

**REPORT OF CORPORATE DIRECTOR RESOURCES**

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**WALES INVESTMENT POOL**

**Reason for this Report**

1. The Pension Committee Terms of Reference set out the Committee's responsibility for the strategic governance of the Cardiff & Vale of Glamorgan Pension Fund.
2. This report has been prepared to update Committee Members of progress with the development of the Wales Investment Pool to manage on a collaborative basis the investment assets of the eight Local Government Pension Scheme (LGPS) funds in Wales.

**Background**

3. The Committee was informed at its meeting on 28 September of the work being directed by the Society of Welsh Treasurers (SWT) Pensions Subgroup towards collaboration between the eight LGPS funds in Wales. The funds submitted their detailed proposals for a Wales Investment Pool to the Department for Communities and Local Government on 15 July 2016.
4. Representatives of the Welsh Funds were asked to meet the Minister for Local Government in London on 16 November to discuss the proposals for the Wales Pool. Following the meeting the minister wrote to the eight administering authorities confirming his acceptance of the proposals.
5. The Committee at its September meeting approved the draft Memorandum of Understanding for the Joint Chairs' Group (JCG) which is overseeing the establishment of the Pool. The JCG is being supported by an Officer Working Group, investment consultants Hymans Robertson and legal advisers Burges Salmon.

**Issues**

6. The working group is developing the specification for the investment management services to be provided by a Financial Conduct Authority (FCA) regulated Operator. It has been decided that bids will be invited from "lead" providers who will be able to form partnerships with other companies to provide the full range of services required by the Pool. An updated PIN was issued on 8 December 2016 with an anticipated contract notice date of 3 January.

7. The working group is also developing a legally binding Inter Authority Agreement (IAA) to establish a Joint Governance Committee with decision making powers. The monitoring officers of each administering authority have been consulted. The draft IAA will be considered by the Joint Chairs' Group at its next meeting on 11 January. A verbal update on the discussions at the JCG meeting will be given at Committee. The aim will be for the eight authorities to approve the IAA at their Full Council meetings at the end of February or the beginning of March.

### **Legal Implications**

8. The body of the report details the progress made to date in respect of the Wales Investment Pool, in particular the progress of the working group in the procurement of an FCA approved Operator and notes the Officer Working Group is continuing to develop the procurement documentation, which it is understood from the report may not yet be finalised. In addition the report notes the further development of a joint committee which shall be established by an Inter Authority Agreement between all eight fund members. It should be noted that the memorandum of Understanding referred to at paragraph 5 of the report shall cease should the Inter Authority Agreement be concluded by the eight authority pension funds, which it is anticipated will be presented to full Council for consideration of Cardiff position in February.
9. There are no direct legal implications arising from the content of this report however completion of the documentation in due course may raise legal implications. Full legal advice should be sought and the report confirms both technical and legal advisors have been appointed in this regard.

### **Financial Implications**

10. No financial implications arise directly from this report.

### **Recommendations**

11. That the Committee note the progress in the development of the Wales Investment Pool.

**CHRISTINE SALTER**  
**CORPORATE DIRECTOR RESOURCES**

Background Papers  
Report to Council 30 June 2016  
Wales Pool submission to the DCLG 15 July 2016  
Letter from Minister for Local Government 23 November 2016