

REPORT OF CORPORATE DIRECTOR RESOURCES

WALES INVESTMENT POOL – INTER AUTHORITY AGREEMENT

The attachment to this report (Appendix 1) contains information which is exempt from publication pursuant to paragraphs 14 (information relating to financial or business affairs) and 21 (public interest test) of Parts 4 and 5 of Schedule 12A Local Government Act 1972 (as amended)

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 seek the Committee's recommendation that the Inter Authority Agreement establishing the Joint Governance Committee for the Pool be approved by Full Council.

Background

3. Each of the eight LGPS administering authorities in Wales is responsible for managing its own pension fund investments. To enable the pooling of investments the authorities must establish a Joint Governance Committee (JGC). The Inter Authority Agreement (IAA) sets out the powers delegated to the JGC and the rights and obligations of the constituent authorities. The draft terms of the proposed IAA are attached to this report as Appendix 1 which is exempt from publication.

Issues

4. The IAA must be approved by each of the eight authorities at a meeting of Full Council. This has been timetabled for the meetings being held at the end of February and the beginning of March. Cardiff's Full Council meeting within this period will be on 23 February.
5. The responsibilities of the JGC are listed in Schedule 4 of the IAA and include:
 - Monitoring of the performance of the Pool Operator
 - Making decisions on asset class sub-funds to be made available by the Operator to implement the individual investment strategies of the eight funds
 - Providing accountability to the participating funds on the management of the Pool
 - Having responsibility for reporting on the Pool to the UK Government and other stakeholders

- Having oversight of the Officer Working Group
6. The IAA provides for one of the eight authorities to act as Host Authority for the JGC. The Host Authority will provide administrative and secretarial support to the JGC will be the Section 151 Officer and Monitoring Officer and will implement decisions made by the JGC. The Host Authority will liaise with the Operator on behalf of the constituent authorities and will also be responsible for arranging training for members.

Legal Implications

7. The report does not seek a decision and recommends that the Committee note the content of the IAA and recommends a report to Council seeking approval for the IAA and to establish a Joint Governance Committee.
8. Local Authorities have broad powers to collaborate and delegate their functions to joint committees under section 101 and 102 of the Local Government Act 1972. The appointment of a committee, its size, and terms of reference are matters which require the approval of Full Council.
9. In noting the content of the IAA the Committee should be aware that if approved by Council the content and form of the IAA is intended to be a legally binding agreement between the authorities. The IAA details the governance arrangements of the proposed model (a Joint Committee) and will establish the Joint Committee. Council noted the approach to collaboration in a report of June 2016 and full details will be provided in order that Council have sufficient information to make a decision.
10. The IAA sets out, amongst other things (1) the extent of matters delegated to the Joint Committee and those reserved for each Local Authority, (2) the constitutional set up of the Joint Committee and its terms of reference, (3) the remit of the supporting officer working group (4) termination and exit provisions (5) the structure of the pooling collaboration ((6) which Authority shall Host the collaboration and the responsibilities of the Host Authority and ancillary matters such as any cost apportionments, indemnities required to carry out the role of Host (7) financial management arrangements and (8) provisions to address such matters as disputes, variations, freedom of information.

Financial Implications

11. All costs associated with the management and administration of an LGPS pension fund are chargeable to the fund's accounts. Under the Inter Authority Agreement the running costs of the Joint Governance Committee will be divided equally between the eight participating authorities. Expenditure incurred in the management of specific pooled investments will be charged to the relevant Pension Funds in proportion to the pooled amounts.

Recommendations

12. That the Committee notes the content and principles of the draft Inter Authority Agreement (which may be subject to further amendments) and recommends a report to Full Council seeking approval of the final IAA and the establishment of the Joint Governance Committee.

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CORPORATE DIRECTOR RESOURCES**

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