



**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2021/22**

**COUNCIL**

**24<sup>th</sup> NOVEMBER 2021**

**WALES PENSION PARTNERSHIP (WPP) – INTER AUTHORITY AGREEMENT**

**REPORT OF: THE DIRECTOR OF FINANCE AND DIGITAL SERVICES**

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**1.0 PURPOSE OF THE REPORT**

1.1 This report provides Council with details of proposed amendments to the Wales Pension Partnership (WPP) Inter Authority Agreement (IAA).

**2.0 RECOMMENDATIONS**

2.1 It is recommended that Council:

- i) Note and agree the proposed amendments as set out at paragraph 5 and at Appendix 1.

**3.0 REASON FOR RECOMMENDATION**

3.1 To agree proposed amendments to the WPP Inter Authority Agreement necessary to reflect current ways of working; requirements for further investment arrangements; and to agree the appointment of a (non-voting) Scheme Member Representative onto the Joint Governance Committee (JGC).

**4.0 BACKGROUND**

- 4.1 The Wales Pension Partnership (WPP) is a Local Government Pension Scheme (LGPS) investment pool, comprising of investment assets from all eight LGPS funds in Wales.
- 4.2 The Welsh Funds have a long history of working in collaboration and were already moving toward opportunities for the collective investment of assets. This positioned the Welsh Funds well when the UK Government mandated the creation of investment pools in 2015.
- 4.3 The Wales Pension Partnership was consequently established as the Wales pool, governed by an Inter Authority Agreement (IAA) and decision making vested in a Joint Governance Committee (JGC), with reserved matters retained for each local Pension Fund Committee. Council considered and agreed these arrangements on the 15<sup>th</sup> March 2017.

## **5. PROPOSED AMENDMENTS TO THE INTER AUTHORITY AGREEMENT (IAA)**

- 5.1 The Joint Governance Committee (JGC) is made up of an elected member of each of the eight funds in Wales, generally the Chair of the Pensions Committee or a nominated deputy.
- 5.2 It is proposed that this arrangement is supplemented by the appointment of a Pension Board Scheme Member Representative. It is considered that this will enhance transparency of decision making. The Scheme Member Representative will be a non-voting member of the JGC.
- 5.3 WPP has successfully launched a number of sub-funds to satisfy the investment requirements of the Welsh Funds, with approximately 70% of the Rhondda Cynon Taf Fund now invested through such vehicles. To allow for and to optimise the development of the next phase of sub-funds (for Infrastructure, Property and Private Debt / Private Equity), following legal advice it has been recommended that the appointment of an "Allocator" is required (note, this is in addition to the current "Operator").
- 5.4 The opportunity has also been taken to make other minor changes to the IAA to reflect more fully the current operational working arrangements.
- 5.5 These amendments are set out in full at Appendix 1.

## **6.0 EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO-ECONOMIC DUTY**

- 6.1 A full Equality Impact Assessment is not required at this time.

## **7.0 CONSULTATION**

- 7.1 There are no consultation requirements; Pension Boards continue to be effectively engaged as part of the WPP governance arrangements.

## **8.0 FINANCIAL IMPLICATION(S)**

8.1 There are no financial implications.

## **9.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

9.1 Legal advice has been provided to the WPP to confirm that the proposal is compliant with relevant legislation.

## **10.0 LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

10.1 This report supports the Council's Corporate Plan 2020-24 – "Making a Difference", in particular through supporting the 'Living Within Our Means' theme.

10.2 The report also supports the Well-being of Future Generations Act in particular 'a globally responsible Wales' through responsible management of Pension Fund Investments.

## **11.0 CONCLUSION**

11.1 This report recommends that Council approves the proposed amendments to the Wales Pension Partnership Inter Authority Agreement.

**LOCAL GOVERNMENT ACT 1972**  
**AS AMENDED BY**  
**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**  
**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**  
**COUNCIL**  
**24<sup>th</sup> November 2021**

**REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES**

Item: **WALES PENSION PARTNERSHIP (WPP) – INTER AUTHORITY AGREEMENT**

**Background Papers**

None.

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