

## **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. A third sub fund was launched in September with assets totaling £638m.

### **Issues**

6. As at 31 December 2019, Cardiff & Vale Pension Fund's holdings in the WPP UK Equities Fund totaled £234 million.
7. Five fixed income sub funds have been approved by the JGC and will be launched during the first half of 2020. Cardiff currently holds assets totaling £601 million in fixed income.

8. Work is ongoing to develop pooling solutions for further asset classes. Initial proposals for an Emerging Markets Equities sub fund were presented to the OWG in November. A sub-group of the OWG has been established to explore options for Private Markets including property, private equities and infrastructure. Cardiff currently holds assets totaling £103 million in Emerging Markets equities, £160 million in property and £85 million in private equity.
9. Following the publication of the WPP's Responsible Investment Policy, further work is being undertaken to review the approaches of the eight fund authorities to addressing climate change and fossil fuel investment issues. The review will assist in the development of WPP policy objectives to facilitate the implementation of individual authorities' requirements through the WPP where possible.

### **Legal Implications**

10. 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.
11. 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.
12. 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**

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 notes the recent developments in the establishment of the WPP Investment Pool.

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