



County Hall
Cardiff
CF10 4UW
Tel: (029) 2087 2000

Neuadd y Sir
Caerdydd
CF10 4UW
Ffôn: (029) 2087 2000

AGENDA

Committee	PENSIONS COMMITTEE
Date and Time of Meeting	MONDAY, 17 MAY 2021, 5.00 PM
Venue	REMOTE VIA MS TEAMS
Membership	Councillor Weaver (Chair) Councillors Dilwar Ali, Howells, Lay and Graham Thomas

*Time
approx.*

1 Apologies for Absence

To receive apologies for absence.

2 Declarations of Interest

To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

3 Minutes (Pages 5 - 8)

To approve as a correct record the minutes of the meeting held on 8 February 2021.

4 Business Plan 2021/22 (Pages 9 - 22)

To consider the Business Plan for 2021/22

5 Wales Pension Partnership (Pages 23 - 44)

To receive an update on the Wales Pension Partnership.

6 Risk Register (Pages 45 - 52)

To consider the Pension Fund's Risk Register.

7 Minutes of the Local Pension Board *(Pages 53 - 56)*

To note the minutes of the Local Pension Board meeting held on 19 January 2021.

8 Exclusion of the Public

The following item is confidential and exempt from publication as it contains exempt information of the description contained in paragraph 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972. The public may be excluded from the meeting by resolution of the Committee pursuant to Section 100A(4) of the Local Government Act 1972 during discussion of this item.

9 Minutes of the Investment Advisory Panel *(Pages 57 - 62)*

To note the minutes of the Investment Advisory Panel meeting held on 1 December 2020.

10 WPP Emerging Market (EM) sub-fund *(Pages 63 - 70)*

To consider the WPP proposals for an EM equity sub-fund.

11 Urgent Items (if any)

12 Date of next meeting

12 July 2021.

Davina Fiore

Director Governance & Legal Services

Date: Tuesday, 11 May 2021

Contact: Andrea Redmond, 02920 72434, a.redmond@cardiff.gov.uk

WEBCASTING

This meeting will be filmed for live and/or subsequent broadcast on the Council's website. The whole of the meeting will be filmed, except where there are confidential or exempt items, and the footage will be on the website for 6 months. A copy of it will also be retained in accordance with the Council's data retention policy.

Members of the public may also film or record this meeting.

If you make a representation to the meeting you will be deemed to have consented to being filmed. By entering the body of the Chamber you are also consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes. If you do not wish to have your image captured you should sit in the public gallery area.

If you have any queries regarding webcasting of meetings, please contact Committee Services on 02920 872020 or email [Democratic Services](#)

This page is intentionally left blank

PENSIONS COMMITTEE

8 FEBRUARY 2021

Present: Councillor Weaver (Chairperson), Councillors Dilwar Ali

Also
Present:

1 : APPOINTMENT OF CHAIRPERSON AND COMMITTEE MEMBERSHIP

Noted.

2 : TERMS OF REFERENCE

Noted.

3 : APOLOGIES FOR ABSENCE

Apologies had been received from Councillor Lay

4 : DECLARATIONS OF INTEREST

None received.

5 : MINUTES

The minutes of the meeting held on 23 November 2020 were agreed a correct record.

6 : STRATEGIC ASSET ALLOCATION

The report on the Strategic Asset Allocation was outlined to Members. Members noted that as both funds are with Blackrock it should be a straightforward move.

RESOLVED: to

- (1) Approve the 2021/22 Strategic Asset Allocation
- (2) Approve the transfer of the Fund's current passive UK Equity holding to the Low Carbon Tracker Fund.
- (3) Notes and approve moving to the Baillie Gifford Paris Aligned position for their portfolio within the WPP Global Growth Fund.

7 : WALES PENSION PARTNERSHIP

Members were advised that this was a regular update report to Committee as part of the reporting process.

Members noted that the WPP transfer into Global Equities was in process.

RESOLVED: to note the report.

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg.

8 : ADMINISTRATION STRATEGY

Members were advised that this report has been to Local Pension Board for sight and comments and they were content. The Strategy formulates the relationship between the fund and employers and outlines roles and responsibilities.

The Strategy will be reviewed on an annual basis unless there are changes in regulations in which case the Strategy would be brought back to Committee earlier, after consultation with the Local Pension Board.

RESOLVED: To approve the Administration Strategy.

9 : COMMUNICATION POLICY

Members were advised that this Policy had been to the Local Pension Board for sight and comment and they were supportive of it. To have a communications policy in place is considered best practice.

The Policy will be reviewed on an annual basis unless there are changes in which case the Policy would be brought back to Committee earlier, after consultation with the Local Pension Board.

RESOLVED: to approve the Communications Policy.

10 : RISK REGISTER

Members were advised that the register had been updated since it last came to committee in November 2020. The three new risks were the Exit Payments/Cap; Issues with McCloud and Resource Pressures. It was noted that Resource Pressures had been identified by the Local Pension Board who asked that it be added as a risk.

Members discussed the risks and mitigations that would be needed going forward. It was noted that there would be discussions starting around increased resources to deal with pressures. Officers and members acknowledged the work of the team, dealing with changes in practices in a pandemic.

Officers explained that Employers had been sent templates to complete and send back, to provide information on any changes in terms since April 2014, or any service breaks.

Members asked if any employers were not responding due to Covid. Officers stated that they have asked all employers about this but all seem to be open and corresponding with the Council; Officer have advised that Employers should let them know if they find it difficult to meet the deadlines.

RESOLVED: to note the Risk Register

11 : MINUTES OF THE LOCAL PENSION BOARD

Noted.

12 : EXCLUSION OF THE PUBLIC

RESOLVED That the following item is confidential and exempt from publication as it contains exempt information of the description contained in paragraph 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972. The public may be excluded from the meeting by resolution of the Committee pursuant to Section 100A(4) of the Local Government Act 1972 during discussion of this item.

13 : MINUTES OF THE INVESTMENT ADVISORY PANEL

Noted. Committee wished to thank staff for all their hard work.

14 : URGENT ITEMS (IF ANY)

None received.

15 : DATE OF NEXT MEETING

17 May 2021

The meeting terminated at 5.26 pm

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg.

This page is intentionally left blank

**CARDIFF COUNCIL
CYNGOR CAERDYDD**



PENSIONS COMMITTEE: 17 MAY 2021

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM : 4

BUSINESS PLAN FOR 2021/22

Reason for this Report

1. To present to the Committee the Fund's Business Plan for 2021/22.

Background

2. The day-to-day administration of the Pension Fund is carried out by the Pensions Section based in County Hall. The Section carries out a range of functions including maintaining member records held on the Altair system, providing information to Fund members, calculating and paying benefits to Fund members and giving advice to Fund employers.

Business Plan

3. A copy of the 2021/22 Business Plan is attached as Appendix 1. The Business Plan was presented to the 27 April 2021 meeting of the Local Pension Board for review. The purpose of the Business Plan is to set out the key action points for the administration of the Fund over the next financial year in the context of the Fund's goals and objectives over the longer term. The Plan also includes membership statistics for the current and previous three years.
4. The Plan outlines the key work priorities for the Fund over the next twelve months as well as the achievements over the last financial year.
5. The Plan includes a summary budget for 2021/22, where:

The Fund's sources of income are:

- the contributions from employers and employees
- investment returns in the form of income and capital growth

The Fund's expenditure comprises:

- payment of pension benefits
- investment management expenses

- administration and governance expenses

The budget assumes a “cashflow neutral” position in which contributions received match benefits paid and administration expenses.

Legal Implications

6. The recommendation does not appear to raise any specific legal implications however the general legal advice set out below should be considered.

General Legal Advice

Any decision must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council eg. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its tax payers; and (h) be reasonable and proper in all the circumstances and comply with any equalities legislation.

The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

The Well-Being of Future Generations (Wales) Act 2015 (“the Act”) places a ‘well-being duty’ on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The well being objectives are set out in Cardiff's Corporate Plan 2021-24

The well-being duty also requires the Council to act in accordance with ‘sustainable development principle’. This principle requires the Council to act in a way, which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take

account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrates approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Generations (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

Financial Implications

7. There are no financial implications arising from this report.

Recommendations

8. That the Committee approve the Business Plan for 2021/22.

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES

Appendices:

Appendix 1 – Business Plan 2021-22

This page is intentionally left blank

Business Plan 2021/22



Introduction

Cardiff Council is the Administering Authority of the Cardiff & Vale of Glamorgan Pension Fund ('the Fund') which is part of the Local Government Pension Scheme (LGPS).

Strategic management of the Fund is delegated to the Pensions Committee and operational management is delegated to the Corporate Director Resources. Advice on investment matters is provided by the Investment Advisory Panel. The Local Pension Board assist the Council as Scheme Manager to secure compliance with the LGPS Regulations and to ensure the effective and efficient governance and administration of the scheme.

The Fund is administered in-house by the Pensions Section based in County Hall, Cardiff, using the Altair administration system provided and hosted by Aquila Heywood.

The Fund, along with the other seven LGPS Funds in Wales, is a member of the Wales Pension Partnership (WPP) which provides a pooled platform to address the investment requirements of the individual Welsh LGPS. The individual Funds set their strategic asset allocations with WPP sub-funds increasingly providing the products to deliver these allocations.

The purpose of this document is to set out a business plan for the Fund for the 2021/22 financial year in the context of the Fund's goals and objectives over the longer term.

Fund Objectives

The principle aim of the Fund is to provide pensions, effectively and efficiently, at the lowest cost to contributing employers. This requires the Fund to strike a balance between achieving the most from its investments and the need for prudence and caution in considering the future liability profile of the Fund.

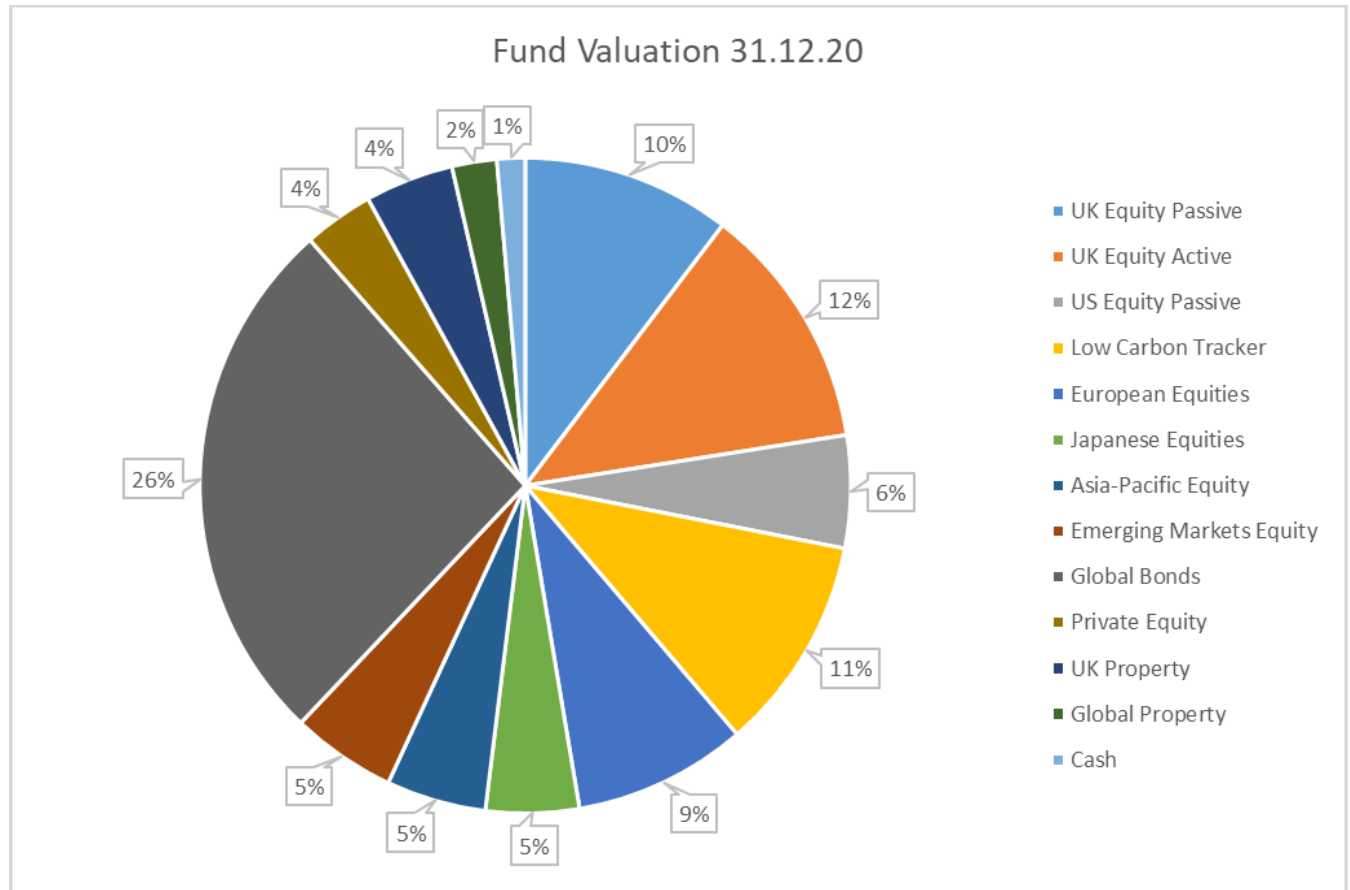
The Fund also aims:

- To continue to improve the administrative capability of the Fund's administration and investment services
- To improve performance in meeting set targets within pension administration
- To consider proactively the increased use of new technology and electronic communications
- To monitor regularly the resources allocated to meet the challenges of a changing pension environment
- To prepare the Fund's Annual Report and other statutory returns
- To monitor management and custody costs regularly
- Continue to prioritise workloads in line with TPR's COVID-19 guidance for Public Service Pension Schemes.

Fund Statistics

The Fund was valued at **£2,434 million** as at 31 December 2020.

The Asset Allocation of the Fund as at 31 December 2020 was:



Fund membership (as reported in the Fund's Annual Accounts) was:

	31/03/2018	31/03/2019	31/3/2020	31/03/2021
Contributors	16,128	16,193	17,699	16,818
Pensioners	11,128	11,554	11,945	12,163
Deferred pensioners	12,757	13,040	13,608	16,569
Total membership	40,013	40,787	43,252	45,550

Contributions and benefits in the current and previous 3 years were as follows:

	2017/18 (actual) £000s	2018/19 (actual) £000s	2019/20 (actual) £000s	2020/21 (projected) £000s
Contributions Received	-85,946	-91,219	-98,297	-91,763
Retirement Pensions	62,507	65,790	70,038	71,463
Retirement Lump Sums	12,713	15,351	16,183	10,527
Death Grants	1,543	2,783	2,983	2,413
Refunded Contributions	114	188	274	86
Net Transfers (Transfers paid less transfers received)	11,075	-4,423	-2,243	308
Net Expenditure (Income)	2,006	-11,530	-11,062	-6,966

Volumes of key tasks in the current and previous 3 financial years:

	2017/18	2018/19	2019/20	2020/21
Retirement Estimates	720	983	425	304
Retirements	598	765	748	496
Refunds	377	246	324	186
Deferred	506	690	600	465
Transfer Out - Estimates	113	204	581	331
Transfer Out - Payments	277	159	184	120
Aggregation of membership	38	218	205	202

Achievements 2020-21

In addition to processing higher volumes in most key task areas than in the previous year, as illustrated in the table above, during 2020/21 the Pensions Section:

- Delivered Annual Benefit Statements to over 100% of active and 87% of deferred members by the deadline of 31 August 2018
- Due to the COVID-19 outbreak, adapted working patterns to ensure continuation of the service to scheme members and participating employers.
- A robust IT exercise undertaken to enable all staff to be set up to homework.
- Communication to all employers directing them to the LGA website dedicated COVID-19 guidance; FAQs has and links to the TPR website.
- A COVID-19 update placed on the Cardiff & Vale of Glamorgan Fund website
- Encouraged the use of electronic communication
- Prioritised workloads in line with TPR's COVID-19 guidance
- Improved communications to reduce the risk of Pension Scams and support effective decision-making.
- Ensured any trustee decisions that needed to be made regarding GMP reconciliation, were submitted on time to Mercer (JLT), to meet HMRC deadlines for final data cuts.

- Finalised development of Member Self Service portal on the Cardiff and Vale Pension Fund website. Started roll out to Employers in March 2021, giving all members pension access 24/7 every day of the year
- Presented a Retirement Seminar to over 30 people at WCVA over Teams. Presentation was recorded and circulated to all staff
- Contact with Employers and Stakeholders was maintained via MS Teams, with Pension Committee, Pension Board, Employer Forum and Retirement seminars continuing as normal
- Following the Fund's first investment in a WPP Sub-Fund, the UK Opportunities Equity sub-fund early in 2020, the Fund transferred its Global Bond holding with a value of c£620m to 3 WPP Fixed Income sub-funds commencing in July 2020.
- February 2020 saw the Fund invest c10% of the Fund value into the BlackRock Low Carbon Global Equity Fund.
- Following the retirement of their last active member the Public Services Ombudsman for Wales exited the scheme.
- A number of new organisation joined the Fund as Admitted Bodies mainly as a result of small outsourcing contracts from schools in Cardiff and the Vale of Glamorgan.

Work Priorities 2021-22

The Pension Fund faces a number of challenges over the next twelve months.

Investments and the Wales Pensions Partnership

The review of 2020/21 highlighted the switch of some of the Fund's assets into WPP sub-funds and this process will continue in 2021/22. Following the approval of the recommendation by the Pensions Committee at the November 2020 meeting the process to terminate the Fund's existing Regional Equity holding and to transfer into the WPP Global Equity sub-funds has commenced. This transfer, which has a value of over £650m, is anticipated to be completed during Q1 of 2021/22.

The February 2021 Pension Committee meeting approved the transfer of the passive UK Equity holding into the Low Carbon Fund with both of these holdings being managed for the Fund by BlackRock. This transfer will be undertaken at the same time as the Global Equity transfer referred to above and has a value of c£250m. Once this transfer is completed approximately 20% of the Fund value will be held in this Fund Work is advancing on a WPP Emerging Market (EM) sub-fund, which is currently targeted to launch in the autumn of 2021, although any transfer to this sub-fund is still subject to Pension Committee approval. EM Equity is the last remaining listed asset class that has not yet commenced the transfer to WPP sub-funds.

WPP thoughts are now turning to unlisted asset classes and to assist this development a WPP Officer Private Markets working group has commenced work in this area. Phase 1 focus for this group is to develop pooled solutions for Private Debt and Infrastructure asset classes with Property and Private Equity products to be developed in later phases.

Fund Officers and Members will continue to contribute to the further development of governance and reporting processes for the WPP including the future development of a Responsible Investment Policy and identifying the training opportunities needed to support the successful integration of responsible investment into the Investment

products offered by the WPP. The Fund will further develop proposals for responsible investment in response to concerns about climate change risk and other environmental, social and governance (ESG) issues. This will include a review of the Fund's Climate Change Investment Policy.

Triennial Valuation

The next independent actuarial valuation, as at 31 March 2022 will commence during 2022/23. The valuation, which is undertaken every 3 years reviews the Fund's assets and liabilities and will be used to determine the rate of employer contributions for the three financial years commencing in 2023/24.

In line with the Fund's principal objectives, the aim of the valuation will be to set contribution rates which balance the obligations of the administering authority to ensure the long term solvency of the Fund with the aim to reduce or at least minimise fluctuations in employers contributions over the medium term.

Communications & Training

Training naturally took a backseat during the first six months of 2020, as many face to face training sessions were cancelled and we adjusted processes and ways of working to ensure we provided a seamless business as usual. During the second half of 2020 staff attended virtual training via Teams, especially wellbeing courses to ensure everyone was looking after themselves while working from home.

Objectives for 2021/22 include:

- Develop personal training plans for each member of the Team and encourage working towards recognised qualifications where appropriate
- Encourage Pension Board members to attend all relevant training courses throughout the year to help increase and maintain pension knowledge
- Restart a programme of regular visits and training to all Fund Employers as soon as it is safe to do so. If necessary the provision of on-line training could be considered as an alternative
- Promote the Employer and Trade Union Forum annual meetings with the aim to increase attendance and participation by stakeholders

Digitalisation

The Cardiff and Vale Pension Fund installed the iConnect system approximately two tax years ago, which this has helped enormously with the collation of accurate pension information through a monthly interface between the Employer payroll systems and Altair. Details of Fund members pensionable pay and contributions are transferred into Altair on a monthly basis instead of the previous annual basis, giving real time figures for all members.

Member Self-Service module of Altair was developed and tested during 2020/21 and we started a slow roll out in March 2021. We hope roll out will be complete by Autumn 2021. This will give all active members, pensioners and deferred members access to their pension information 24/7, 365 days a year. They will be able to update personal details such as addresses, and also calculate their pension, changing their retirement date as many times as they want and altering the amount of tax free cash they will want to take.

The information is added to people's accounts on a monthly basis via iConnect which give a real time accurate pension figures for all members.

Reconciliation of Contracted out Liabilities

The Fund is awaiting the final results of the GMP Reconciliation exercise, which has been undertaken by Mercer (JLT). Records will be subject to redress in accordance with the data obtained from HMRC. Records will need updating and adjustments made. A robust member communication exercise will be required.

AON Over/Under Payment Project

Continue to work closely with Aon reconciling the Pension Payroll system with the Pension Administration system, addressing any over and under payments with a difference of £2.00 or more.

McCloud

On 16th July 2020, MHCLG published a consultation on the proposed remedy, which ended on 8th October 2020. The intention is for legislation to be in place for 2022/23.

In brief, the consultation proposed that the revised underpin should be applied retrospectively for leavers / retirements and that the revised underpin protection will cease in respect of membership after 31st March 2022, however, final salary protection will continue after this date for benefits accrued before this date.

A full history of part time hour changes and service break information from 1 April 2014 will be needed for all qualifying members, even those that have left the scheme on or after 1st April 2014(deferred & pensioner). Records will need to be updated before the scheme regulations are amended

Committed to a review of the impact of McCloud and carry out a review of the overall resources required to implement the required reforms and regulations. Work closely with Aon to assess if any additional third party support is also required.

Resources

In view of the additional resource pressure the above challenges are expected to place on the Administration section a review has commenced to review the additional workloads expected. This review is expected to be completed in Q1 of 2021/22 and will allow a comparison with the available resources to identify if there are potential gaps in service provision. Although this exercise is expected to be primarily focussed on internal resources the use of external resources to plug any gaps identified will also be considered especially in the short term.

Key Performance Indicators

The Administration Section has the following target response times for key tasks. Performance data is captured and reported by the Altair system.

Task	Target Response Time
Transfer in quote	10 working days
Transfer out quote	10 working days
Deferred benefit statement	30 working days
Death Acknowledgement	5 working days
Death Benefits sent	10 working days
Actual Retirements - note of provisional benefits	15 working days
Actual Retirements - calculation of actual benefits	15 working days
Estimate of pension benefits	15 working days

Fund Budget for 2021/22

Pension Fund expenditure and income is difficult to forecast in the short term as benefit payments are demand-led whilst investment income and changes in asset values are largely driven by market responses to economic and political factors. A summary budget is shown below.

Benefit Payments and Administration Expenses are anticipated to be matched by contributions received whilst expenses of governance and investment management are expected to be covered by investment income. Growth in investment asset values is projected in line with the actuaries' market assumptions and will be monitored closely throughout the year. Any surplus cash will be invested in line with the Fund's Investment Strategy Statement.

		£000	£000
CONTRIBUTIONS AND BENEFITS			
Income:	Contributions Receivable		
	<i>Employers</i>	(76,500)	
	<i>Employees</i>	(19,600)	
			(96,100)
Expenditure:	Benefits Payable		
	<i>Pensions</i>	71,800	
	<i>Lump Sums</i>	23,100	
			94,900
	Administration Expenses		
	<i>Staff Costs</i>	650	
	<i>Other Costs</i>	550	
			1,200
INVESTMENTS			
Income:	Investment Income	(27,710)	
	Change in Market Value of Investments	(76,100)	
			(103,810)
Expenditure:	Manager Fees	12,170	
	Custody & Other Costs	200	
			12,370
GOVERNANCE			
Expenditure:	Pension Committee & Panel	60	
	Local Pension Board	10	
	Wales Pension Partnership	110	
	Staff Costs	100	
	Accountancy & Internal Audit	120	
	External Audit Fee	40	
			440
NET SURPLUS			(91,000)
TOTAL ASSETS	31/12/2020		2,434,000
	Projected 31/03/2022		2,525,000

This page is intentionally left blank

CARDIFF COUNCIL CYNGOR CAERDYDD



PENSIONS COMMITTEE : 17 MAY 2021

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 under the oversight of the Wales Pensions Partnership.

Background

3. The Committee and Board has received regular updates on the development of the Wales Pension Partnership by the eight LGPS administering authorities in Wales. 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 (Section 151 Officers) 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. Hymans Robertson were appointed, in January 2020, as Oversight Advisors to support the WPP in managing its relationship with Link and Russell Investments as well as providing advice on governance and strategic investment strategy.
5. Three Equity Sub Funds had been launched prior to 2020/21 financial year, a UK Equity Fund and two Global Equity Funds with Cardiff and the Vale Pension Fund (the Fund) investing in the WPP UK Equity Fund. During 2020/21 five Fixed Income sub-funds were launched by the WPP with this Fund investing in 3 of the WPP Fixed Income sub-funds in August 2020.

Issues

6. As at 31 March 2021, the Fund's holdings in the WPP Sub-funds totaled £862.3 million with holdings in the individual Funds as follows :-

- i. UK Opportunities Equities Fund - £230.3 million.
 - ii. Multi Asset Credit Fund - £153.4 million
 - iii. Global Government Bond Fund - £252.5 million
 - iv. Global Credit Fund - £226.1 million
7. Following the approval of the Pension Committee at its November 2020 meeting the appointment of a Transition Manager to facilitate the transfer of the fund's existing Regional Equity mandates into the WPP Global sub-funds is almost complete. The valuation as at 31 March 2021 of the fund's assets to be transferred to WPP Global Equity Sub-funds is c£689 million with this transfer expected to take place during June 2021. Russell Investments have confirmed that from 31 March 2021 the WPP Global Opportunities sub-fund will benefit from their decarbonisation overlay. This will be implemented through their Enhanced Portfolio Implementation (EPI) Framework which is targeting a 25% carbon footprint reduction relative to the sub-funds benchmark (MSCI All Country World Index). Baillie Gifford, who are one of the sub-managers in the Global Growth Fund, have developed their proposals to ensure that their portfolio complies with the 2015 Paris Agreement.
8. WPP proposals for an Emerging Markets Equities sub fund are the subject of a separate report on the agenda with an autumn launch for this sub-fund expected. The Fund currently holds assets totaling £127 million in Emerging Markets equity.
9. Officer led work has also continued with regard to options for WPP Private Market Funds which will cover Property, Private Debt, Private Equity and Infrastructure assets. The initial focus has been on the appropriate structure(s) in which the WPP can hold Private Market assets. Private Debt and Infrastructure remain the asset classes with the initial focus on developing investment opportunities which are asset classes this fund has not currently invested in. WPP options for Property and Private Equity Investments will follow in further phases. Once the options for WPP Funds in these areas are further developed a report will be submitted to Pensions Committee to approve any future investment or transition of assets to the WPP.
10. The WPP's Responsible Investment Officers sub-group has also continued to meet. An updated Climate Risk policy has recently been circulated for comment with the intention that this policy will be approved at the July 2021 JGC meeting. One of the WPP training events for 2021/22 will focus on Responsible Investment
11. A copy of the WPP Business Plan for 2021-24 is attached as Appendix 1. The WPP have asked that Constituent Authorities individually approve the Business Plan. The Business Plan is a high level strategic document and includes sections on :-
 - i. Introduction and Background to the WPP
 - ii. The Governance structure including details of its governance objectives and WPP engagement mechanisms and frequency of this engagement.
 - iii. The WPP approach to Risk Management.
 - iv. The Objectives, Beliefs and Policies of the WPP
 - v. WPP Work Plans split over the three financial years covered by the Business Plan
 - vi. WPP Training Plans
 - vii. A high level view of the WPP Budget
 - viii. A brief description of the WPP sub-funds
 - ix. Contact details

Legal Implications

12. 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 however the general legal advice set out below should be considered.

General Legal Advice

Any decision must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council eg. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its tax payers; and (h) be reasonable and proper in all the circumstances and comply with any equalities legislation.

The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

The Well-Being of Future Generations (Wales) Act 2015 ("the Act") places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

In discharging its duties under the Act, the Council has set and published well-being objectives designed to maximise its contribution to achieving the national well-being goals. The well-being objectives are set out in Cardiff's Corporate Plan 2021-24.

The well-being duty also requires the Council to act in accordance with 'sustainable development principle'. This principle requires the Council to act in a way, which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrates approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Guidance (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

Financial Implications

13. 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

14. That the Committee :-
 - i. Notes the recent developments related to the WPP Investment Pool.
 - ii. Approves the WPP Business Plan 2021-2024

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES

Appendices

Appendix 1 – WPP Business Plan 2021-2024



Wales Pension Partnership Business Plan 2021-2024

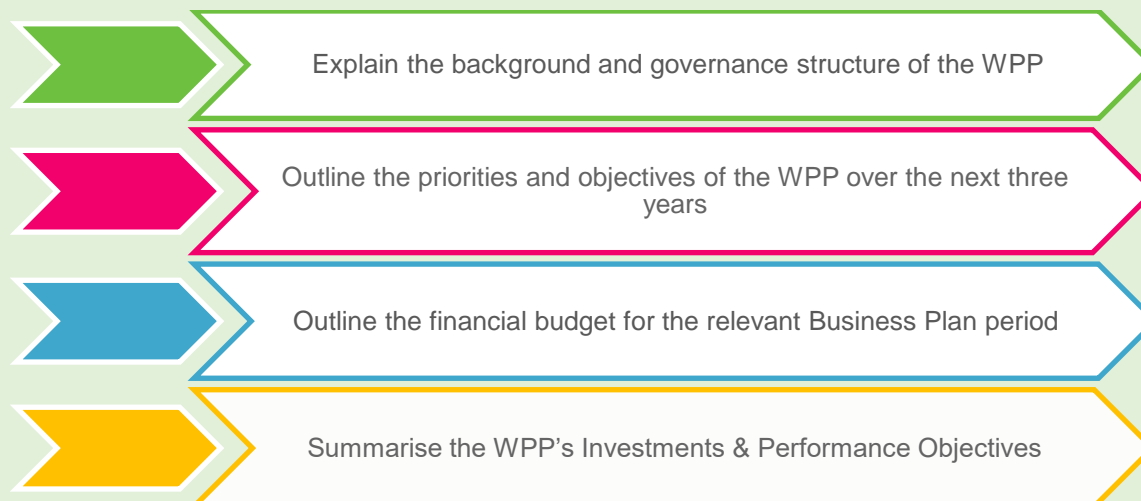


Contents

Introduction	3
About the Wales Pension Partnership	3
Governance	4
Risk Management	6
Objectives	7
Beliefs	8
Policies	9
Work Plan	10
Training Plan	13
Budget	14
Investments & Performance	15
Contact Details	17

Introduction

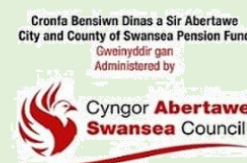
This is the business plan for the Wales Pension Partnership ('WPP'), the business plan details the WPP's priorities and areas of focus for 2021/22, 2022/23 and 2023/24. The business plan is constantly monitored and will be formally reviewed and agreed every year. The purpose of the business plan is to:



About the Wales Pension Partnership

Established in 2017, the WPP is a collaboration of the eight LGPS funds (Constituent Authorities) covering the whole of Wales and is one of eight national Local Government Pension pools. We have a long, successful history of collaboration, including examples that pre-date the Government's pooling initiative. We are proud of our unique identity as a Pool – our Constituent Authorities represent and span the entirety of Wales. Being democratically accountable means, we provide the best of strong public sector governance and transparency.

Our operating model is designed to be flexible and deliver value for money. We appointed an external fund Operator and make use of external advisers to bring best of breed expertise to support the running of the Pool, this includes Hymans Robertson who have been appointed as the WPP's Oversight Advisor. The Operator is Link Fund Solutions and they have partnered with Russell Investments to deliver effective investment management solutions with the aim of achieving strong net of fee performance for all the Constituent Authorities. We have a shared vision and agreement on the means and pace at which this vision will be achieved. The eight LGPS Funds (Constituent Authorities) of the Wales Pension Partnership are:



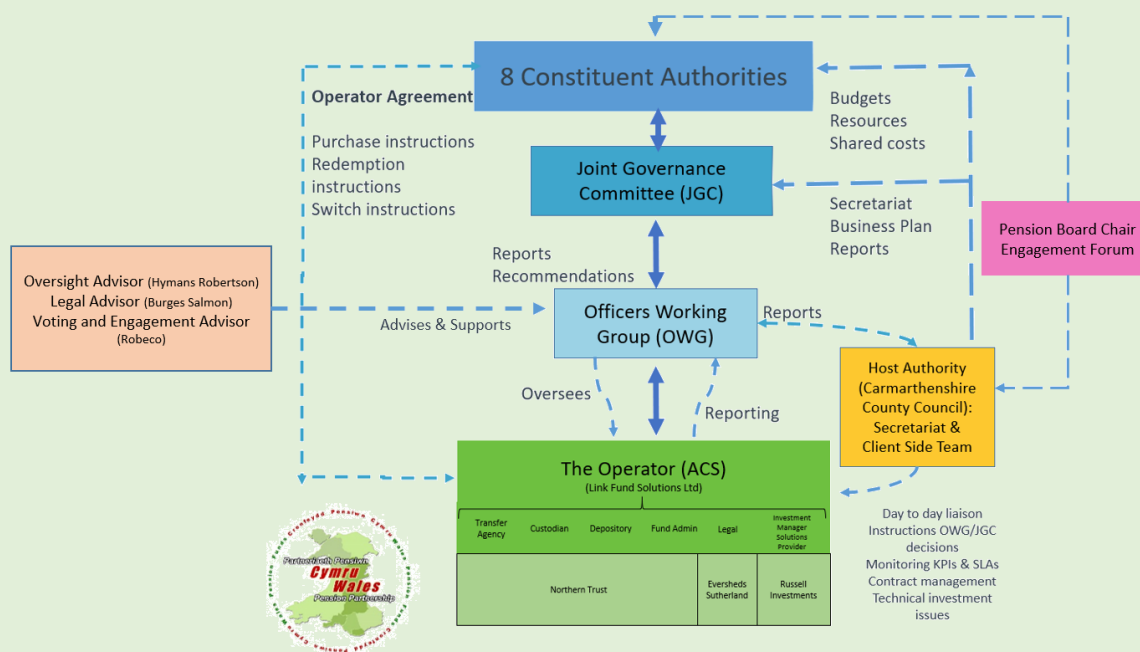
Governance

The WPP is responsible for ensuring that its business is conducted in accordance with regulation and guidance. We must also ensure that: public money is safeguarded and properly accounted for, used economically, efficiently and effectively to ensure value for money. We also strive for continuous improvement and to conform with industry best practice.

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA), which defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers. The IAA includes a Scheme of Delegation outlining the decision-making process, taking into account the relevant legislation. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure, which has been designed to:



The diagram below shows WPP's governance structure:



The Constituent Authorities sit at the top of the WPP's governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving this Business Plan, which outlines the WPP's budget and workplan, as well as its beliefs and objectives. The Constituent Authorities are heavily involved in all aspects of the WPP's governance structure, while the WPP's Joint Governance Committee and Officers Working Group are comprised respectively of elected councillor and officer representatives from the Constituent Authorities.

The WPP believes in being open and transparent as well as regularly engaging with its key stakeholders. As such the WPP ensures the meetings of the Joint Governance Committee are accessible to the public via a live webcast stream. Meeting papers are also made publicly available. Local Pension Board engagement days are also held regularly as a means of fostering stakeholder engagement. The WPP recognises the importance of all of its stakeholders to reflect this the WPP has put in place an Engagement Protocol Framework, this is carried out via the following engagement mechanisms:

Engagement mechanisms	Frequency
Strategic Relationship Review meeting	Bi-Annual
JGC Engagement	Quarterly
Manager Performance Meetings/ Calls	Quarterly
Training Events	Quarterly
OWG Engagement	Every 2/3 Months
Bi-Weekly Meetings	Every 2 Weeks
Annual Shareholder Day	Annual
Pension Fund Committees	Annual
Manager Engagement Days	Annual
Member Communications	Annual
Pension Board Engagement	Every 6 Months
Engagement via the website & LinkedIn	Continuous
Constituent Authority Annual Requirements & Ambitions Questionnaire	Annual

Risk Management

The Wales Pension Partnership ('WPP') recognises that it faces numerous risks which, if left unmanaged, can limit the WPP's ability to meet its objectives and to act in the best interest of its stakeholders and beneficiaries. However, the WPP also understands that some risks cannot be fully mitigated and that in these instances' risks need to be embraced through active and effective management.

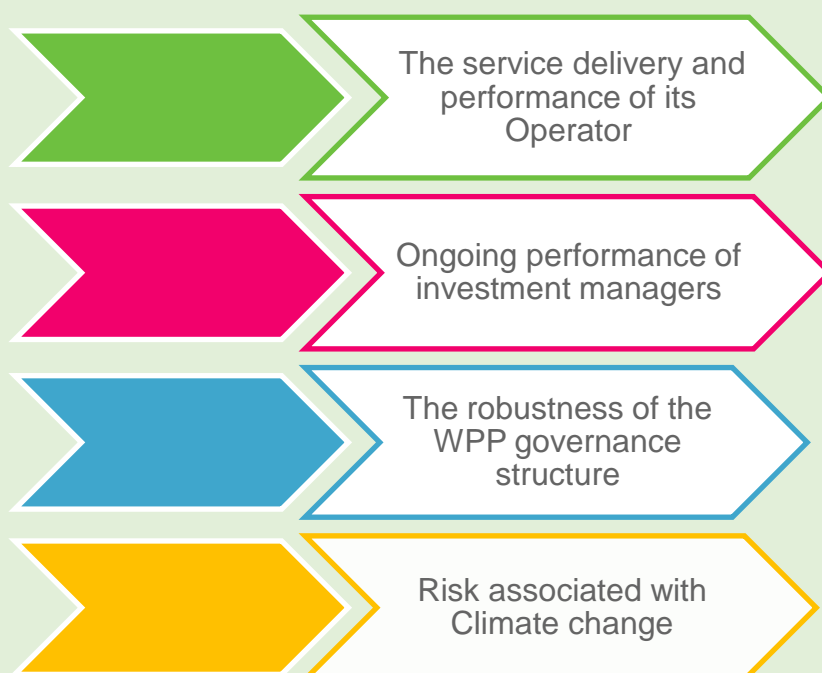
Risk management is a critical element of WPP's commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy. This strategy will be embedded into the WPP's governance framework to ensure better decision-making, improved outcomes for stakeholders and greater efficiency.

The WPP's risk strategy seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP believes that risks are fluid in nature and that the severity and probability of risks can change rapidly and without warning. To reflect this belief, the WPP's Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders.

To deliver on its objectives, the WPP needs to carry out activities or seize opportunities that subject it to risk. The extent to which the WPP is able to effectively balance risk and return will depend on the success of its Risk Policy. It is critical that prior to making decisions the WPP understands the associated risks and considers the means by which these risks could be managed.

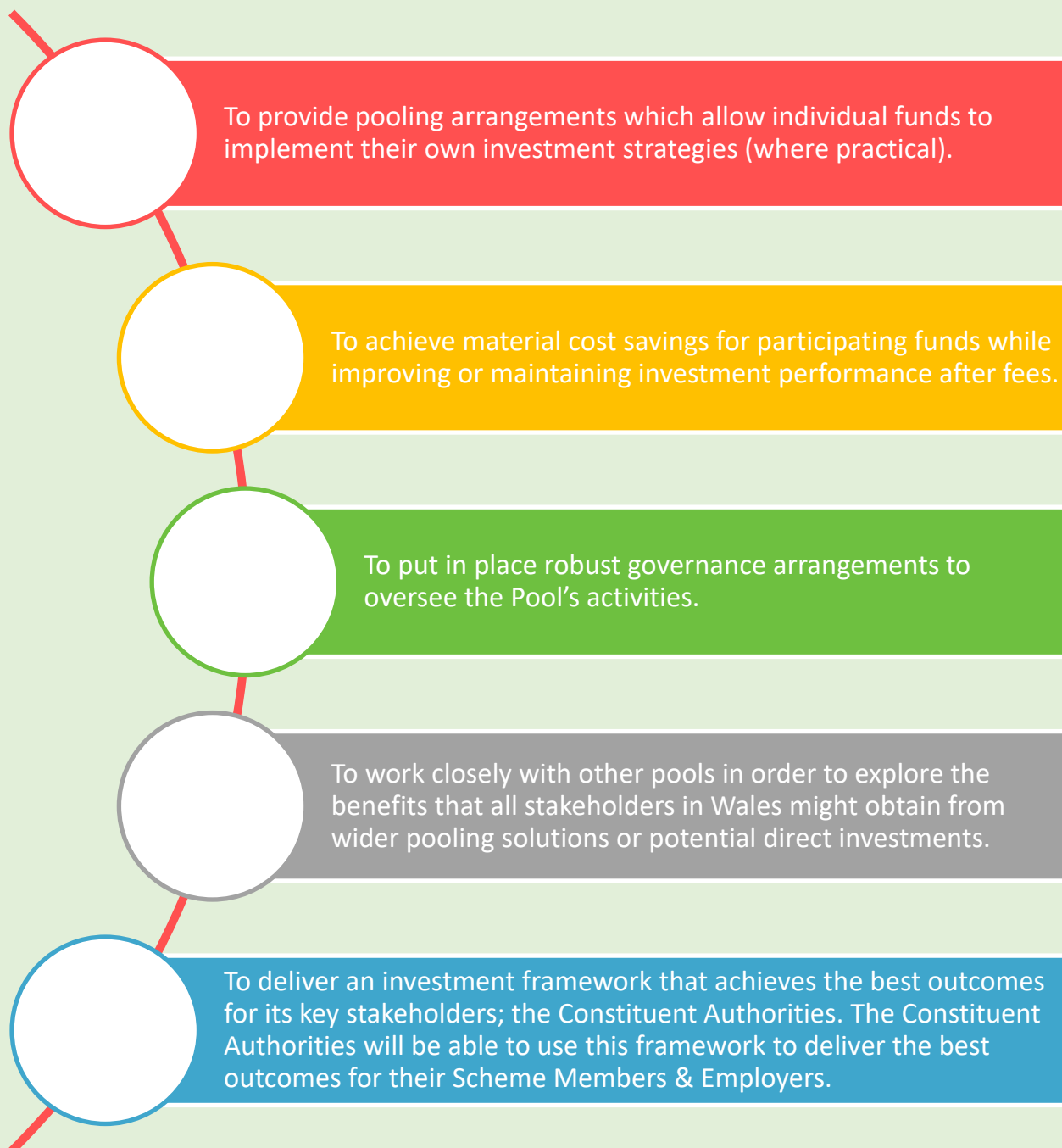
The greatest risk to the WPP's continued operation is its ability to deliver on its primary objectives. The WPP's Business Plan is an additional means through which the WPP will give special recognition to risks that pose a material threat to the delivery of its objectives and the actions required to manage these risks.

During the course of this business plan the WPP will seek to develop mechanisms, frameworks and process for managing the following key risks:



Objectives

The WPP is proud to represent the eight Constituent Authorities and recognises its duty to ensure the needs and requirements of all stakeholders are met. The WPP, through consultation with all eight Constituent Authorities, has formulated a list of primary objectives these can be summarised as follows:



The eight Constituent Authorities recognise that their strength derives from their shared beliefs and their ability to work together to deliver on their unified objectives for the benefit of all WPP stakeholders.

Beliefs

The WPP's Beliefs reflect the collaborative nature and shared values of the Constituent Authorities, they are as follows:

The WPP's role is to facilitate and provide an investment pooling platform through which the interests of the Constituent Authorities can be implemented.

Good governance should lead to superior outcomes for the WPP's stakeholders.

Internal collaboration between the Host and Constituent Authorities is critical to achieving the WPP's objectives. External collaboration may also be beneficial in delivering cost savings and better outcomes for stakeholders.

Responsible Investment and effective Climate Risk mitigation strategies, alongside consideration and evidential management of broader Environmental, Social and Governance issues, should result in better outcomes for the WPP's stakeholders.

Effective internal and external communication is vital to achieving the WPP's objectives.

External suppliers can be a cost-effective means of enhancing the WPP's resources, capabilities and expertise.

Fee and cost transparency will aid decision making and improve stakeholder outcomes.

Continuous learning, innovation and development will help the WPP and its Constituent Authorities to evolve.

A flexible approach to the WPP pool structure and implementation methods will enable the WPP pool to adapt in future and continue to meet the needs of its stakeholders.

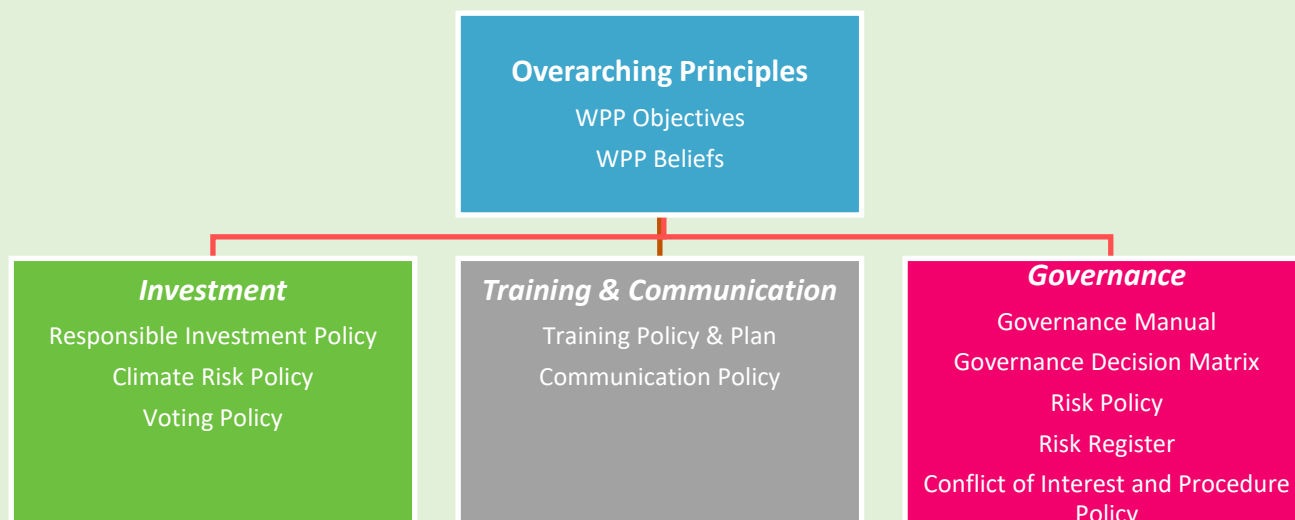
The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies.

Policies

The WPP believes that good governance should lead to superior outcomes for the WPP's stakeholders. In recognition of this belief, the WPP, in consultation with the Constituent Authorities, has developed a robust governance structure and framework and a set of governing policies. In all instances the WPP's policies and procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities. The WPP understands the importance of formulating and codifying its policies and procedures. This process allows the WPP, and the Constituent Authorities, to:



The WPP's key policies, registers and plans are listed below and can be found on the WPP website.



The WPP's policies are reviewed on at least an annual basis and the WPP will continually assess whether any additional policies, registers or plans are required. The WPP workplan includes a number of additional governance documents that will be developed, these will be made available on the WPP website once completed. The policies play a vital role in the WPP's governance arrangements and have been formulated with the sole purpose of providing a codified framework which will ensure that the WPP achieves its objectives in an effective and transparent means.

Work Plan

The tables below show the key priorities and objectives that the WPP aims to complete over the next three years.

Governance

The WPP believes that good governance leads to better outcomes for its stakeholders, as such it will further develop its governance framework by developing additional policies, registers, plans and carrying out ongoing reviews of its existing governance documents and structure.

Work to be completed	2021 - 2022	2022 - 2023	2023 - 2024
Appoint a Scheme Member Representative to the Joint Governance Committee	✓		
Development of a WPP Rebalancing & Alteration Policy	✓		
Formulate a Responsibilities Matrix for WPP Sub-Funds	✓		
Development of a WPP Whistleblowing Policy	✓	✓	
Development of a WPP Complaints Policy		✓	
Development of a WPP Breach and Errors Policy		✓	
Develop 'Pre-sign-off Checklist Reports' for WPP Sub Funds	✓	✓	
Development of a WPP Business Continuity Plan	✓	✓	
Review of Inter Authority Agreement	✓	✓	✓
Annual review of WPP's policies and plans	✓	✓	✓
Quarterly reviews of the Risk Register	✓	✓	✓

Ongoing Establishment

The WPP is proud of its progress to date in regard to the pooling of assets and will continue to allocate resources to ensure that all suitable assets are pooled. To date the WPP has pooled 62% of its assets and by the end of March 2022 the WPP plans to have pooled c70% of its assets.

Work to be completed	2021 - 2022	2022 - 2023	2023 - 2024
Launch of Emerging Markets Sub-Fund	✓		
Launch of Private Debt & Infrastructure Sub-Funds	✓		
Formulate the WPP's Property requirements and optimal means of implementation	✓	✓	
Review and develop a mechanism to pool any suitable non-pooled assets		✓	✓
Launch of Private Equity Sub-Fund		✓	✓
Launch of other Private Market sub-funds (TBC)			✓
Consultation with CAs on need for further sub-funds	✓	✓	✓

Operator Services

The Operator, alongside the third parties that it employs on behalf of the WPP, are critical to the ongoing activities of the WPP, therefore service delivery of the Operator and third-party suppliers pose a material risk to the WPP. The WPP will prioritise the development of a framework that will allow it to monitor and evaluate the Operator's service delivery, this framework will be imbedded into the WPP risk monitoring mechanisms.

Work to be completed	2021 - 2022	2022 - 2023	2023 - 2024
WPP Operator Oversight Framework	✓		
Review of Operator's contract	✓		
Review of Operator KPI reporting	✓		
Market Review of developments within the Operator market	✓		
Setting up and implementing a framework for monitoring the performance of Russell as investment advisors to Link	✓	✓	

Communication and Training

The WPP wants to ensure that internal stakeholders and external parties are aware of the WPP's progress and will publish numerous report and updates to ensure that it proactively communicates its progress to stakeholders. The WPP is very proud of the work it carries out on behalf of its stakeholders and will provide a summary and detailed report on its endeavours over the past 12 months in the form of the WPP Annual Update and Report. The WPP will also formulate its first WPP's Annual Responsible Investment Progress Report during the course of this year to articulate and provide detail on how the WPP is positioned from a Responsible Investment perspective and what work it has completed over the past year to further the WPP's Responsible Investment credentials.

Work to be completed	2021 - 2022	2022 - 2023	2023 - 2024
Formulation of the WPP's Annual Responsible Investment Progress Report	✓	✓	✓
Formulation of the WPP's Annual Training Plan	✓	✓	✓
Formulation of the WPP's Annual Update	✓	✓	✓
Formulation of the WPP's Annual Report	✓	✓	✓

Investments and Reporting

The WPP focus is primarily focused on providing investment solutions that are aligned to the requirements of the Constituent Authorities. The WPP will continue to formulate innovative and optimal WPP Sub Funds for Constituent Authority use. The WPP recognises the importance of ensuring that existing investment solutions remain optimal and aligned to Constituent Authority requirements, while also delivering the investment return expectations of the Constituent Authorities.

Responsible Investment continues to be of the utmost important to the WPP and its Constituent Authorities. During this workplan the WPP will allocate resources to ensure that it has market leading level of stewardship. The WPP wishes to demonstrate its stewardship credentials by becoming a signatory to the UK Stewardship Code this year. The WPP will continue to consult with the Constituent Authorities and is hoping that its consultation activities will allow it to put in place minimum Climate Risk and ESG standards within its WPP Sub-Funds within the next year. The WPP will also enhance its ESG and Climate Risk reporting and its oversight and reporting of investment managers.

Work to be completed	2021 - 2022	2022 - 2023	2023 - 2024
Development of Investment Manager performance reporting, including ESG metrics and climate change risk	✓		
Finalise Voting & Engagement Reporting Requirements	✓		
Become a signatory to the UK Stewardship Code	✓		
Formulate WPP Engagement Priorities and Implementation Framework	✓	✓	
Review the compatibility of WPP Sub-Fund Benchmarks with WPP's Responsible Investment and Climate Risk Beliefs	✓	✓	
Consider additional reporting that demonstrates WPP's commitment to Responsible Investment (e.g. TCFD Reporting)		✓	✓
Annual review of WPP's Cost Transparency Requirements	✓	✓	✓
Annual market benchmarking exercise of WPP Sub-Fund Investment Performance	✓	✓	✓
Consult with Constituent Authorities regarding minimum ESG/ RI standards and their climate ambitions	✓	✓	✓

Resources, budget and fees

The WPP recognises that insufficient resources poses a significant risk to its ability to deliver an investment framework that achieves the best outcomes for its key stakeholders, the WPP will carry out the following pieces of work to guarantee that it has suitable resources to deliver on this commitment.

Work to be completed	2021 - 2022	2022 - 2023	2023 - 2024
Annual review of resources and capacity	✓	✓	✓
Formulation of Annual WPP Budget	✓	✓	✓
Review and Monitoring of Fees (including Link & Russell)	✓	✓	✓

Training Plan

It is best practice for WPP personnel to have appropriate knowledge and understanding of:

- the regulations and markets relating to pensions;
- the pooling of Local Authority Pension Schemes; and
- relevant investment opportunities.

The WPP's training plan is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities.

WPP personnel should obtain a degree of knowledge and understanding that ensures they are able to carry out their duties associated with the WPP. WPP personnel should also be aware of the WPP's framework, beliefs, policies, governance matrix, the decision-making process and decision logging process.

To aid WPP personnel, the Host Authority will arrange quarterly training sessions which will cover major areas such as investments, administration, regulation requirements, government guidance and market developments. The WPP's training events will primarily focus on meeting the training needs of members of the OWG and JGC, however Constituent Authorities are encouraged to invite Pension Committee Members, as well as Pension Board Representatives if they believe that the training would be beneficial to these individuals.

We have set out below a list of training topics which the Host Authority will arrange training for during the 2021/2022 financial year. The topics outlined below are based on the responses received from the 2020/21 WPP training requirements questionnaire/ assessment, which is issued to the Joint Governance Committee ('JGC') and Officers Working Group ('OWG') on an annual basis.

Product Knowledge

- Private Market – Asset Classes & Implementation
- Private Market - Fund Wrappers & Governance

Responsible Investment

- Responsible Investment Indices and Solutions
- Responsible Investment Reporting

Investment Performance and Risk Management

- Performance Reporting & Manager Benchmarking
- Roles & Responsibilities within the ACS

Guidance, Regulatory Requirements and Best Practice

- Good Governance
- Cost transparency

Market Understanding

- Progress of other LGPS pools
- Collaboration Opportunities

Budget

The table below outlines the WPP's budget for the next three years.

	2021-22	2022-23	2023-24
	£'000	£'000	£'000
Host Authority *	182	212	217
External Advisors *	680	680	680
TOTAL to be recharged	862	892	897
Operator Services **	28,447	34,614	37,975
TOTAL to be deducted from the NAV	28,447	34,614	37,975

**Host Authority and External Advisor costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.*

***Operator Services costs are based on each Constituent Authority's percentage share of WPP assets (held with the Operator) and are deducted directly from the Net Asset Value (NAV) of the Constituent Authority's assets (held with the Operator).*

Investments & Performance

The WPP's Constituent Authorities have total assets of circa £17.5bn (as at 31 March 2020). The Constituent Authorities' passive investments are effectively within the Pool but are held by the respective WPP authorities in the form of insurance policies.

The Officers Working Group receives quarterly, six monthly and annual performance reports, the group reviews and challenges the performance of Investment Managers on behalf of the WPP. The WPP hosts annual manager engagement days, which are used to challenge managers and to facilitate engagement with Constituent Authority Pension Committee and Board Members and the WPP's Investment Managers. The Constituent Authorities also carry out their own analysis of WPP's investment performance at local level, this will include manager attendance at Pension Committees. Below we outline the WPP's existing Sub-Funds.

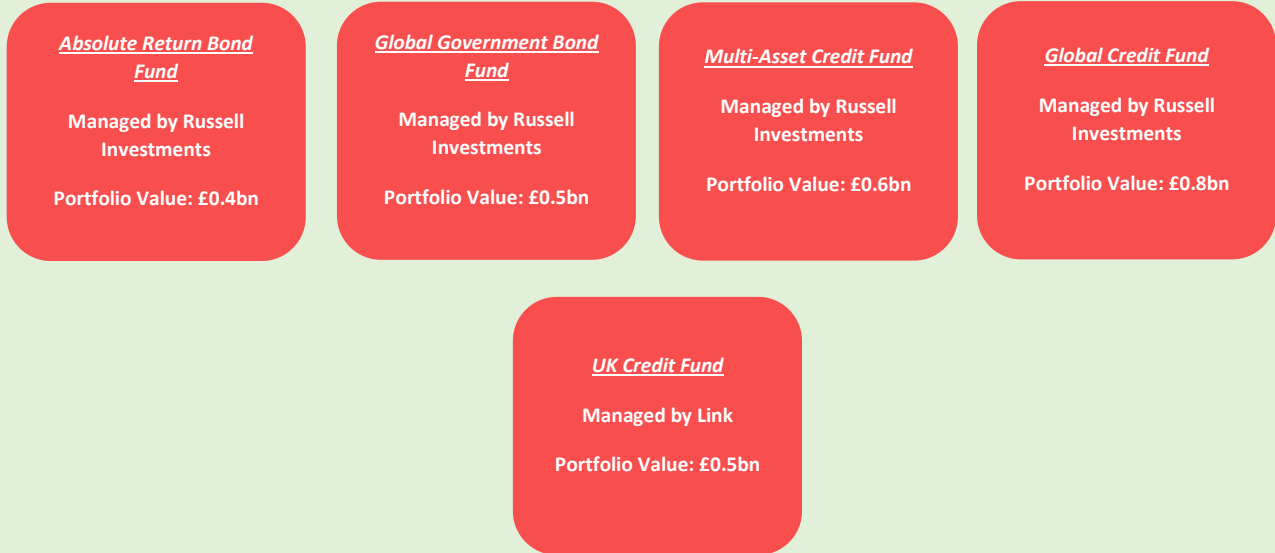
Equity Sub-Funds



* Portfolio Values as at launch date

Sub Fund	Performance Benchmark	Participating Funds	Managers	Launch Date
Global Growth	MSCI ACWI ND	RCT, Dyfed, Gwynedd and Powys	Baillie Gifford, Veritas and Pzena	Feb 19
Global Opportunities	MSCI ACWI ND	Swansea, Torfaen, Gwynedd, RCT and Clwyd	Morgan Stanley, Numeric, Sanders, Jacobs Levy, SW Mitchell, NWQ and Oaktree	Feb 19
UK Opportunities	FTSE All Share	Cardiff and Torfaen	Majedie, Lazard, Baillie Gifford, Ninety-One and Liontrust	Sept 19

Fixed Income Sub-Funds



* Portfolio Values as at launch date

Sub Fund	Performance Benchmark	Participating Funds	Managers	Launch Date
Global Credit	Bloomberg Barclays Global Aggregate Credit Index (GBP Hedged)	Cardiff, Dyfed, Powys and Torfaen	Western, Logan Circle, Fidelity and T Rowe Price	July 20
Global Government	FTSE World Government Bond Index (GBP Hedged)	Cardiff and Torfaen	Bluebay and Colchester	July 20
Multi-Asset Credit	ICE BofA SONIA + 4% p.a.	Cardiff, Clwyd, Gwynedd, Powys, and Swansea	ICG, Man GLG, BlueBay, Barings and Voya	July 20
Absolute Return Bond Fund	ICE BofA SONIA + 2% p.a.	Gwynedd, Powys and Swansea	Wellington, Putnam, Aegon and Insight	Sept 20
UK Credit Fund	ICE BofA ML Eur-Stg plus 0.65%	RCT	Fidelity	July 20

Contact Details

If you require further information about anything in or related to this business plan, please contact the Wales Pension Partnership:

Postal Address - Wales Pension Partnership

Carmarthenshire County Council

Treasury & Pension Investments Section

County Hall

Carmarthen

SA31 1JP

E-mail - WalesPensionPartnership@carmarthenshire.gov.uk

Telephone - (01267) 224136

Further information on the WPP and ongoing updates on the WPP's progress can be found on the website and LinkedIn page.

The website can be found here:

<https://www.walespensionpartnership.org/>



This page is intentionally left blank

**CARDIFF COUNCIL
CYNGOR CAERDYDD**



PENSIONS COMMITTEE: 17 MAY 2021

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM : 6

PENSION FUND RISK REGISTER

Reason for this Report

1. To review the current Risk Register for the Pension Fund.

Background

2. A Risk Register for the Pension Fund is maintained as part of the Corporate Risk Management process. The Register covers all aspects of management of the Fund including Investments, Funding, Governance and Administration.

Issues

3. The Risk Register is regularly reviewed by Fund officers and is also presented to the Local Pension Board for their review. The current Risk Register is attached as Appendix 1 and was reviewed by Pension Board at its meeting on 27 April 2021. The standard Risk Matrix used for the Corporate Risk Register is attached as Appendix 2.
4. The Risk Register was previously presented to the Pension Committee at its meeting on 8 February 2021 so the update presented to this meeting will focus on changes to the register compared to the version presented to the previous Committee meeting.
5. Risk P18 has been updated to reflect the withdrawal of the proposed Exit Payment Cap regulations but as further regulations for this area are expected in the future this risk has not been closed.
6. A new risk, P21, for Climate Change and Environmental, Social and Governance (ESG) risk has been added to the Risk Register.

Legal Implications -TBC

7. The recommendation does not appear to raise any specific legal implications however the general legal advice set out below should be considered.

General Legal Advice

Any decision must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council eg. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its tax payers; and (h) be reasonable and proper in all the circumstances and comply with any equalities legislation.

The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

The Well-Being of Future Generations (Wales) Act 2015 ("the Act") places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

In discharging its duties under the Act, the Council has set and published well-being objectives designed to maximise its contribution to achieving the national well-being goals. The well-being objectives are set out in Cardiff's Corporate Plan 2021-24.

The well-being duty also requires the Council to act in accordance with 'sustainable development principle'. This principle requires the Council to act in a way, which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrates approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions

- Involve people from all sections of the community in the decisions which affect them

The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Generations (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

Financial Implications

8. There are no financial implications arising directly from this report.

Recommendations

9. That the Committee notes the contents of the Risk Register.

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES

Appendices:

Appendix 1 Risk Register May 2021

Appendix 2 Risk Matrix

This page is intentionally left blank

Ref	Risk Description (Consider Risk Cause & Risk Consequences)	Inherent Risk		Current Controls	Residual Risk		Proposed Improvement Actions	Risk Reduction Target Date	Owner	Status		
		Likelihood Consequences	Priority		Likelihood Consequences	Priority						
Pensions												
P1	That the Pension Fund's investment strategy is not managed with reference to the long-term growth in the Fund's liabilities	B	1	High - Red	Triennial actuarial valuations provide periodic indications of the growth in assets against liabilities. Employer contributions are set in response to this. An asset-liability study may be commissioned if there is evidence of a clear shift in the balance between assets and liabilities.	C	2	Medium - Red / Amber	Continuing engagement with Fund actuaries to understand impact of financial and demographic factors on the Fund's liabilities.	31-Mar-22	Marc Falconer	
					The Investment Panel considers whether any changes are required to strategic asset allocation. The investment strategy is summarised in the Investment Strategy Statement				Ongoing			
					The liabilities of admitted bodies are monitored to ensure that large deficits do not accrue, which would be unaffordable should the employer leave the Fund				Ongoing			
P2	Inadequate medium term performance from selecting inappropriate fund managers or asset allocation	B	2	High - Red	Although the Fund remains responsible for setting its own investment strategy it is increasingly using Wales Pension Partnership (WPP) products to deliver its strategy as fund assets transition to WPP. For the WPP both Link and Russell have been appointed through open tender and management agreements for the specific funds include clear performance targets. Manager performance is reviewed by both this funds Investment Advisory Panel and the WPP OWG and JGC. .	C	2	Medium - Red / Amber	Maintain relationships with managers both directly appointed by the fund and WPP Funds especially during period of transition to pooling. Consolidation of WPP Funds into the regular Investment Panel review cycle. Review any impacts of Brexit especially any that will have a long term impact on the investment performance of the Fund	Ongoing	Marc Falconer	
					The Investment Panel advise target ranges for strategic asset allocations.							
					Although the Fund's main objective is long-term growth, the diversification provided by adopting a range of asset classes and fund managers should help to mitigate the impact of poor performance from any particular account.							
P3	Adding risks and costs to the Fund from poorly structured investment arrangements including with WPP sub-funds	B	3	Medium - Red / Amber	The Fund attempts to ensure best value in the following ways: • Regular Reports to the Investment Panel on asset valuation and manager performance. • Use of specialist services considered to reduce costs where appropriate (e.g. for transitions and currency transfers). • Custodian arrangements are reviewed or re-tendered when appropriate.	C	3	Medium - Amber / Green	Continue to develop monitoring and review processes including for assets managed by WPP.	Ongoing	Marc Falconer	
P4	Collapse of an Investment Manager involving our portfolio	C	1	Medium - Red / Amber	• Assets are increasingly managed by WPP so the Fund, will consider the due diligence activity undertaken by Link and Russell on behalf of WPP. • All Listed assets are managed through the Fund's custodian to ensure they remain segregated from the manager. • The risk that a manager cannot provide a service during windup will be mitigated by the appointment of a Transition Manager to transfer assets efficiently to a new manager.	C	3	Medium - Amber / Green	The Pool Operator is regulated by FCA and the Pool Custodian will ensure segregation of assets. Transition Managers will be appointed for the Pool or by the Fund for single transfers e.g. WPP Global Equity funds. Consideration to be given for the custodian role to be extended to cover Property and Private Equity assets	Ongoing	Marc Falconer	
P5	MIFID II leads to restrictions on the investment products available to the Fund	A	1	High - Red	Collaboration with investment managers, the Pool Operator, other LGPS funds and the LGA to ensure that the Fund is classified as a Professional Investor by all its managers and the Pool.	C	3	Medium - Amber / Green	Focus on provision of training to Officers, Committee and board members as appropriate and to include training provided by WPP. Appropriate Training Records to be maintained	Ongoing	Marc Falconer	
P6	Pooling arrangements lead to increased costs, lower performance, misalignment with the Fund's investment strategy or conflicts within the Pool	B	2	High - Red	Attendance at working group meetings and conference calls to ensure Cardiff's views are taken account of. Reporting of progress to Pension Committee, Investment Panel and Local Pension Board.	C	2	Medium - Red / Amber	Continuing engagement and scrutiny of detailed plans for pool structures and transition timetables. Monitoring of pooled investments and engagement with the pool operator.	Ongoing	Marc Falconer	CLOSED
P7	Pension Fund Annual Accounts and Report are not produced in compliance with statutory requirements, in line with accounting standards or in line with audit timetable.	B	2	High - Red	The Fund's Custodian provides assurance on the accuracy of investment records (except for property and private equity). Records of benefits paid, contributions received and other expenses are held on SAP. The Group Accountant liaises with external audit and manages the closure process.	C	4	Low - Green	Regular meetings during the financial year between accountancy, including with new Pension fund Accountant, and pensions staff to ensure any issues are identified and resolved before year end.	Ongoing	Marc Falconer	
P8	Failure to adhere to LGPS Regulations	B	2	High - Red	• Investment regulations are considered when setting the ISS • Senior technical Officer undertakes Altair system checks to ensure compliance with LGPS regulations • Team leaders/supervisors, ensure legislative accuracy of calculations • Network Groups (Altair/Communications/All wales Pensions Officer Group) • Comms & Training Officer – responsible for the update of website and online guides. Inform employers of any changes in regulations.	C	2	Medium - Red / Amber	Engagement with Local Pension Board to develop reporting processes	Ongoing	Marc Falconer / Karen O'Donoghue-Harris	
P9	Failure to communicate with stakeholders	B	3	Medium - Red / Amber	• Contact list for employers updated regularly • Annual Employers' Forum • Annual Trade Union Forum • Annual report and accounts • Member newsletters • Dedicated Communication and Training Officer post established • Look to use all available communication channels	C	3	Medium - Amber / Green	Develop Fund website and member self service facilities. Engagement with employers through site visits and promotion of Employers' Forum. Seek approval of the Pension Administration Strategy and Communication Policy	Ongoing	Marc Falconer / Karen O'Donoghue-Harris	

P10	Withdrawal/default of an employer	B	2	High - Red	<ul style="list-style-type: none"> Outstanding liabilities will be assessed and recovered from any successor bodies or spread amongst remaining employers. Actuarial valuation aims to balance recovery period with risk of withdrawal Applications for admission to the Fund are considered carefully and guarantees put in place if required 	B	3	Medium - Red / Amber	Improve engagement with admitted bodies where withdrawal is a possibility. Refuse new applications for admission except where there is an obligation to protect rights of employees transferred under TUPE	Ongoing	Marc Falconer	
P11	Timeliness and accuracy of pension payments including risks arising from maintaining two separate data recording systems	B	2	High - Red	<ul style="list-style-type: none"> Monthly Pensions are paid by the Council's Pay Centre Payroll deadline procedures in place Authorisation of benefits following calculations Additional checks by Payroll Review of all payroll amendments Ensure all new monthly pension starter listings match amounts on Altair Run monthly SPA reports When someone hits SPA, update Altair and Payroll with GMP details 	C	3	Medium - Amber / Green	<ul style="list-style-type: none"> Review configuration of systems Recommend purchasing Altair Payroll to replace SAP 	Ongoing	Karen O'Donoghue-Harris	
P12	Pensions continue to be paid to deceased pensioners	B	2	High - Red	<ul style="list-style-type: none"> Monthly ATMOS reviews and Tell Us Once data exchanges match pensioner details with national deaths register Pensioners incorporated into National Fraud Initiative Annual life certificates required from pensioners living overseas Tell Us Once database is being updated monthly via the LGPS NI database. Further targeted checks with credit reference agencies as appropriate 	D	4	Low - Green	Keep current controls under review and adapt or change as required.	Ongoing	Karen O'Donoghue-Harris	
P13	Membership data is not recorded accurately	A	2	High - Red	<ul style="list-style-type: none"> Senior Officers liaise closely with employers to ensure timely and accurate submission of data I-Connect ensures that data from employers is identified by a direct transfer from payroll on a monthly basis Data accuracy checks undertaken by the pension section Data validation checks also undertaken by the Fund Actuary at the triennial valuation. 	B	3	Medium - Red / Amber	One remaining employer to go live on i-connect for 2021/22.	Ongoing	Karen O'Donoghue-Harris	
P14	Breach of GDPR legislation	A	1	High - Red	Information issued to Fund members and published on website. Pensioners staff trained on handling personal data; Memo of Understanding issued to Fund employers; contracts with service providers	B	3	Medium - Red / Amber	Monitoring and supervision of staff, regular communications to Fund employers	Ongoing	Karen O'Donoghue-Harris	
P15	Failure to complete GMP Reconciliation resulting in inaccurate payments to pensioners	A	2	High - Red	<ul style="list-style-type: none"> Regular update meetings with JLT Prompt resolution of cases referred back to Fund Fund decision made on stalemate cases Agreed Action Plan in place Critical task and timelines agreed Target end date 	C	3	Medium - Amber / Green	<ul style="list-style-type: none"> close monitor the key tasks that need to be completed during 2021 As any GMP adjustments are implemented, ensure there is a reconciliation between Altair and SAP. 	31-Dec-21	Karen O'Donoghue-Harris	
P16	Failure to deliver Annual Benefit Statements by statutory deadline of 31 August	A	2	High - Red	Member Self-Service will allow Members to update records and improve compliance.	C	3	Medium - Amber / Green	<ul style="list-style-type: none"> MSS used to enhance the service provided to Scheme members MSS used to upload statements ensuring higher compliance levels Savings on printing and postage costs 	Ongoing	Karen O'Donoghue-Harris	
P17	Cyber security	A	1	High - Red	Access to all systems is password protected, additional password protection for access to Altair all Staff have completed mandatory modules on cyber security	B	3	Medium - Red / Amber	continue to follow advice from ICT and update procedures as required	Ongoing	Karen O'Donoghue-Harris	
P18	Exit Payment Cap	C	3	Medium - Amber / Green	Warning still kept on costs estimates for Employers that these are provided under existing regulations and could be subject to change	C	4	Low - Green	If new regulations are tabled consideration will be given at that time to appropriate controls	Ongoing	Karen O'Donoghue-Harris	
P19	McCloud - huge administrative burden, failure to have correct resources to deal with the additional work	B	2	High - Red	<ul style="list-style-type: none"> Employers warned at Employer forum that they will be required to supply missing data AON commissioned to run reports to identify affected members LGA templates used to upload missing data Templates issued to all employers Deadline set for return of data 	B	3	Medium - Red / Amber	<ul style="list-style-type: none"> Use third part to assist with project management Change current structure Put additional resources in place to deal with additional workloads 	Ongoing	Karen O'Donoghue-Harris	
P20	Resource Implications - Pension Section has insufficient resources to respond to the multiple workload pressures facing the section e.g. McCloud, Exit Cap, etc.	B	3	Medium - Red / Amber	<ul style="list-style-type: none"> Scenario planning to be incorporated into 21/22 Business Plan to consider mix of additional resources required in particular what activities would require additional internal resources and what activities would be undertaken by external parties. Use of external resources to provide additional short term capacity 	C	3	Medium - Amber / Green	continual monitoring of Pension section workload and updates to resource planning including business plan and budgets.	Ongoing	Karen O'Donoghue-Harris	
P21	The Fund fails to adequately account for climate change, climate risk and ESG factors with Financial loss to assets held and potential for "stranded assets".	B	2	High - Red	Publication of a Responsible Investment policy and Climate Risk Policy both for the Fund and the WPP Transfer of funds to BlackRock Low Carbon Tracker Fund	B	3	Medium - Red / Amber	<ul style="list-style-type: none"> Development of WPP sub-funds that allows climate risk and other ESG factors to be managed Continued engagement and challenge to Investment Managers, especially via WPP, on how they manage climate and ESG risks development of suitable climate change and ESG reporting metrics continued training focus including with the WPP Voting and Engagement provider 	Ongoing	Marc Falconer	

Risk Matrix and Definitions



High Priority	Red - Significant management action, control, evaluation or improvements required with continued proactive monitoring.
Medium Priority	Red / Amber - Seek cost effective management action, control, evaluation or improvements with continued proactive monitoring.
Medium Priority	Amber / Green - Seek cost effective control improvements if possible and/or monitor and review regularly.
Low Priority	Green - Seek control improvements if possible and/or monitor and review.

		IMPACT				LIKELIHOOD Likelihood: A. Very Likely B. Likely C. Possible D. Unlikely E. Very Unlikely Impact: 1. Major 2. Significant 3. Moderate 4. Minor
		1	2	3	4	
A	A	A1	A2	A3	A4	
	B	B1	B2	B3	B4	
	C	C1	C2	C3	C4	
	D	D1	D2	D3	D4	
	E	E1	E2	E3	E4	

The '**LIKELIHOOD**' table below provides a framework by which you can use to score the likelihood of your risk occurring giving a score of A being very likely to E being very unlikely.

Description	Probability	Criteria
A. Very Likely	75% + chance of occurrence	<ul style="list-style-type: none"> Expected to occur in most circumstances Circumstances and near misses frequently encountered (e.g. daily / weekly / monthly / quarterly)
B. Likely	50% - 74% chance of occurrence	<ul style="list-style-type: none"> Will probably occur in most circumstances Circumstances frequently encountered Near misses regularly encountered (e.g. once or twice a year)
C. Possible	30% – 49% chance of occurrence	<ul style="list-style-type: none"> Not likely to occur but a distinct possibility Circumstances regularly encountered Near misses occasionally experienced (e.g. every 1 - 3 years)
D. Unlikely	10% - 29% chance of occurrence	<ul style="list-style-type: none"> Not expected to happen but there is the potential Circumstances occasionally encountered Any near misses are infrequent (e.g. 3 years +)
E. Very Unlikely	Less than 10% chance of occurrence	<ul style="list-style-type: none"> May only happen in exceptional circumstances Has rarely / never happened before.

The **'IMPACT'** table:

Description	1 - Major	2 - Significant	3 - Moderate	4 - Minor
Implications for Service and / or Achievement of Key Targets / Objectives	<p>Major loss of service, including several important areas of service and / or protracted period</p> <p>Service Disruption 5+ Days</p> <p>Major impact on achievement of several key targets / objectives</p>	<p>Complete loss of an important service for a short period</p> <p>Significant effect to services in one or more areas for a period of weeks</p> <p>Service Disruption 3-5 Days</p> <p>Significant impact on achievement of a key target / objective or some impact on several</p>	<p>Moderate effect to an important service for a short period</p> <p>Adverse effect to services in one or more areas for a period of weeks</p> <p>Service Disruption 2-3 Days</p> <p>Moderate impact on achievement of one or more targets / objectives</p>	<p>Brief disruption of service</p> <p>Minor effect to non-crucial service</p> <p>Service Disruption 1 Day</p> <p>Minor impact on achievement of targets and objectives</p>
Reputation	<p>Adverse and persistent national media coverage</p> <p>Adverse central government response, involving (threat of) removal of delegated powers</p> <p>Officer(s) and / or Members forced to resign</p>	<p>Adverse publicity in professional / municipal press, affecting perception / standing in professional / local government community</p> <p>Adverse local publicity of a significant and persistent nature</p>	<p>Adverse local publicity / local public opinion</p> <p>Statutory prosecution of a non-serious nature</p>	<p>Contained within Directorate</p> <p>Complaint from individual / small group, of arguable merit</p>
Health & Safety	<p>Fatality (ies)</p>	<p>Incidents reportable to the HSE (i.e. specified injuries to workers, over seven days lost from work accidents, specified non-fatal accidents to non-workers, specified occupational diseases / dangerous occurrences / gas incidents). Cases of other injury's (not reportable to HSE).</p>	<p>Minor injuries</p> <p>No time lost from work</p>	<p>No injuries but incident has occurred</p>
Failure to provide statutory duties / meet Legal Obligations	<p>Multiple Litigation</p>	<p>Litigation</p>	<p>Ombudsman</p>	<p>Individual claims</p>
Financial	<p>Corporate Budget re-alignment</p>	<p>Budget adjustment across Directorates</p>	<p>Contained within Directorate</p>	<p>Contained within Section / Team</p>
Implications for Partnership (e.g. objectives / deadlines)	<p>Complete failure / breakdown of partnership</p>	<p>Significant impact on partnership or most of expected benefits fail</p>	<p>Adverse effect on partnering arrangements</p>	<p>Minimal impact on partnership</p>
Implications for the Community or the Environment	<p>Extensive, long-term impact</p> <p>Major public health / environmental incident or loss of significant community facility</p>	<p>Long-term environmental or social impact such as a chronic and / or significant discharge of pollutant</p>	<p>Short-term, local environmental or social impact such as a major fire</p>	<p>No lasting detrimental effect on the environment or the community e.g. noise, fumes, dust etc.</p>
Stakeholders	<p>Stakeholders would be unable to pursue their rights and entitlement and may face life threatening consequences</p>	<p>Stakeholders would experience considerable difficulty in pursuing rights and entitlements</p>	<p>Some minor effects on ability of stakeholders to pursue rights and entitlements, e.g. other sources or avenues would be available to stakeholders</p>	<p>The interests of stakeholders would not be affected</p>



**CARDIFF & VALE OF GLAMORGAN PENSION FUND
LOCAL PENSION BOARD
19 JANUARY 2021**

Present: Mr Michael Prior (Independent Chair)

Employers Representatives:
Carys Lord (Vale of Glamorgan)
David Llewellyn (Finance Director, Cardiff Met)

Scheme Member Representatives:
Mr Peter King (Unison Nominee)
Sheelagh Doolan-Pitt (GMB Nominee)
Ms H Williams (Unison Nominee)

In Attendance: Chris Lee, Corporate Director Resources
Gary Watkins (OM Revenues)
Marc Falconer, Pensions Manager
Karen O'Donoghue-Harris, Principal Pensions Officer
Jayne Newton, Communications and Training Officer
Andrea Redmond, Democratic Services

1: Apologies and Declarations of Interest

Apologies had been received from Mark Sims. There were no declarations of interest.

2: Minutes of previous meeting and Matters arising

The minutes of the meeting held on 21 July 2020 were agreed as a correct record subject to correction of typographical errors.

Matters arising:

Members asked for an update on GLL and were advised that the issue had been escalated and no reply had been received to date. The Chairperson asked that the response be circulated to LPB members when received.

The Chairperson asked that the Climate Change Policy be circulated to LPB members and put as an agenda item for the next LPB meeting.

3: Administration Update

The Board received a report providing an update on the work being undertaken by the Pension Section. Officers outlined each key point from the report and the Chairperson invited questions and comments from LPB members.

LPB members discussed out of target for leavers, interfunds and deferred benefits. Officers advised that deferred benefits related to people who have left the scheme and are not of retirement age and therefore not urgent. Interfunds – referred to payments coming in but the team being unable to update records completely as there are lots of queries with the other funds, this has no impact on individuals. Priority is being given to retirements and payments of benefits through Covid; Officers are happy they are hitting targets and Chairperson supported the logic on this. LPB members considered the figures were good and that the Board should recognise there would always be outliers.

LPB members were advised that the Annual Statements went well and were an improvement on the previous year. It was noted however that any that were deferred due to queries still had to be reported as a breach but it was hoped this would be resolved through Members Self Service. Officers added that actives were met and the Chairperson stated that this could be monitored later in the year.

LPB member discussed paragraph 8 in relation to writing to people if their pension has to be amended, it was considered this could be brought for discussion at the next meeting.

Officers outlined paragraphs 9 and 10 and the Chairperson fully supported the Regulations Pledge, asking that this be updated and brought to the next meeting along with an example of the document that would be sent out to members.

LPB members discussed Member Self Service and noted that the rollout needed to be slow and steady due to resources not being overwhelmed, all calls go to Jayne Newton so the process had to be managed. Employers know it is a key priority for this year, starting with smaller employers. Officers were asked to keep LPB members informed of progress in between LPB meetings.

The Chairperson noted the full report to the meeting and thanked officers for all their work over the last ten months, with additional pressures and challenges to deal with. A further report should be brought to the next meeting and should include what additional support, resource wise is available to address the challenges faced.

4: Review Administration Strategy

LPB members were advised that this report was being brought to the meeting before being considered at Pensions Committee on 8 February for approval.

Officers outlined the Policy to LPB members.

The Chairperson noted that a two way approach was required on employers as well as the fund in terms of best practice. Officers agreed stating that it was important that everyone was aware of what is expected and the actions taken if not. The Strategy pulls together the custom and practice into one document, making it clear

for all involved. The Chairperson noted this would be particularly useful for new organisations joining the fund.

Officers asked that any comments be received by the end of January in advance of the Pension Committee on 8 February.

The Chairperson noted that the account details were on the document and this should be removed.

RESOLVED: to agree subject to any comments received by the end of January.

5. Review Communication Policy

LPB members were advised that this report was being brought to the meeting before being considered at Pensions Committee on 8 February for approval.

The Chairperson noted that it had been drafted before Member Self-Serve and would be reviewed once up and running.

Officers outlined the Policy to LPB members.

LPB members welcomed the look, stating it was professional and corporate looking.

Officers asked that any comments be received by the end of January in advance of the Pension Committee on 8 February. Officers added that the policy would be kept under review as it evolves over time.

The Chairperson asked that both policies on the agenda be added into the LPB business plan and brought back to a future meeting.

LPB members noted that everyone was working very differently now and wondered if this would be reflected going forward. Officers agreed that huge gains had been made with regard to efficiency, lower costs, faster communication etc. stating it was important to keep as many forms of communication open as possible.

The Chairperson asked where the document could be found and was advised it was on the main website under Governance Documents. LPB members considered it would be useful to have the issue and review date on the document.

RESOLVED: to agree subject to any comments received by the end of January.

6: Risk Register

Officers outlined the key points from the Risk Register.

The Chairperson asked if the approach taken was consistent with Cardiff Council's approach and was advised it was.

The Chairperson asked if the pressures on resources, such as the Administration Team were included on the Risk Register. Officers advised that they were not identified as a separate risk but this could easily be added in as a specific risk. The Chairperson supported this, noting the multiplicity of issues facing the team; having it

identified as a specific risk would enable easier monitoring and would show that the LPB has identified it over the time period.

LPB members asked if there could be more explicit reference to the current state of the financial market and Covid and any potential issues. Officers advised that could certainly be considered, as there was a specific reference to Brexit, but it was stressed that the risk register deals with high level issues and this would have to be continually re-written. The Chairperson agreed that the role of LPB is governance.

The Chairperson noted that the report was going to Pension Committee on 8 February and asked LPB members to feedback any comments by the end of January.

RESOLVED: to note the report subject to the changes around including the Administration Team and that the register be updated for the next meeting.

7: Wales Pension Partnership and Investment Update

LPB members were advised that they last received an update at the Joint meeting with the Pensions Committee las November.

Officers outlined key points from the report. The Chairperson noted the huge amounts of money involved and that it was a huge task. Officers advised that transition to date had been managed in the framework of the WPP. With Global, this would be actively managed by the Fund into the WPP, working closely with the transition manager at Hymens Robertson, to ensure the process is managed effectively out the WPP framework.

Officers outlined the chart at paragraph 9 which showed the volatility in the market and paragraph 10 which showed the importance of having a wide reach when it comes to Global investments as they are all performing differently.

RESOLVED: to note the report.

8: Any Other Business

LPB Members had been sent via email, some training opportunities. The Chairperson urged members to attend if they are able as they are a good way of keeping up to date with all the changes; these training opportunities are online and are therefore more flexible and easier to attend.

The Chairperson noted that this was the second remote meeting and that it is working well, he checked that LPB members were happy to receive the documents digitally and was advised that they were.

The Chairperson thanked all those in attendance for their attention and contribution to the meeting.

Date of next meetings

LPB 27th April 2021.

LPB 6th July 2021.

Joint Meeting with LPB and Pensions Committee 23rd November 2021.

By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank