

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 4

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 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 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.
5. The first two sub funds of the WPP Authorised Contractual Scheme (ACS) were launched in January 2019 with assets of approximately £4 billion.

Issues

6. The WPP UK Opportunities Fund was launched on 23 September 2019 with assets totaling £638m including £218m from the Cardiff & Vale of Glamorgan Pension Fund. The Fund was fully operational from 11 October. A review of the transition of assets into the Fund will be reported to the Investment Advisory Panel in December. The Panel will also receive regular performance reports for the Fund.

7. Five fixed income sub funds have been approved by the JGC and will be launched before the end of the 2019/20 financial year. Cardiff currently holds assets totaling £604 million in fixed income.
8. Work is ongoing to develop pooling solutions for further asset classes. A sub-group of the OWG has been established to explore options for Private Markets including property, private equities and infrastructure.
9. The WPP website www.walespensionpartnership.org was launched in September and contains information about the WPP, its governance structure, its policies and the investment funds already established.
10. The JGC at its meeting on 20 September approved the WPP's Responsible Investment Policy. The Policy has been published on the WPP website.

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.
12. 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.
13. 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

14. 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

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

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