

## **WALES PENSION PARTNERSHIP**

### **Reason for this Report**

1. The Pension Committee Terms of Reference set out the Committee's responsibility for the strategic governance of the Cardiff & Vale of Glamorgan Pension Fund.
2. This report has been prepared to update the Committee on progress towards the establishment of pooled investment arrangements for the eight LGPS funds in Wales.

### **Background**

3. The eight Welsh LGPS funds submitted proposals to the DCLG in July 2016 for a Wales Investment Pool and the proposals were approved by the Minister for Local Government in November 2016.
4. To enable the pooling of investments, the eight administering authorities have formed the Wales Pension Partnership (WPP), under the oversight of a Joint Governance Committee (JGC) comprising the Chairs of the eight Pension Committees. The JGC is supported by an Officer Working Group (OWG) made up of the Treasurers and Investment Officers of the eight funds. Carmarthenshire Council have been approved as the Host Authority, providing administrative support to the WPP.
5. Following a procurement exercise overseen by the JGC, the eight authorities individually approved the appointment of Link Fund Solutions as the Operator of the Investment Pool. The contract with Link was signed on 22 December 2017. Link have partnered with Russell Investments to provide investment consultative services.

### **Issues**

6. Link will be establishing a FCA regulated Authorised Contractual Scheme (ACS) to hold investment assets on behalf of the eight pension fund authorities. The ACS will comprise a number of sub funds to enable the authorities to implement their individual investment strategies. The sub funds will be established in stages once the initial application to the FCA has been approved.
7. Assets held in each sub fund will be managed by one or more investment managers appointed by Link in consultation with Russell Investments and the eight pension funds. Link and Russell have met with the officers of each fund individually to gain an

understanding of the funds' investment strategies and current asset portfolios. They have also given a presentation to an informal meeting of the JGC.

8. Each constituent authority will retain full control over its strategic asset allocation. The authorities will also retain control over the timing of the transfer of assets from the existing fund custodians to the ACS.
9. It is anticipated that the first sub fund relevant to Cardiff's asset allocation will be launched during the second half of 2018.
10. Link and Russell will attend the joint meeting of the Pensions Committee and the Local Pension Board on 23 March to introduce themselves and explain their role within the Wales Pension Partnership.

### **Legal Implications**

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

### **Financial Implications**

12. 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**

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

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

Background papers  
WPP Press Release January 2018