

# Document Pack



Wales Pension Partnership Joint  
Governance Committee,  
Democratic Services Unit,  
Chief Executive's Department,  
Carmarthenshire County Council,  
County Hall,  
Carmarthen SA31 1JP.

**MONDAY 17<sup>TH</sup> SEPTEMBER 2018**

**TO: ALL MEMBERS OF THE WALES PENSION PARTNERSHIP JOINT  
GOVERNANCE COMMITTEE**

I HEREBY SUMMON YOU TO ATTEND A MEETING OF THE **WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE** WHICH WILL BE HELD IN **SIAMBR DAFYDD ORWIG, GWYNEDD COUNTY COUNCIL, COUNCIL OFFICES, CAERNARFON, GWYNEDD, LL55 1SH AT 10.00 AM, ON TUESDAY, 25<sup>TH</sup> SEPTEMBER, 2018** FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED AGENDA

*Mark James*

**CHIEF EXECUTIVE  
CARMARTHENSHIRE COUNTY COUNCIL**

*PLEASE NOTE: THIS MEETING WILL BE FILMED FOR LIVE OR SUBSEQUENT BROADCAST. THE IMAGES AND SOUND RECORDING MAY ALSO BE USED FOR TRAINING PURPOSES..*

<b>Democratic Officer:</b>	<b>Gaynor Morgan</b>
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<b>Webcast Link</b>	<b><a href="https://gwynedd.public-i.tv/core//en_GB/portal/home">https://gwynedd.public-i.tv/core//en_GB/portal/home</a></b>

**WALES PENSION PARTNERSHIP  
JOINT GOVERNANCE COMMITTEE  
8 MEMBERS**

(1 Member from each Constituent Authority)

**CARMARTHENSHIRE COUNTY COUNCIL**

**COUNCILLOR ELWYN WILLIAMS**

**CITY & COUNTY OF SWANSEA**

**COUNCILLOR CLIVE LLOYD**

**CITY OF CARDIFF**

**COUNCILLOR CHRISTOPHER WEAVER**

**FLINTSHIRE COUNTY COUNCIL**

**COUNCILLOR DAVID HUGHES**

**GWYNEDD COUNTY COUNCIL**

**COUNCILLOR JOHN PUGHE ROBERTS**

**POWYS COUNTY COUNCIL**

**COUNCILLOR PETER LEWIS**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**COUNCILLOR MARK NORRIS**

**TORFAEN COUNTY BOROUGH COUNCIL**

**COUNCILLOR GLYN CARON**

# A G E N D A

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST**
3. **TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON THE 11TH JUNE 2018** 5 - 8
4. **PRESENTATION BY LINK AND HOST AUTHORITY ON MILESTONES AND PROGRESS UPDATE** 9 - 18
5. **EXCLUSION OF THE PUBLIC**  

THE REPORT RELATING TO THE FOLLOWING ITEM IS NOT FOR PUBLICATION AS IT CONTAINS EXEMPT INFORMATION AS DEFINED IN PARAGRAPH 14 OF PART 4 OF SCHEDULE 12A TO THE LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) (WALES) ORDER 2007. IF, FOLLOWING THE APPLICATION OF THE PUBLIC INTEREST TEST, THE COMMITTEE RESOLVES PURSUANT TO THE ACT TO CONSIDER THIS ITEM IN PRIVATE, THE PUBLIC WILL BE EXCLUDED FROM THE MEETING DURING SUCH CONSIDERATION.
6. **PRESENTATION BY LINK / RUSSELL ON UK AND EUROPEAN EQUITY SUB-FUNDS** 19 - 40

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Agenda Item 3

**WALES PENSION PARTNERSHIP JOINT GOVERNANCE  
COMMITTEE**

Monday, 11 June 2018

**PRESENT:** Councillor Mark Norris (Rhondda Cynon Taf County Borough Council (Chair)

**Councillors:**

Cllr. Stephen Churchman	- Gwynedd County Council;
Cllr. David Hughes	- Flintshire County Council;
Cllr. Peter Lewis	- Powys County Council;
Cllr. Philip Downing	- City & County of Swansea;
Cllr. Chris Weaver	- City of Cardiff;
Cllr. Elwyn Williams	- Carmarthenshire County Council;

**The following Officers were in attendance:**

C. Moore, Director of Corporate Services - CCC  
L.R. Jones, Head of Administration and Law - CCC  
D. Edwards, Director of Finance – GCC  
J. Dong, Chief Treasury & Technical Officer – C&CS  
C. Salter, Corporate Director of Resources – CofC  
C. Lee, Director Corporate and Frontline Services – RCTCBC  
P. Latham, Pension Fund Manager – FCC  
C. Hurst, Pension Fund Manager – PCC  
N. Aurelius, Assistant Chief Executive (Resources) TCBC  
A. Parnell, Treasury & Pension Investments Manager - CCC  
K. Thomas, Democratic Services Officer - CCC

**Also Present:-**

Denise Jones – Head of Change Management of Link Fund Solutions;  
James Wilson – Link Fund Solutions  
Gareth Malna – Burgess Salmon  
William Marshall – Hymans Robertson

**Committee Room 4, County Hall, Atlantic Wharf, Cardiff. CF10 4UW - 2.00 - 3.45 pm**

**1. APOLOGIES FOR ABSENCE.**

Apologies for absence were received from Councillors G. Caron (Torfaen County Borough Council) and C. Lloyd (City and County of Swansea)

**2. APPOINTMENT OF CHAIR OF THE JOINT GOVERNANCE COMMITTEE FOR THE FORTHCOMING CALENDAR YEAR.**

**UNANIMOUSLY RESOLVED** that Councillor M. Norris be appointed Chair of the Joint Governance Committee for the forthcoming calendar year.

The Chair, members and officers expressed their appreciation to Cllr Churchman for his year as Chair.

**3. APPOINTMENT OF VICE-CHAIR OF THE JOINT GOVERNANCE COMMITTEE FOR THE FORTHCOMING CALENDAR YEAR.**

**UNANIMOUSLY RESOLVED that Councillor P. Lewis be appointed Vice-Chair of the Joint Governance Committee for the forthcoming calendar year.**

**4. DECLARATIONS OF INTEREST.**

<b>Councillor</b>	<b>Nature of Personal Interest</b>
S. Churchman	Member of the Gwynedd Pension Fund;
D. Hughes	Member of the Clwyd Pension Fund;
P. Lewis	Member of the Powys Pension Fund;
P. Downing	Member of the City and County of Swansea Pension Fund;
M. Norris	Member of the Rhondda Cynon Taf Pension Fund;
E. Williams	Member of the Dyfed Pension Fund.
C. Weaver	Member of the Cardiff Pension Fund;

(Note: There is an exemption within the Code of Conduct for Members, which allows a member who has been appointed or nominated by their authority to a relevant body to declare that interest but remain and participate in the meeting).

**5. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON THE 28TH MARCH, 2018.**

**UNANIMOUSLY RESOLVED that the minutes of the meeting of the Committee held on the 28<sup>th</sup> March, 2018 be signed as a correct record.**

**6. PRESENTATION BY LINK AND HOST AUTHORITY ON MILESTONES AND PROGRESS UPDATE.**

The Chair welcomed Denise Jones – Head of Change Management of Link Fund Solutions to provide a presentation on Key Milestones and progress in respect of the Wales Pension Partnership.

Ms Jones provided the Committee with a list of the provisional dates for the key milestones, progress to date and the next steps. With regard to the key milestones, the most important aspect related to the approval of the fund prospectus for submission to the Financial Conduct Authority. That prospectus was agendaed for the Joint Committees' consideration that day and, if approved, was scheduled for submission on the 15<sup>th</sup> June, 2018. If approved by the FCA, the sub funds would be launched on the 15<sup>th</sup> October, 2018

Ms Jones advised that other key milestones included:-

- The investment Manager Agreements. They had been issued to all the investment managers for the first set of sub funds with negotiations having commenced thereon,
- An officer working group would be held on the 27<sup>th</sup> June to discuss the proposed reporting pack in order for work to commence on its development,
- The second tranche of sub funds would be considered by the officer working group on the 27<sup>th</sup> June for submission to the FCA by 27<sup>th</sup> September, for launching in January, 2019.

Reference was made to the proposed voting agreements and the Committee was advised that whilst they had been issued to officers, they would be further considered at the Officer Working Group on the 27<sup>th</sup> June.

Mr Anthony Parnell provided the Committee with the following update on the host authority's responsibilities:-

- Staffing – consideration was being given by the S151 Officer to support the current shortfall in the staffing compliment in respect of the host authority and where possible work was being redistributed,
- Communications – work on the development of the website and the newsletter had been delayed due to the emphasis having been placed on the preparation of the fund prospectus. That work would be revisited over the summer
- Governance – Arrangements were currently working well at both Joint Committee and Officer levels
- Reporting – Packages would be submitted to the Officer Working Group on the 27<sup>th</sup> June with a view to achieving consistency of reporting between the other pools. Discussions were also being held with the CIPFA Reporting Group with regard to its reporting expectations

**UNANIMOUSLY RESOLVED that the updates be received.**

**7. NOTES OF THE OFFICER WORKING GROUP HELD ON THE FOLLOWING DATES:-**

**8. 9TH MARCH, 2018;**

**UNANIMOUSLY RESOLVED that the notes of the meeting of the Officer Working Group held on the 9<sup>th</sup> March, 2018 be received.**

**9. 20TH APRIL, 2018.**

**UNANIMOUSLY RESOLVED that the notes of the meeting of the Officer Working Group held on the 20<sup>th</sup> April, 2018 be received.**

**10. EXCLUSION OF THE PUBLIC.**

**UNANIMOUSLY RESOLVED, pursuant to the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) (Wales) Order 2007, that the public be excluded from the meeting during consideration of the following item as the report contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.**

**11. FCA PROSPECTUS OF THE WALES PENSION PARTNERSHIP.**

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in minute number 10 above, to consider this matter in private, with the public excluded from the meeting on the basis disclosure of the information detailed in the report would include details of investment opportunities which had yet to be negotiated fully or renegotiated and disclosing the presentation would prejudice those negotiations and impact upon the Funds' costs and returns.

The Committee received a presentation from Mr James Wilson of Link Fund Solutions (LFS) providing an overview of the Wales Pension Partnership prospectus for submission to the Financial Conduct Authority (FCA) for the Sub Funds that would become operational and managed by LFS, as the operator.

Members of the Committee were afforded the opportunity of asking questions on the prospectus following which the LFS representatives left the meeting in order for the Committee to receive legal advice from Burges Salmon appertaining to the Prospectus and a Side Letter. Comments were made in relation to the side letter following which it was accepted as appropriate.

The LFS Representatives were recalled to the meeting and advised of the views and concerns expressed in relation to the side letter. The representatives confirmed their legal advisors were in agreement with the content of the side letter.

## **UNANIMOUSLY RESOLVED**

- 11.1 That the prospectus for submission to the Financial Conduct Authority be approved;**
- 11.2 That each administering Authority sign and seal the Link Letter of Agreement dated 12<sup>th</sup> June 2018 and return to the host Authority**

\_\_\_\_\_  
**CHAIR**

\_\_\_\_\_  
**DATE**





## WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

**DATE 25 SEPTEMBER 2018**

### **SUBJECT**

**PRESENTATION BY LINK AND THE HOST AUTHORITY ON MILESTONES  
AND PROGRESS UPDATE**

### **RECOMMENDATIONS / KEY DECISIONS REQUIRED:**

**To receive a presentation from Link and the host authority on milestones  
and progress update of the Wales Pension Partnership**

### **REASONS:**

Link and the host authority to provide an update on the milestones and progress  
of the Wales Pension Partnership.

**Report Author:**  
Chris Moore

**Designation:**  
Director of Corporate Services  
  
**Carmarthenshire County  
Council**

**Tel No. 01267 224160**

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**EXECUTIVE SUMMARY  
JOINT GOVERNANCE COMMITTEE**

**DATE 25 SEPTEMBER 2018**

**PRESENTATION BY LINK AND THE HOST AUTHORITY ON  
MILESTONES AND PROGRESS UPDATE**

**BRIEF SUMMARY OF PURPOSE OF REPORT**

Link and the host authority to present to the Joint Governance Committee an update on the progress and milestones of the Wales Pension Partnership.

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>NONE</b>	Finance <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>

## CONSULTATIONS

Details of any consultations undertaken are to be included here

**Section 100D Local Government Act, 1972 – Access to Information  
List of Background Papers used in the preparation of this report:  
THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

# WPP Joint Governance Committee

Date 25<sup>th</sup> September 2018

Version 0.1

# Key Milestones

Page 14

Task	Date	RAG	Comment/Responsible
Agree initial sub-funds (Global Equity)	28/03/18	C	
Reporting Template agreed	30/09/18	G	Sample pack provided to OWG, further session to be held to discuss feedback and finalise delivery plans
Investment Manager Agreements	30/09/18	G	IMA negotiations underway, expectation that all will be signed by the end of the month
Approval of Fund Prospectus	11/06/18	C	
FCA Submission	24/06/18	C	
Global Equity Sub Funds Fund Launch	16/11/18	G	
Agree Funds – <b>Tranche 2</b>	25/07/18	C	Two funds agreed UK Equity and European ex UK Equity
Approval of Fund Prospectus	05/10/18	G	
FCA Submission – Tranche 2	05/10/18	G	
Fund Launch – Tranche 2	07/01/19	G	
Agree Funds – <b>Tranche 3</b>	06/11/18	G	Manager line up approval for third tranche of funds (Fixed Income)
Approval of Fund Prospectus	11/01/19	G	
FCA Submission – Tranche 3	16/01/19	G	
Fund Launch – Tranche 3	18/04/19	G	

# Progress to date

## Initial Funds (Global Equity)

- FCA approval received 24<sup>th</sup> July 2018
- Transition Manager tender issued 10<sup>th</sup> August 2018 – all 6 bidders responded
- Initial Manager engagement day held 5<sup>th</sup> September – Global Growth managers and 3 of the Global Opportunities managers
- Contract negotiations underway with Northern Trust for:
  - Depositary – Burgess Salmon comments addressed with NT for production of execution copy
  - Admin agreement (Fund Accounting & Transfer Agent) – initial review complete and comments back with NT
  - Letters of Engagement with Auditors, Legal and Tax firms - complete

## Tranche 2 (UK and European Equities)

- Fund proposals agreed with investing Local Authorities (Cardiff and Torfaen)
- Prospectus – Schedule 5 additions for tranche 2 funds, ready for JGC approval

# Next Steps

Page 16

- Tranche 2 FCA Submission – **Link October 2018**
- Appoint Transition Manager – **WPP 11<sup>th</sup> October 2018**
- Agree Fixed Income proposals – **Link 6<sup>th</sup> November 2018**
- First funds launch – **15<sup>th</sup> November 2018**



# Host Authority Update

- Staffing
- Communications
- Governance
- Reporting

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# Agenda Item 6

By virtue of paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

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