

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

WEDNESDAY, 28TH JULY, 2021

PRESENT: Councillor Cllr. C. Lloyd [Chair]

Councillors:

G. Caron, P. Jenkins, P. Lewis, M. Norris, T. Palmer, C. Weaver and D.E. Williams

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)
P. Griffiths - Service Director Finance and Improvement (RCT)
N. Aurelius - Assistant Chief Executive - Resources (TCC)
P. Latham - Head Clwyd Pension Fund (FCC)
J. Thomas - Head of Financial Services (PCC)
J. Dong - Deputy S151 Officer/ Chief Finance Officer (C&CS)
D. Edwards - Chief Finance Officer (GCC)
A. Parnell - Treasury & Pension Investments Manager (CCC)
T. Williams - Senior Financial Services Officer (CCC)
M. Evans Thomas - Principal Democratic Services Officer (CCC) [Note Taker]
M. Davies - Democratic Services Officer (CCC) [Assisting]
S. Hendy – Member Services Officer [Webcasting]
A. Eynon – Simultaneous Translator (CCC)

Also in attendance to present reports:

J. Garcia – Audit Wales
I. Colvin – Hymans Robertson
J. Wright - Hymans Robertson
E. Gough - Link Fund Solutions
R. Thornton - Link Fund Solutions
D. Armstrong – Northern Trust
N. Round – Northern Trust
R. Smith – Northern Trust
A. Knell - Robeco
K. Robertson – Robeco
J. Leggate - Russell Investments
T. Paik - Russell Investments
A. Quinn - Russell Investments
S. Soerensen – Russell Investments

Also present as observers:

A. Bull - Pensions Investment Manager (TCC)
M. Falconer – Pension Manager (CoC)
C. Hurst - Pension Fund Manager (PCC)
D. Jones-Thomas - Investment Manager (GCC)
G. Watkins - Revenue Services Manager (CoC)



Y. Keitch - Principal Accountant (RCT)
K. Cobb - Senior Accountant (C&CS)

Virtual Meeting - 10.00 am - 12.10 pm

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

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

The outgoing Chair was thanked for 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 Chris Weaver 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. G. Caron	All agenda items	He is a paying member and receiving member of the Greater Gwent Pension Fund, his wife is a deferred member and his son-in-law is a member.
Cllr. P. Lewis	All agenda items	Member of the Powys Pension Fund
Cllr. C. Lloyd	All agenda items	Member of the City & County of Swansea Pension Fund
Cllr. M. Norris	All agenda items	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
Cllr. E. Williams	All agenda items	Member of the Dyfed 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 24TH MARCH, 2021

UNANIMOUSLY RESOLVED that the minutes of the Joint Governance Committee meeting held on 24th March, 2021 be signed as a correct record.



6. 2020/21 ANNUAL RETURN

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer 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 Garcia 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 2020/21. 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 2020/21 Annual Return be received;
- 6.2 That the Audited Annual Return for 2020/21 be approved;
- 6.3 That the Unaudited full Statement of Accounts for 2020/21 be approved.

7. HOST AUTHORITY UPDATE

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, 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 2021 REVIEW

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered the Risk Register Q2 2021 Review. During the last quarter the Officer Working Group had undertaken a review of some of the



risks within the Governance and Regulation section of the Risk Register i.e. Risks G.7 to G.12. The report summarised the review outcomes of each risk.

During the review two additional risks were identified and added to the Risk Register, as follows:-

G.13 - the risk of confidential/ commercially sensitive data being leaked, stolen or misplaced, and

G.14 - the risk of the WPP failing to identify and taking measures to remedy malpractice.

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

9. ANNUAL POLICY REVIEWS

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, 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 on the following policies:-

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

These policies were approved by the JGC in July 2020 and had been reviewed and updated by the Officer Working Group.

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 updated policies, as detailed above, be approved.

10. OPERATOR UPDATE

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, 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.

11. PERFORMANCE REPORTS AS AT 31ST MARCH 2021

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, 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 31st March, 2021. It was noted that the sub funds had outperformed/underperformed against their respective benchmarks, as follows:

- Global Opportunities – outperformed by 2.29% gross / 1.91% net
- Global Growth – outperformed by 3.42% gross / 2.96% net
- UK Opportunities - outperformed by 4.45% gross / 4.00% net
- Global Government Bond – outperformed by 1.83% gross / 1.71% net
- Global Credit – outperformed by 1.22% gross / 1.12% net
- Multi Asset Credit – outperformed by 3.61% gross / 3.33% net
- Absolute Return Bond – outperformed by 1.26% gross / 1.02% net
- UK Credit – underperformed by 0.15% gross / 0.22% net

In response to a question asking who was responsible for tracking passive investments, the Joint Committee was informed that Blackrock had that responsibility, however, it was a matter for each constituent authority how they monitor their passive investments with Blackrock.

UNANIMOUSLY RESOLVED that the Performance Reports of the sub-funds, as detailed above, as at 31st March, 2021 be noted.

12. 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 items as the reports contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.

13. EMERGING MARKETS SUB FUND - MANAGER CHANGE

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 G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered a report proposing the replacement of one of the Sub Fund Managers from the original line up.

UNANIMOUSLY RESOLVED that the proposed manager change, as detailed in the report, be approved.

14. GLOBAL SECURITIES LENDING REPORT AS AT 31ST MARCH 2021

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 adversely impact on the WPP by disadvantaging negotiations.

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a report on the Global Securities Lending Review.

UNANIMOUSLY RESOLVED that the Global Securities Lending Review as at 31st March, 2021 be noted.

15. ROBECO ENGAGEMENT SERVICE - Q1 2021 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 G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received the Engagement Report for Q1 of 2021.

UNANIMOUSLY RESOLVED that the Engagement Report for Q1 of 2021 be received.

16. RESPONSIBLE INVESTMENT & CLIMATE RISK REPORTS - Q1 2021

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 G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received the Responsible Investment and Climate Risk reports in respect of the following funds:-

- Global Growth Sub Fund
- Global Opportunities Sub Fund
- UK Opportunities Sub Fund

UNANIMOUSLY RESOLVED that the Responsible Investment and Climate Risk Reports for Q1 of 2021 be received.

17. WALES PENSION PARTNERSHIP ALLOCATOR ADVISOR

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 adversely impact upon the Pension Fund by potentially prejudicing the procurement process.

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered a report proposing the appointment of an Allocator Advisor for the WPP, in line with Schedule 3 of the Inter Authority Agreement.

UNANIMOUSLY RESOLVED that bidder 1, as detailed in the report, be appointed as the preferred bidder for the Wales Pension Partnership Allocator Advisor, subject to the terms detailed within the report.

CHAIR

DATE

