

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 4

WALES PENSION PARTNERSHIP

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 Pension Partnership to manage on a collaborative basis the investment assets of the eight Local Government Pension Scheme (LGPS) funds in Wales.

Background

3. The eight LGPS funds in Wales have been working together for several years to identify areas of potential collaboration, under the direction of the Society of Welsh Treasurers (SWT) Pensions Subgroup. In September 2015 the administering authorities agreed to proceed with establishing a Common Investment Vehicle (CIV) on a voluntary basis.
4. The UK Government has issued a number of consultations on the management of LGPS investments and in 2015 announced that all LGPS funds in England and Wales must join together to form investment pools. The Welsh funds submitted proposals in 2016 for a Wales Investment Pool based on the collaboration already in progress and the proposals were approved by the Minister for Local Government in November 2016.
5. The Committee has received regular updates on the development of the Wales Investment Pool.

Issues

6. To enable the pooling of investments the eight fund authorities have established a Joint Governance Committee (JGC). City of Cardiff Council approved the establishment of the Joint Governance Committee (JGC) at its Full Council meeting on 23 February 2017.
7. An Inter Authority Agreement (IAA) sets out the powers delegated to the JGC and the rights and obligations of the constituent authorities. The IAA has been signed and sealed by the eight authorities with a formal commencement date of 28 June 2017.

8. Carmarthenshire County Council are the Host Authority and are providing administrative and secretarial support to the JGC. A schedule of meetings of the JGC has been prepared for the remainder of the current financial year. Meeting venues will rotate between the participating authorities but at least one meeting each year will be held in Cardiff.
9. The JGC held its first meeting in Cardiff on 29 June. All eight funds were represented. The meeting appointed a Chair and Vice-chair, noted the functions and budget of the Host Authority and approved the ongoing timetable for the appointment of the Pool Operator. The meeting approved 'Wales Pension Partnership' as the formal title of the collaboration arrangements. Papers and minutes for the meeting are available on Carmarthenshire Council's website.
10. The investment pooling arrangements will be provided by a Pool Operator regulated by the Financial Conduct Authority (FCA). The procurement is following the OJEU "restricted" procedure and a notice was issued on 2 March 2017. Interested parties were invited to complete a Selection Questionnaire and qualifying applicants were invited to tender for the contracted services on 9 June. The procurement process is ongoing. When it is complete a recommendation as to the contract award and appointment of the Operator will be made to the JGC. If the recommendation is agreed, it will be referred back to each of the eight administering authorities seeking approval through each authority's decision making process. For Cardiff this will be through the Pensions Committee and an additional meeting of the Committee may need to be called to approve the JGC's recommendation.

Legal Implications

11. The recommendation is an update and no decision is sought. The body of the report confirms the procurement process for an Operator is ongoing. This procurement process is being led by Flintshire Council on behalf of the eight authorities. It should be noted that this project has the benefit of external technical and legal advisors appointed from the commencement to advise on the Wales Pension Partnership requirements and the procurement process adopted. The body of the report notes that a further report addressed to the Committee is anticipated in respect of contract award to appoint the Operator to the Committee in the future.

Financial Implications

12. No financial implications arise directly from this report.

Recommendations

13. That the Committee notes the establishment of the Wales Pension Partnership and the progress in the progress in the procurement of the Pool Operator.

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