

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 5

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 the Committee on progress towards the establishment of pooled investment arrangements for the eight LGPS funds in Wales.

Background

3. The Committee has received regular updates on the development of the Wales Pension Partnership (WPP) at its quarterly meetings. 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. The proposals for a Wales Investment Pool were approved by the Minister for Local Government in November 2016.
4. A Joint Governance Committee (JGC) has been established by the eight administering authorities to provide oversight of the Pool. The JGC is supported by the Officer Working Group (OWG) comprising the Treasurers and Investment Officers of the eight funds. Link Fund Solutions have been appointed as the Pool Operator and Russell Investments will provide consultative services including advice on fund design and manager selection. Carmarthenshire Council have been approved as the Host Authority, providing administrative support to the WPP.

Issues

5. The governance documents for the Pool's Authorised Contractual Scheme (ACS) and its initial Global Equities sub funds were approved by the FCA on 24 July. The two sub funds will be launched in January 2019 with assets valued at approximately £4 billion to be transferred from seven of the eight funds (all except Cardiff & Vale of Glamorgan). Legal & General Investment Management have been appointed as Transition Manager for the transfers.
6. Proposals are in preparation for further sub funds including regional active equities and fixed income. Cardiff & Vale of Glamorgan Pension Fund has assets of approximately £735 million in regional equities and £550 million in fixed income.

Legal Implications

7. This report has been prepared to update the Committee on progress in the establishment of pooled investment arrangements for the eight LGPS funds in Wales and as such does not raise any direct legal implications. As and when individual proposals are developed, legal advice should be obtained.

Financial Implications

8. The costs of the WPP will be apportioned between the constituent authorities in accordance with the Inter Authority Agreement. All costs allocated to Cardiff will be charged to the Pension Fund.

Recommendations

9. That the Committee notes the recent developments in the establishment of the WPP Investment Pool.

**CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES**