

CYNGOR SIR POWYS COUNTY COUNCIL.

**County Council
9th December 2021**

REPORT AUTHOR: Head of Finance

**REPORT TITLE: Amendments to the Inter Authority Agreement of the
Wales Pension Partnership**

REPORT FOR: Decision

1. Purpose

- 1.1 To seek approval from Council to amend the Inter Authority Agreement (IAA) of the Wales Pension Partnership (WPP) to reflect developments in respect of Local Government Pension Scheme (LGPS) pooling arrangements.

2. Background

- 2.1 In March 2017, the Strategic Director of Resources and Solicitor to the Council presented a paper to Council setting out the position in Wales in respect of addressing MHCLG recommendations for LGPS pooling. In addition, the report also sought Council approval to implement the IAA and establish a joint committee, known formally as the Joint Governance Committee (JGC), the decision-making body of the WPP.
- 2.2 The WPP is now fully operational and is governed by the 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 IAA, which was initially approved by the Council in March 2017.
- 2.3 The WPP has now established eight sub-funds with a collective £9.4 billion invested, with a further £5.2 billion passive investments held under a pooled arrangement.
- 2.4 Due to the changes referred to within paragraph 3.2 below, all material changes to the IAA need final consideration and approval to be carried out by Council, as Administering Authority to the Powys Pension Fund.

3. Advice

- 3.1 The JGC approved the changes referred to within paragraph 3.2 of this report at their meeting in December 2020. The WPP now requires each of its eight constituent authorities to seek their own Council's approval to

proceed, ensuring the WPP can ensure progress against its key objectives.

3.2 The following amendments focus on the matters for Council consideration and approval, following the support and approval already received by the JGC.

1. Allocator appointment for the Private Market Alternatives sub-funds

- a. Following the receipt of professional advice, it has been agreed that a specialist “Allocator(s)” with extensive experience and knowledge of Private Market Alternatives be appointed. The JGC approved this request and it was agreed that all future appointment/terminations of the Allocator role will fall under the remit of the JGC;

2. Scheme Member Representative to be co-opted to JGC

- a. The JGC has collectively agreed for some time, that provision for a Scheme Member representative should be included within the IAA, allowing their appointment to the JGC in a non-voting capacity.
- b. Following legal advice, it was suggested that a Scheme Member representative be able to join the JGC as a co-opted, non-voting member.
- c. The IAA as currently drafted does not make provision for the inclusion of a Scheme Member representative, which this revised version seeks to remedy.

3. Minor revised changes to the IAA

- a. With the above changes requiring Council approval, the WPP decided to undertake a full review of the IAA. As a result, several minor changes have been made to align the IAA to the work carried out by the WPP.
- b. The revised changes include minor amendments to the terms of reference in relation to the role of the Officer Working Group (OWG) and the establishment of sub-groups. In addition, the review, creation and evaluation of WPP policies is more clearly defined within the role of the OWG.

3.3 All amendments are included in Appendix 1 – Amendments to the Agreement section of the attached document.

4. Resource Implications

4.1.1 There are limited financial implications to the Fund associated with this decision. There will be a moderately increased cost of appointing an “Allocator” which will be apportioned amongst all eight constituent authorities within the WPP and managed within existing budget provision. It is worth noting that all costs associated with the Powys Pension Fund and the WPP fall to the Fund and are not charged directly to the Council’s revenue account.

4.1.2 The Head of Finance (Section 151 Officer) supports the recommendation.

5. Legal implications

5.1 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: “ The recommendation can be accepted from a legal point of view and the amendments are being approved by 7 other Local Authorities with pension funds”.

6. Comment from local member(s)

6.1 Not Applicable

7. Integrated Impact Assessment

7.1 Not Applicable

8. Recommendation

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

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