

**MEETING: FULL COUNCIL**

**DATE: 7 OCTOBER 2021**

**SUBJECT: AMENDMENTS TO THE INTER AUTHORITY AGREEMENT OF THE WALES PENSION PARTNERSHIP**

**PURPOSE: TO SEEK APPROVAL TO AMEND THE INTER AUTHORITY AGREEMENT OF THE WALES PENSION PARTNERSHIP**

**CONTACT OFFICER: DAFYDD L EDWARDS, HEAD OF FINANCE**

**RELEVANT MEMBER: COUNCILLOR PEREDUR JENKINS, CHAIR, PENSIONS COMMITTEE**

**CABINET MEMBER: COUNCILLOR IOAN THOMAS, FINANCE CABINET MEMBER**

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## **RESOLUTION SOUGHT**

**To accept the amendments to the Inter Authority Agreement for the Wales Pension Partnership**

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## **INTRODUCTION**

- 1.** The Wales Pension Partnership (WPP) is a Local Government Pension Scheme (LGPS) investment pool, comprising of assets from all eight LGPS funds in Wales.
- 2.** The existence and subsequent development of the WPP occurred following a Ministry of Housing, Communities and Local Government (MHCLG) investment reform mandate announced in November 2015, intended to achieve investment management fee savings through scaled investment. The eight LGPS funds in Wales had previously moved to collaborate in order to secure greater diversification and more dependable investment returns.
- 3.** The WPP is now fully operational and is governed by the Joint Governance Committee (JGC) which comprises of an elected member of each of the eight funds in Wales, normally the Chair of the Pensions Committee. This governance arrangement is set out within the Inter Authority Agreement (IAA) which was initially approved by the Council in March 2017.
- 4.** Since the IAA's initial approval, amendments are now required in accordance with pooling developments and emerging best practices.

## **WALES PENSION PARTNERSHIP**

5. The WPP is now well established and operating as envisaged by MHCLG since its commencement in 2017. The WPP's most recent Annual Update as at 31<sup>st</sup> March highlighted the following key developments:
- i) The WPP have now established eight investment sub-funds across Equity and Fixed Income asset classes, with further sub-funds planned for launch in 2021 and 2022.
  - ii) A total of £9.4 billion has been pooled, with a further £5.2 billion passive investments held under a pooled arrangement.
  - iii) Gwynedd Pension Fund has successfully pooled 81% of its assets as at 31<sup>st</sup> March 2021.
  - iv) The governance structure of the pool is now fully operational and specialist advisors support the WPP in respect of investment management, voting, engagement and legal services. A number of policy documents have been established and published on the WPP website covering all aspects of investment, governance and risk management.

Further information regarding the Wales Pension Partnership may be found here:

<https://www.gwyneddpensionfund.wales/en/Investments/Wales-Pension-Partnership.aspx>

<https://www.walespensionpartnership.org/>

6. Following JGC support and approval of the changes referred to within points 7 and 8 of this report, the WPP now seek approval from each of its eight constituent authorities, i.e. full Council approval, in order to proceed and implement these changes.

## **AMENDMENTS TO THE INTER AUTHORITY AGREEMENT (IAA)**

7. The two main amendment areas are as follows:

- Allocator appointment for the Private Market Alternatives sub-funds – Following the receipt of professional advice, the JGC have agreed that a specialist 'Allocator' with extensive experience and knowledge of Private Markets should be appointed. Any future appointments/ terminations of the Allocator role will require JGC approval.
- A scheme member representative to be on the JGC as a co opted, non voting member – Following receipt of legal advice, it was decided at the JGC meeting on 10 December 2020 that there should be a co-opted (non-voting) pension board scheme member representative on the JGC.

8. With these changes requiring constituent authority approval, officers undertook a review of the IAA and other minor changes have been made to update and align the IAA with the work currently carried out by the WPP. All amendments are included in Appendix 1 – Amendments to the Agreement section of the attached document.

## **RECOMMENDATION**

9. The Council is asked to approve the amendments to the Inter Authority Agreement as outlined in Appendix 1.

### **Opinion of the Statutory Officers**

#### **Monitoring Officer:**

The recommendations have been the subject of specialist legal advice. I have no observations to add in relation to propriety.

#### **Head of Finance:**

I have worked together with others in preparation of the report and amendments and I confirm that the content is fit for purpose.