

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

Issues

5. The first two sub funds – Global Growth and Global Opportunities – were launched in January 2019 with nearly £4 billion of assets transferred from seven of the eight pension funds. Cardiff & Vale of Glamorgan Fund did not place any assets in these funds as its current asset allocation does not include Global Equities.
6. Further sub funds, covering regional equities and fixed income, will be launched during 2019/20. Cardiff currently holds assets totaling £450 million in active equities and £570 million in fixed income.

7. A Responsible Investment Policy is being developed by the WPP. The JGC approved principles for the Policy at its meeting on 27 March following a presentation by consultants Hymans Robertson. The presentation is attached as Appendix 1. A draft Policy will be prepared and circulated to the eight authorities for review before being presented to the JGC in September.

Legal Implications

8. 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.
9. In considering this matter the decision maker must have regard to the Council's wider obligations under the Wellbeing of Future Generations (Wales) Act 2015, the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.
10. 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.

Financial Implications

11. 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

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

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES

Appendix 1 Presentation: Development of Responsible Investment Policy