sup>th</sup> July 2024 be signed as a correct record.**

**4. HOST AUTHORITY UPDATE**

[NOTE: Councillors C. Weaver, M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes 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 - 2024 UPDATE

[NOTE: Councillors C. Weaver, M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Committee considered the Risk Register Q3 2024 review. Members were reminded that the purpose of the WPP Risk Register was 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.

A quarterly review of the register had been undertaken by the Officers Working Group (OWG). Joint Committee Members were informed that during the last quarter, a review had taken place on the Training & Resources and Communication Risks. The Joint Committee was appraised of the review outcomes of each of those risks as summarised within the report.

The next review would take place in Q4 2024 and would focus on Investment Section Risks.

In response to a query regarding the inclusion of a risk relating to a change in Government administration, it was reported that such matters were included in the wider Risk Register.

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

## 6. OPERATOR UPDATE - Q2 2024 REVIEW

[NOTE: Councillors C. Weaver, M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes 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 2, 2024, in relation to the following key areas:

- Market updates;
- Business updates.
- Current fund holdings;
- Sub-funds update;
- Corporate update and engagement

The Joint Committee received updates on the following :-

Market Update

- Business Update
- AUM summary as at 30 June 2024
- Fund changes in relation to the Global Growth Fund and Sustainable Active Equity Funds

- Market Updates in relation to Russia / Ukraine and the Middle East
- Corporate Update and engagement.

**UNANIMOUSLY RESOLVED that the Operator Update be received.**

## **7. PERFORMANCE REPORTS AS AT 30 JUNE 2024**

[NOTE: Councillors C. Weaver, M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Committee received a presentation on the Performance Reports as at 30<sup>th</sup> June, 2024. Members were advised that the sub funds that had outperformed/underperformed their respective benchmarks, were as follows:

- Global Growth – underperformed by 1.8% gross / 2.2% net
- Global Opportunities – outperformed by 0.7% gross / 0.4% net
- Sustainable Active Equity – underperformed by 6% gross / 6.4% net
- UK Opportunities – underperformed by 0.3% gross / 0.7% net
- Global Government Bond – outperformed by 0.8% gross / 0.6% net
- Global Credit – benchmark met gross / underperformed by 0.2% net

The Committee noted that the MAC and ARB funds, did not meet their targets whilst the Emerging Markets and Sterling Credit Funds exceeded its target.

**RESOLVED that the Performance Reports of the following sub-funds as at 30<sup>th</sup> June 2024 be noted:**

- 7.1 Global Opportunities Equity Fund**
- 7.2 Global Growth Equity Fund**
- 7.3 Sustainable Active Equity Fund**
- 7.4 Emerging Markets Equity Fund**
- 7.5 UK Opportunities Equity Fund**
- 7.6 Global Government Bond Fund**
- 7.7 Global Credit Fund**
- 7.8 Multi Asset Credit Fund**
- 7.9 Absolute Return Bond Fund**
- 7.10 Sterling Credit Fund**

## 8. PRIVATE MARKETS UPDATE - PRIVATE CREDIT

[NOTE: Councillors C. Weaver, M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Committee received a report, supported by a presentation given by Russell Investments. In 2023, the Wales Pension Partnership (WPP) launched its initial Private Market Investment programmes. Russell Investments were appointed WPP's Private Credit Allocator, with the Private Credit Investment programme being launched in April 2023. The report provided detailed information the progress to date.

**UNANIMOUSLY RESOLVED that the Private Markets Update – Private Credit Update report be received.**

## 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. SECURITIES LENDING PERFORMANCE REVIEW AS AT 30 JUNE 2024

**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.**

[NOTE: Councillors C. Weaver, M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Governance Committee received the report on the Securities Lending Performance Review as at 30<sup>th</sup> June 2024 for consideration. The report was presented by Northern Trust.

**UNANIMOUSLY RESOLVED that the Securities Lending Performance Review as at 30th June 2024, as detailed in the report be noted.**

## 11. ROBECO ENGAGEMENT SERVICE - Q2 2024 ENGAGEMENT REPORT

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.

[NOTE: Councillors C. Weaver, M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Committee received the Engagement Report for Q2 of 2024 (quarter ending 30 June, 2024).

**UNANIMOUSLY RESOLVED** that the Engagement Report for Q2 of 2024 be noted.

## 12. 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 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.

[NOTE: Councillors C. Weaver, M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Committee received the Responsible Investment and Climate Risk reports, for Quarter 2, 2024 (quarter ending 30 June, 2024), in respect of the following funds:-

- Absolute Return Bond (ARB)
- Multi-Asset Credit (MAC)

The report looked at ESG and climate risk metrics and highlighted any material ESG-related risks and issues, and identified key actions for the WPP to address.

**UNANIMOUSLY RESOLVED** that the Responsible Investment & Climate Risk Reports for the following sub funds be noted:

- Absolute Return Bond (ARB)
- Multi-Asset Credit (MAC)

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CHAIR

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DATE