

## PENSIONS COMMITTEE

27 JUNE 2022

Present: County Councillor Weaver(Chairperson)  
County Councillors Dilwar Ali, Lay, Reid-Jones and Taylor

1 : APPOINTMENT OF CHAIRPERSON & COMMITTEE MEMBERSHIP

Noted.

2 : TERMS OF REFERENCE

Noted.

3 : APOLOGIES FOR ABSENCE

None received.

4 : DECLARATIONS OF INTEREST

None received.

5 : MINUTES

The minutes of the meeting held on 7 February 2022 were agreed as a correct record.

6 : INTRODUCTION TO THE PENSION COMMITTEE

Members of the Committee were given by a presentation by Officers which provided an introduction to the Pensions Committee

7 : WALES PENSION PARTNERSHIP

The Pension Committee Terms of Reference set out the Committee's responsibility for the strategic governance of the Cardiff & Vale of Glamorgan Pension Fund.

Members were advised that this report had 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.

A comprehensive outline of the report was provided to Committee after which the Chairperson invited questions and comments from Members. There were no questions on the report.

RESOLVED:

- i. To note the recent developments related to the WPP Investment Pool.
- ii. To approve the WPP Business Plan 2022-25

## 8 : RISK REGISTER

A Risk Register for the Pension Fund is maintained as part of the Corporate Risk Management process. The Register covers all aspects of management of the Fund including Investments, Funding, Governance and Administration.

Members were provided with a comprehensive overview of the report, which was a recurring item to Committee, after which the Chairperson invited questions and comments from Members;

Members discussed where Ukraine investments would sit on the register. Officers advised that they could fall into a number of categories such as General/Environment or Long-term growth. It was noted that impact on the scheme from individual decisions is down to the management of the investment strategy. It was also noted that there are risks from global events but Pension investment over time and across many categories should minimise these risks.

RESOLVED: to note the contents of the Risk Register

## 9 : BUSINESS PLAN 2022/23

The day-to-day administration of the Pension Fund is carried out by the Pensions Section based in County Hall. The Section carries out a range of functions including maintaining member records held on the Altair system, providing information to Fund members, calculating and paying benefits to Fund members and giving advice to Fund employers.

Members were advised that this report presented the Fund's Business Plan for 2022/23.

Members were provided with a comprehensive overview of the report after which the Chairperson invited questions and comments;

Members noted that the Business Plan refers to the Pensions Team and Board Members in relation to communication and training, but it could include a reference the Pensions Committee being a new committee and identify relevant training that new members should undertake. Members considered that if this is not appropriate to be included in the Plan itself, it is something that should be discussed.

RESOLVED: To approve the Business Plan for 2022/23.

## 10 : REVIEW OF PENSION FUNDS ADMINISTRATION STRATEGY

Regulation 59 of the LGPS Regulations 2013 states that Administering Authorities may prepare and publish an Administration Strategy. The Pension Regulator had recommended that the Cardiff and Vale of Glamorgan Pension Fund implement an Administration Strategy.

The Fund's Administration Strategy was approved by the Pension Committee at its meeting on 8 February 2021.

Members were advised that this report enabled Committee to review the Administration Strategy for the Pension Fund.

Members were advised that the Strategy had previously been considered by the Local Pension Board and no changes had been proposed.

Officers comprehensively outlined the report for the Committee after which the Chairperson invited questions and comments from Members. There were no questions or comments on the report.

RESOLVED: To approve that no changes are required to the Fund's current Administration Strategy.

## 11 : MINUTES OF THE LOCAL PENSION BOARD

Noted.

## 12 : ASSET ALLOCATION 2022/23

Over the last three years this Fund has taken the opportunity to transition a significant proportion of its assets into sub-funds launched by the WPP. As at 31 March 2022 this Fund had invested £1,700m in 4 of the WPP Equity sub-funds and 3 of the Fixed Income funds. The value of Investments in WPP sub-funds represented over 63% of the Fund's value as at 31<sup>st</sup> March 2022. In addition a further £616m, or nearly 23% of this Fund's value, is invested in the BlackRock Low Carbon tracker fund. This fund was jointly procured with the other Welsh LGPS funds and is effectively a pooled fund. Over 86% of this Fund's assets by value are therefore in pooled funds as at 31<sup>st</sup> March 2022.

The attention of the WPP has turned to the development of sub-funds for Private Market assets. Previous WPP update reports to the Committee would have kept members informed on the progress of the procurement for these asset classes. To summarise the WPP Joint Governance Committee (JGC) have approved the appointment of allocators for both the Private Debt and closed ended Infrastructure sub-funds and the managers for the open-ended Infrastructure sub-fund. With regard to the Private Equity asset class the target here is to conclude the current procurement with a report to JGC in the autumn with recommendations for preferred manager(s). This would leave Property as the final asset class to be considered and work will commence shortly with officers to consider the appropriate procurement route for this sub-fund.

Members were advised that this report has been prepared to update the Committee regarding development of the Pension Fund's Strategic Asset Allocation with in particular a consideration of the new Wales Pension Partnership (WPP) Private Market sub-funds. The Pensions Committee has a strategic role in the management of the Fund and its remit includes the approval of the asset allocation on the advice of the Investment Advisory Panel.

Officers comprehensively outlined the key issues from the report after which the Chairperson invited questions and comments from Members;

Members sought more information on the funding and timescales of Private Credit and Infrastructure being available. Officers explained that Private Credit would come forward in the next few months, and may be drawn down over a period of two years. In relation to infrastructure, this may be a quicker draw down of up to a year. This was subject to confirmation and what investment opportunities are available at the time.

Members referred to paragraph 12 of the report, Private Market Assets, and asked at what point would there be a re-evaluation of the options. Officers explained that this was somewhat moveable, but there would be more information available in the autumn and a decision would be made after that

RESOLVED to:

- (1) Note the work undertaken by Aon in modelling expected changes to the Fund's risk and return profile from amending the fund's Asset Allocation and the recommendations from the review of report which are :-
  - i. An investment of up to 7.5% in the WPP Private Credit sub-fund
  - ii. An investment of up to 7.5% in the WPP Open-ended Infrastructure sub-fund
  - iii. A potential investment of up to 2.5% in the WPP Private Equity sub-fund

- (2) Approve the 2022/23 Strategic Asset Allocation.

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13 : EXCLUSION OF THE PUBLIC

**The following item was confidential and exempt from publication as it contains exempt information of the description contained in paragraph 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972. The public were excluded from the meeting by resolution of the Committee pursuant to Section 100A(4) of the Local Government Act 1972 during discussion of this item.**

14 : MINUTES OF THE INVESTMENT ADVISORY PANEL

Noted.

15 : URGENT ITEMS (IF ANY)

None received.

16 : DATE OF NEXT MEETING

The next meeting of the Pension Committee is the joint meeting with the Local Pension Board on 11 July 2022 at 4:30pm.

The next meeting of the Pension Committee is on 28 November 2022 at 5pm

The meeting terminated at 5.50 pm

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