

# Document Pack



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

**TUESDAY, 20<sup>TH</sup> JULY, 2021**

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

I HEREBY SUMMON YOU TO ATTEND A **VIRTUAL MEETING** OF THE  
**WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE**  
WHICH WILL BE HELD AT **10.00 AM. ON WEDNESDAY, 28TH JULY, 2021**  
FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE  
ATTACHED AGENDA

*Wendy Walters*

**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>Michelle Evans Thomas</b>
<b>Telephone (direct line):</b>	<b>01267 224470</b>
<b>E-Mail:</b>	<b>MEEvansThomas@carmarthenshire.gov.uk</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            TED PALMER**

**GWYNEDD COUNTY COUNCIL**

**COUNCILLOR            PEREDUR JENKINS**

**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. APPOINTMENT OF CHAIR OF THE JOINT GOVERNANCE COMMITTEE FOR THE FORTHCOMING CALENDAR YEAR.
2. APPOINTMENT OF VICE-CHAIR OF THE JOINT GOVERNANCE COMMITTEE FOR THE FORTHCOMING CALENDAR YEAR.
3. APOLOGIES FOR ABSENCE
4. DECLARATIONS OF INTEREST
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THE REPORTS RELATING TO THE FOLLOWING ITEMS ARE NOT FOR PUBLICATION AS THEY CONTAIN EXEMPT INFORMATION AS DEFINED IN PARAGRAPH 14 OF PART 4 OF SCHEDULE 12A TO THE LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT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 JOINT COMMITTEE RESOLVES PURSUANT TO THE ACT TO CONSIDER THESE ITEMS IN PRIVATE, THE PUBLIC WILL BE EXCLUDED FROM THE MEETING DURING SUCH CONSIDERATION
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## WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Wednesday, 24 March 2021

**PRESENT:** Councillor G. Caron (Chair)

**Councillors:**

S. Churchman, P. Lewis, C. Lloyd, M. Norris, C. Weaver, D.E. Williams and T. Palmer.

**The following officers were in attendance:**

C. Moore, Joint Committee Section 151 Officer (CCC)  
L.R. Jones, Joint Committee Monitoring Officer (CCC)  
N. Aurelius, Assistant Chief Executive - Resources (TCC)  
B. Davies, Director of Financial Services (RCT) J. Dong, Deputy S151 Officer/ Chief Finance Officer (C&CS)  
D. Edwards, Chief Finance Officer (GCC)  
C. Lee, Corporate Director of Resources (CoC)  
J. Thomas, Head of Financial Services (PCC)  
P. Latham (FCC), Head Clwyd Pension Fund (FCC)  
A. Parnell, Treasury & Pension Investments Manager (CCC)  
T. Williams, Senior Financial Services Officer (CCC)  
M. Evans Thomas, Principal Democratic Services Officer (CCC)  
K. Thomas, Democratic Services Officer (CCC)  
J. Laimann, Assistant Democratic Services Officer (CCC)  
S. Rees, Principal Translator (CCC)  
J. Connor, Technical Support (CCC)

**Also present as observers:**

A. Bull, Pensions Investment Manager (TCC)  
C. Hurst, Pension Fund Manager (PCC)  
D. Fielder, Deputy Head of Clwyd Pension Fund (FCC)  
D. Jones-Thomas, Investment Manager (GCC)  
G. Watkins, Revenue Services Manager (CoC)  
Y. Keitch, Principal Accountant (RCT)  
K. Cobb, Senior Accountant (C&CS)

**Also present:**

A. Tookey, Link Fund Solutions  
R. Thornton, Link Fund Solutions  
K. Midl, Link Fund Solutions  
J. Leggate, Russell Investments  
T. Paik, Russell Investments  
A. Quinn, Russell Investments  
P. Wharton, Russell Investments  
F. Hope, Hymans Robertson  
J. Wright, Hymans Robertson

**Virtual Meeting - 10.00 - 11.55 am**



## **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr. Peredur Jenkins, with Cllr. Stephen Churchman attending as his deputy.

## **2. DECLARATIONS OF INTEREST**

G. Caron	Member of the Greater Gwent Pension Fund; Wife is deferred member of the Greater Gwent Pension Fund; Son-in-law is member of the Greater Gwent Pension Fund
S. Churchman	Member of Gwynedd Pension Fund
P. Lewis	Member of the Powys Pension Fund
C. Lloyd	Member of the City & County of Swansea Pension Fund
M. Norris	Member of the Rhondda Cynon Taf Pension Fund
T. Palmer	Daughter and partner are members of Clwyd Pension Fund
E. Williams	Member of the Dyfed 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.]

## **3. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON THE 10TH DECEMBER 2020**

**RESOLVED** that the minutes of the Joint Governance Committee meeting held on 10<sup>th</sup> December 2020 be signed as a correct record.

## **4. HOST AUTHORITY UPDATE**

The Joint Committee received a progress update in relation to the following key areas:

- Governance;
- Ongoing establishment;
- Operator services;
- Communications and reporting;
- Training and meetings; and
- Resources, budget and fees.



In response to a query, the meeting was advised that the work on the review of the Operator contract had commenced and a more detailed timeline would be provided at the next meeting.

**RESOLVED that the Host Authority update be received.**

## **5. BUSINESS PLAN 2021 - 2024**

The Joint Committee considered the Business Plan 2021-2024. The meeting was advised that the Business Plan has been drafted in line with Section 6 of the Inter Authority Agreement and would be continuously monitored and formally reviewed and agreed on an annual basis. Following approval by the Joint Committee, the Business Plan would be sent to all Constituent Authorities for their written approval.

With regard to WPP policies, a query was raised suggesting that the WPP could consider adopting a whistleblowing policy. The host authority would take this forward with Hymans Robertson.

**RESOLVED that the Business Plan 2021-2024 be approved.**

## **6. TRAINING PLAN 2021/22**

The Joint Committee received the Training Plan 2021/22. The meeting was advised that the Training Plan was devised to supplement existing Constituent Authority training. Training was primarily focused on meeting the training needs of members of the JGC and OWG, but it could be extended to Pension Committee members and Pension Board representatives.

In response to a query, the JGC was advised that training in relation to progress of other LGPS pools and collaboration opportunities could be included on an annual basis. It was agreed that this would be included in the training plan.

**RESOLVED that the Training Plan 2021/22 be approved.**

## **7. SCHEME MEMBER REPRESENTATION**

The Joint Committee considered a report on Scheme Member Representation, which detailed the recommended appointment process and person specification that had been prepared by the OWG.

With regard to the appointment process, the report recommended that each local Pension Board nominate one scheme member representative who would submit an expression of interest setting out their specific qualities against the person specification. The appointment process would be undertaken by a JGC sub-group that would make an appointment recommendation to the JGC for approval.

Once the person specification and appointment process had been formally approved, the Inter Authority Agreement would need to be amended and the amendments would need to be approved by all eight constituent authorities.



With regard to the appointment process, it was suggested that the tenure of the appointment should be two years and the appointment should include a deputy representative from a different Pension Board to the Scheme Member Representative.

In response to a query on timescales, the meeting was advised that the appointment process was expected to take between six to twelve months as changes to the Inter Authority Agreement required approval by full Council of each constituent authority.

**RESOLVED that**

- 7.1. The Constituent Authorities be asked to approve the inclusion of a co-opted scheme representative on the Joint Governance Committee;**
- 7.2. The appointment process be approved subject to the following amendments:**
  - a. A deputy representative from a different Pension Board to the Scheme Member Representative would also be appointed;**
  - b. The appointment tenure be set at two years;**
- 7.3. The establishment of an appointment sub-group consisting of the Chair - Councillor Glyn Caron, Vice Chair – Councillor Clive Lloyd and a further nominated JGC representative – Councillor Ted Palmer be approved;**
- 7.4. The person specification for the Scheme Member Representative be approved.**

**8. RISK REGISTER Q1 2021 REVIEW**

The Joint Committee received a report on the Q1 Risk Register Review. It was advised that a Risk subgroup of the OWG was reviewing the Risk Register on a quarterly basis. Key changes identified in the latest review were relating primarily to the Governance and Regulation section of the Register.

**RESOLVED that the amendments to the Risk Register be approved.**

**9. ANNUAL POLICY REVIEWS**

The Joint Committee received a report on the Annual Policy Reviews of the Communications Policy. It was advised that the existing Communications Policy had been approved in December 2019.

A communications workshop attended by members of the JGC and OWG in December 2020 had identified additional 'key messages' relating to the innovative and forward-thinking nature of the WPP and the size of the Pool. The Communication Policy had been updated to incorporate these new 'key messages'.

In response to a query, the meeting was advised that the Responsible Investment subgroup was working on communications relating to climate change queries and representatives of Friends of the Earth had been invited to one of the subgroup meetings.





**RESOLVED that the updated Communications Policy be approved.**

## **10. OPERATOR UPDATE**

The Joint Committee received a presentation on the progress of the Wales Pension Partnership in relation to the following key areas:

- Current Fund Holdings;
- Fund Launch Progress;
- Corporate Update and Engagement.

The meeting was advised that the total AUM figure has increased since the report date and now stands c£9.3bn. With regard to Emerging Markets (Tranche 4), FCA approval had been received on 23 March 2021 and launch was expected in September/October 2021.

**RESOLVED that the Operator Update be received.**

## **11. PERFORMANCE REPORTS AS AT 31 DECEMBER 2020**

The Joint Committee received a presentation on the Performance Reports as at 31 December 2020. It was advised that the sub funds had outperformed/underperformed their respective benchmarks, as follows:

- Global Opportunities outperformed by 1.28% gross / 0.91% net;
- Global Growth outperformed by 2.84% gross / 2.38% net;
- UK Opportunities outperformed by 4.33% gross / 3.90% net;
- Global Government Bond outperformed by 1.41% gross / 1.32% net;
- Global Credit outperformed by 0.81% gross / 0.75% net;
- Multi Asset Credit outperformed by 3.93% gross / 3.76% net;
- Absolute Return Bond outperformed by 0.40% gross / 0.27% net;
- UK Credit outperformed by 1.24% gross / 1.20% net.

**RESOLVED that the Performance Reports of the following sub-funds as at 31 December 2020 be approved:**

- 11.1. Global Opportunities Equity Fund;
- 11.2. Global Growth Equity Fund;
- 11.3. UK Opportunities Equity Fund;
- 11.4. Global Government Bond Fund;
- 11.5. Global Credit Fund;
- 11.6. Multi Asset Credit Fund;
- 11.7. Absolute Return Bond Strategy Fund;
- 11.8. UK Credit Fund.

## **12. EXCLUSION OF THE PUBLIC**

**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 reports contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.**



**13. GLOBAL SECURITIES LENDING REPORT AS AT 31 DECEMBER 2020**

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in Minute 12 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would adversely impact on the WPP by prejudicing negotiations.

The Joint Committee received a report on Global Securities Lending.

**RESOLVED** that the Global Securities Lending Review as at 31 December 2020 be noted.

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**CHAIR**

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**DATE**



## WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

**DATE 28 JULY 2021**

### **SUBJECT**

**ANNUAL RETURN / AUDIT 2020/21**

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

- To receive the letter from Audit Wales re the WPP 2020/21 Annual Return
- To approve the Audited Annual Return for 2020/21
- To note the Unaudited full Statement of Accounts for 2020/21

### **REASONS:**

An Annual Return is required to be completed for 2020/21.

The Accounting Statements and Annual Governance Statement sections of the Annual Return have been prepared by the Host Authority and Carmarthenshire County Council's Internal Audit Department have carried out an Internal Audit Review. The Annual return has been audited by Audit Wales and the letter from Audit Wales is attached. The JGC is required to approve the Annual Return.

The Host Authority has also produced full Statement of Accounts for the Wales Pension Partnership for 2020/21. This is for information purposes only and does not require to be audited.

**Report Author:**  
**Chris Moore**

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

**Tel No. 01267 224160**

**E. Mail:**  
**CMoore@carmarthenshire.gov.uk**

# **EXECUTIVE SUMMARY JOINT GOVERNANCE COMMITTEE**

**DATE 28 JULY 2021**

## **ANNUAL RETURN / AUDIT 2020/21**

### **BRIEF SUMMARY OF PURPOSE OF REPORT**

For joint committees with income and expenditure below £2.5 million, the requirement is that accounts are prepared in the form of an annual return. The Joint Governance Costs of the Wales Pension Partnership for 2020/21 are £706k.

The Annual Report is split into the following sections:

1. Accounting Statement 2020/21 – including a statement of income and expenditure / receipts and payments and a statement of balances.
2. Annual Governance Statement
3. Committee approval and certification
4. Auditor General for Wales' Audit Certificate and report
5. Annual Internal Audit report

Section 1 & 2 above have been completed by the Host Authority in accordance with proper practices as set out in the Practitioners Guide. Section 5 has been completed by the Host Authority's Internal Audit Department. The Annual Return has been audited by Audit Wales.

The Host Authority has also prepared full Statement of Accounts for the Wales Pension Partnership for 2020/21. The Statement is not a statutory requirement and will not be audited. It has been prepared for information purposes only, to support the information included in the Annual Report.

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>YES</b>	Finance <b>YES</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>
<b>Legal</b> Compliance with the Accounts and Audit (Wales) Regulations 2014 and the Public Audit (Wales) Act 2004.				
<b>Finance</b> The net cost of the Wales Pension Partnership activities was £706k which has been recharged to the eight Welsh Pension Funds				

## 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
Accounts and Audit (Wales) Regulations 2014		Corporate Services Department, County Hall, Carmarthen.

24 Cathedral Road / 24 Heol y Gadeirlan  
Cardiff / Caerdydd  
CF11 9LJ  
Tel / Ffôn: 029 2032 0500  
Fax / Ffacs: 029 2032 0600  
Textphone / Ffôn testun: 029 2032 0660  
[info@audit.wales](mailto:info@audit.wales) / [post@archwilio.cymru](mailto:post@archwilio.cymru)  
[www.audit.wales](http://www.audit.wales) / [www.archwilio.cymru](http://www.archwilio.cymru)

Mr Chris Moore  
Director of Corporate Services  
Carmarthenshire County Council County Hall  
Carmarthen  
SA31 1JP

**Reference:** WPP-20/21

**Date issued:** 20/07/2021

Dear Chris,

### **Wales Pension Partnership Joint Committee 2020-21 Annual Return**

In accordance with the requirements of Section 12 and Section 14 of the Public Audit (Wales) Act 2004 I am giving my report on the Wales Pension Partnership joint committee annual return for the year ended 31 March 2021.

I have undertaken our work in accordance with the specified procedures issued by the Auditor General for Wales. In summary these procedures require us to consider whether the annual statement of accounts:

- has been prepared on a reasonable basis (for example, the figures agree to the underlying records upon which they have been prepared and are consistent with transactions recorded in the statutory accounts of the constituent local authorities for the same reporting period); and
- casts correctly.

#### **Audit report on the annual statement of accounts relating to Wales Pension Partnership joint committee for the period ending 31 March 2021:**

Subject to the following two actions being completed satisfactorily we will be able to certify the joint committee's annual return and issue our notice of completion of the audit.

- On the 26<sup>th</sup> of July 2021, local government electors may exercise their rights under sections 30 and 31 of Public Audit (Wales) Act 2004 to question the Auditor General about or make objections to the joint committee's accounts for the year ended 31 March 2021. Should any issues arise from this process we would need to consider these before being able to certify the joint committee's annual return. We will provide an update on this at the joint committee meeting on 28<sup>th</sup> July 2021.
- Approval of the 2020-21 statement of accounts by the joint committee which is due to be done at its meeting on 28th July 2021.

Once these actions are completed to our satisfaction, we will be able to confirm the following:

"On the basis of our review and in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met."

#### **Other matters**

We have no other matters we need to bring to your attention.

Yours sincerely

**Richard Harries**

**for and on behalf of Adrian Crompton, Auditor General for Wales**



# Minor Joint Committees in Wales

## Annual Return for the Year Ended 31 March 2021

### LANGUAGE PREFERENCE

Please indicate how you would like us to communicate with you during the audit. Note that audit notices will be issued bilingually.

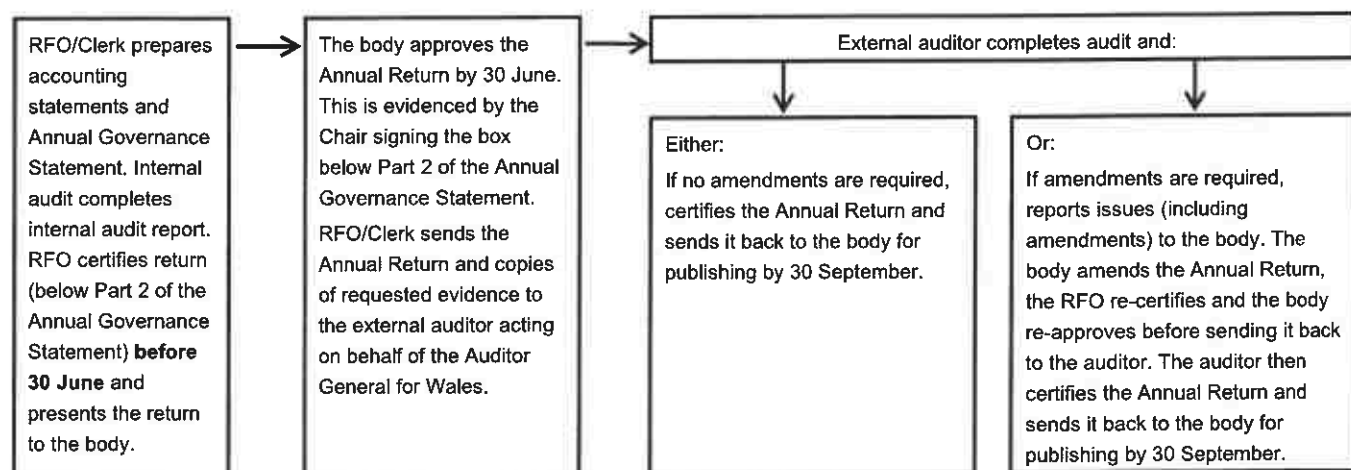
	Yes	No		Yes	No		Yes	No
<b>ENGLISH</b>	<input type="radio"/>	<input type="radio"/>	<b>WELSH</b>	<input type="radio"/>	<input type="radio"/>	<b>BILINGUALLY</b>	<input type="radio"/>	<input type="radio"/>

### THE ACCOUNTS AND AUDIT PROCESS

Section 12 of the Public Audit (Wales) Act 2004 requires local government bodies in Wales (including joint committees) to make up their accounts each year to 31 March and to have those accounts audited by the Auditor General for Wales. Regulation 14 of the Accounts and Audit (Wales) Regulations 2014 states that smaller local government bodies i.e. those with annual income and expenditure below £2.5 million must prepare their accounts in accordance with proper practices.

For minor joint committees with income and expenditure below £2.5 million, proper practices are set out in the One Voice Wales/Society of Local Council Clerks publication, **Governance and accountability for local councils in Wales – A Practitioners' Guide** (the Practitioners' Guide). The Practitioners' Guide requires that they prepare their accounts in the form of an Annual Return. This Annual Return meets the requirements of the Practitioners' Guide.

The accounts and audit arrangements follow the process as set out below.



Please read the guidance on completing this Annual Return and **complete all sections highlighted pink**.

### APPROVING THE ANNUAL RETURN

The Committee must approve the Annual Return **BEFORE** the accounts and supporting documents are made available for public inspection under section 30 of the Public Audit (Wales) Act 2004.

If it is unable to complete the approval process by 30 June 2021 or publish the audited return by 30 September, the Committee must publish notices as required by the Regulations.

The Auditor General for Wales' Audit Certificate and report is to be completed by the auditor acting on behalf of the Auditor General. It **MUST NOT** be completed by the Clerk/RFO, the Chair or the internal auditor.

Audited and certified returns are sent back to the body for publication and display of the accounting statements, Annual Governance Statement and the Auditor General for Wales' certificate and report.

## Accounting statements 2020-21 for:

Name of body: Wales Pension Partnership

	Year ending		Notes and guidance for compilers
	31 March 2020 (£)	31 March 2021 (£)	
			<b>Please round all figures to nearest £.</b> <b>Do not leave any boxes blank and report £0 or nil balances.</b> <b>All figures must agree to the underlying financial records for the relevant year.</b>
<b>Statement of income and expenditure/receipts and payments</b>			
1. Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	0	0	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	299,062	706,251	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	-56,138	-59,455	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg. termination costs.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	-242,924	-646,796	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	0	0	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
<b>Statement of balances</b>			
8. (+) Debtors	367,489	381,767	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body.
9. (+) Total cash and investments	-223,716	-188,185	<b>All accounts:</b> The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	-143,773	-193,582	<b>Income and expenditure accounts only:</b> Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	0	0	<b>Total balances should equal line 7 above:</b> Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	0	0	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

## Annual Governance Statement (Part 1)

We acknowledge as the members of the Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2021, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
1. We have put in place arrangements for: <ul style="list-style-type: none"> <li>effective financial management during the year; and</li> <li>the preparation and approval of the accounting statements.</li> </ul>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Committee to conduct its business or on its finances.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	6, 23
5. We have carried out an assessment of the risks facing the Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Committee and, where appropriate, have included them on the accounting statements.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23

\* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

## Additional disclosure notes\*

The following information is provided to assist the reader to understand the accounting statement and/or the Annual Governance Statement

1. More detailed information in relation to the Accounting Statement and Annual Governance Statement can be found in the Wales Pension Partnership's Statement of Accounts for year ending 31 March 2021.

2.

3.

\* Include here any additional disclosures the Council considers necessary to aid the reader's understanding of the accounting statement and/or the annual governance statement.

## Committee approval and certification

The Committee is responsible for the preparation of the accounting statements and the annual governance statement in accordance with the requirements of the Public Audit (Wales) Act 2004 (the Act) and the Accounts and Audit (Wales) Regulations 2014.

### Certification by the RFO

I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2021.

RFO signature:



Name: Chris Moore

Date: 26 May 2021

### Approval by the Council/Board/Committee

I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:

Minute ref:

Chair of meeting signature:

Name:

Date:

## Auditor General for Wales' Audit Certificate and report

I report in respect of my audit of the accounts under section 13 of the Act, whether any matters that come to my attention give cause for concern that relevant legislation and regulatory requirements have not been met. My audit has been conducted in accordance with, guidance issued by the Auditor General for Wales.

I certify that I have completed the audit of the Annual Return for the year ended 31 March 2021 of:

### Auditor General's report

#### Audit opinion

[Except for the matters reported below]\* On the basis of my review, in my opinion no matters have come to my attention giving cause for concern that in any material respect, the information reported in this Annual Return:

- has not been prepared in accordance with proper practices;
- that relevant legislation and regulatory requirements have not been met;
- is not consistent with the Committee's governance arrangements; and
- that the Committee does not have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

#### Other matters arising and recommendations

I draw the Committee's attention to the following matters and recommendations which do not affect my audit opinion but should be addressed by the body. / There are no further matters or recommendations that I wish to draw to the Committee's attention.\*

External auditor's name:

External auditor's signature:

Date:

For and on behalf of the Auditor General for Wales

\* Delete as appropriate.



## Annual internal audit report to:

Name of body: Wales Pension Partnership

The Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2021.

The internal audit has been carried out in accordance with the Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Accounting records are updated and maintained frequently during the year. Income and expenditure is recorded through the Authority's Financial Management System which means there are adequate records of accounts. Recent review of the Main Accounting System concluded it was operating to a good standard. The accounts of the Authority are prepared in line with 2014 Code of Practice on Local Authority Accounting and therefore are correct as required by regulation.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Testing of transactions undertaken concluded that all comply with the financial regulations as required with documentation to support all. No issues were identified.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	The risks to the Authority have been identified and these are monitored periodically through the risk register. No risks were assessed as being of significant to the Partnership in achieving their objectives.
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Carmarthenshire County Council has a budget monitoring process in place which covers the Wales Pension Partnership. A review of this process and the budget monitoring returns identified processes to be satisfactory

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	The only income will be the recharge to the other authorities for administrating the fund.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	There is no Petty Cash account that exists that covers the Wales Pension Partnership.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	There is one member of staff paid from the Wales Pension Partnership which is paid through Carmarthenshire County Council's payroll. Recharges are made for another 2 Senior Officers time on a pro rata basis. A review of the payroll system has been undertaken and the arrangements for the payment of salaries are considered acceptable. No errors were identified relating to staffing costs
8. Asset and investment registers were complete, accurate, and properly maintained.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Investments are carried out for Carmarthenshire County Council as a whole. The review of Investments found that procedures were operating to a high standard. An asset register is maintained for the Authority, however there are no assets which relate to the Wales Pension Partnership.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	A review of the bank reconciliations for Carmarthenshire County Council has been undertaken as part of the Audit plan, and procedures were found to be satisfactory. The Wales Pension Partnership forms part of the reconciliations undertaken by Carmarthenshire County Council.
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Accounting Statements are prepared in line with the 2014 Code of Practice of Local Authority Accounting

For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
11. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text
12. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text
13. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text

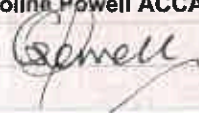
\* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\* If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

### Internal audit confirmation

I/we confirm that as the Committee's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2019-20 and 2020-21. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: **Caroline Powell ACCA**

Signature of person who carried out the internal audit: 

Date: 9<sup>th</sup> June 2021



## Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this Annual Return. Proper practices are set out in the Practitioners' Guide.
2. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs. Ask your auditor for an electronic copy of the form if required.
3. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
4. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2020) equals the balance brought forward in the current year (line 1 of 2021). Explain any differences between the 2020 figures on this Annual Return and the amounts recorded in last year's Annual Return.
5. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
6. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers all your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. The auditor should also be able to agree your bank reconciliation to line 9 in the accounting statements. More help on bank reconciliations is available in the Practitioners' Guide.
7. **You must send to the external auditor, information to support the assertions made in the Annual Governance Statement.** Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records to the external auditor and not the original documents themselves.
8. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
9. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
10. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
11. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**

Completion checklist – 'No' answers mean that you may not have met requirements		Done?	
Initial submission to the external auditor		Yes	No
Accounts	Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?		
	Does the bank reconciliation as at 31 March 2021 agree to Line 9?		
Approval	Has the RFO certified the accounting statements and Annual Governance Statement (Regulation 15 (1)) no later than 30 June 2021?		
	Has the body approved the accounting statements before 30 June 2021 and has Section 3 been signed and dated by the person presiding at the meeting at which approval was given?		
All sections	Have all pink boxes in the accounting statements and Annual Governance Statement been completed and explanations provided where needed?		
	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.		
If accounts are amended after receipt of the Auditor General's report on matters arising		Yes	No
Accounts	Have the amended accounting statements been approved and Section 3 re-signed and re-dated as evidence of the Committee's approval of the amendments before re-submission to the auditor?		

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**WALES PENSION PARTNERSHIP**  
**STATEMENT OF ACCOUNTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2021**

**CHRIS MOORE FCCA**  
**DIRECTOR OF CORPORATE SERVICES**  
**COUNTY HALL**  
**CARMARTHEN**  
**SA31 1JP**

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## 1 NARRATIVE REPORT

The Statement of Accounts summarises the financial transactions of the Wales Pension Partnership (WPP) for the 2020/21 financial year and its financial position as at year ended 31 March 2021.

### 1.1 Overview

The Wales Pension Partnership (WPP) was established in 2017 and is a collaboration of the eight LGPS funds covering Wales, with Carmarthenshire County Council as the Host Authority. The WPP is one of eight national Local Government Pension pools.

The WPP's objectives and beliefs are outlined below:

#### Objectives

- To provide pooling arrangements which allow individual funds to implement their own investment strategies (where practical).
- To achieve material cost savings for participating funds while improving or maintaining investment performance after fees.
- To put in place robust governance arrangements to oversee the Pool's activities.
- To work closely with other pools in order to explore the benefits that all stakeholders in Wales might obtain from wider pooling solutions or potential direct investments.
- To deliver an investment framework that achieves the best outcomes for its key stakeholders; the Constituent Authorities. The Constituent Authorities will be able to use this framework to deliver the best outcomes for their Scheme Members & Employers.

#### Beliefs

- The WPP's role is to facilitate and provide an investment pooling platform through which the interests of the Constituent Authorities can be implemented.
- Good governance should lead to superior outcomes for the WPP's stakeholders.
- Internal collaboration between the Host and Constituent Authorities is critical to achieving the WPP's objectives. External collaboration may also be beneficial in delivering cost savings and better outcomes for stakeholders.
- Responsible Investment and effective Climate Risk mitigation strategies, alongside consideration and evidential management of Environmental, Social and Governance issues should result in better outcomes for the WPP's stakeholders.
- Effective internal and external communication is vital to achieving the WPP's objectives.
- External suppliers can be a cost-effective means of enhancing the WPP's resources, capabilities and expertise.
- Fee and cost transparency will aid decision making and improve stakeholder outcomes.
- Continuous learning, innovation and development will help the WPP and its Constituent Authorities to evolve.
- A flexible approach to the WPP pool structure and implementation methods will enable the WPP pool to adapt in future and continue to meet the needs of its stakeholders.

The WPP's Governance Structure is detailed in Section 3 – Annual Governance Statement.

## 1.2 Accounts

The accounts have been produced in line with the 2020/21 Code of Practice on Local Authority Accounting and consist of the following Financial Statements:

### **Comprehensive Income and Expenditure Statement (CIES)**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

### **The Balance Sheet**

This shows the assets and liabilities of the WPP as at 31 March 2021.

### **The Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the WPP during the reporting period.

The accounts are supported by the Statement of Accounting Policies (Note 6.1 - Notes to the Accounts).

## 1.3 Budget

The following table shows the WPP's actual expenditure during 2020/21 compared with the approved budget for the year, detailing any variances. The Budget was approved by the Joint Governance Committee at the Joint Governance Committee meeting on 12 March 2020 and subsequently by all eight Constituent Authorities.

<b>Wales Pension Partnership 2020/21</b>	<b>Note</b>	<b>Budget £</b>	<b>Actual £</b>	<b>Variance £</b>
<b>Gross Expenditure</b>				
Employee costs	1	80,000	59,454	20,546
Host Authority costs	2	23,874	13,556	10,318
Host Authority Support Services	3	77,063	77,063	0
<b>Total Host Authority Gross Expenditure</b>	4	<b>180,937</b>	<b>150,073</b>	<b>30,864</b>
External Consultants	5	580,000	556,177	23,823
<b>Total Gross Expenditure</b>		<b>760,937</b>	<b>706,250</b>	<b>54,687</b>

**Notes:**

1. This includes staff employed to work solely on the WPP. The Budget includes a Senior Financial Services Officer (1fte) and an Assistant Accountant (1fte for 6 months)
2. These costs include staff travelling expenses, subsistence and meeting expenses, admin, office and operational consumables, website (development and ongoing costs), audit fees and translation services
3. These are central recharges from the Host Authority and includes costs apportioned for the Section 151 Officer, Monitoring Officer, Treasury & Pension Investments Manager, Democratic Services Officer and also Premises and HR support
4. The total Host Authority expenditure is funded equally by all eight Pension Funds and are recharged on an annual basis
5. External Consultants include Investment & Legal Consultants, these costs are also funded by all eight Pension Funds

There was an underspend of £55k for the year, which was mainly due to:

- Employee costs – Assistant Accountant not appointed
- Host Authority Costs – No staff travelling, staff training or subsistence and meeting expenses due to COVID-19
- External Consultants – Voting services has not been in place for the full year resulting in only part year costs

**1.4 Further Information**

Further information regarding the accounts is available from the Treasury & Pension Investments Manager, Corporate Services Department, County Hall, Carmarthen, SA31 1JP.

## 2 STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### **The Joint Governance Committee Responsibilities**

The Joint Governance Committee is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. Within Carmarthenshire County Council (the Host Authority), that officer is the Director of Corporate Services.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

### **The Director of Corporate Services' Responsibilities**

The Director of Corporate Services is responsible for the preparation of the Wales Pension Partnership's Statement of Accounts, in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Corporate Services has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper and timely accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

### **Certification of Accounts**

I certify that the Statement of Accounts on pages 13 to 17 gives a true and fair view of the financial position of the Wales Pension Partnership as at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

Chris Moore FCCA

Dated: 28 June 2021

Director of Corporate Services



### 3 ANNUAL GOVERNANCE STATEMENT

#### 3.1 Scope of Responsibility

The Wales Pension Partnership (WPP) is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that public money is safeguarded and properly accounted for and used economically, efficiently and effectively and to secure continuous improvement and delivery in this regard.

The WPP is responsible for putting in place proper arrangements for the Governance of its affairs and facilitating the effective exercise of its functions including having appropriate arrangements for the management of risk.

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA) which defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers. The IAA includes a Scheme of Delegation outlining the decision-making process allowing for current relevant legislation.

#### 3.2 The Governance Framework

The Governance Framework comprises the systems, processes, cultures and beliefs by which the WPP is directed and controlled. It enables the Partnership to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

The system of Internal Control is a significant part of that framework and is designed to manage risk to a reasonable level. It aims to identify and prioritise the risks which may inhibit the WPP's ability to achieve its policies, aims and objectives. It evaluates the likelihood and impact of risks being realised and manages individual risks appropriately.

The Code of Corporate Governance recognises policies and processes that are consistent with the principles of the CIPFA / SOLACE Framework - '**Delivering Good Governance in Local Government**' (Guidance Notes for Welsh Authorities 2016 Edition – Published September 2016). This framework identifies 7 key principles of good governance which complement the Well – being of Future Generations Act requirements.

This Statement explains how the WPP has complied with the various elements of the Governance Framework.

#### 3.3 The Governance Environment

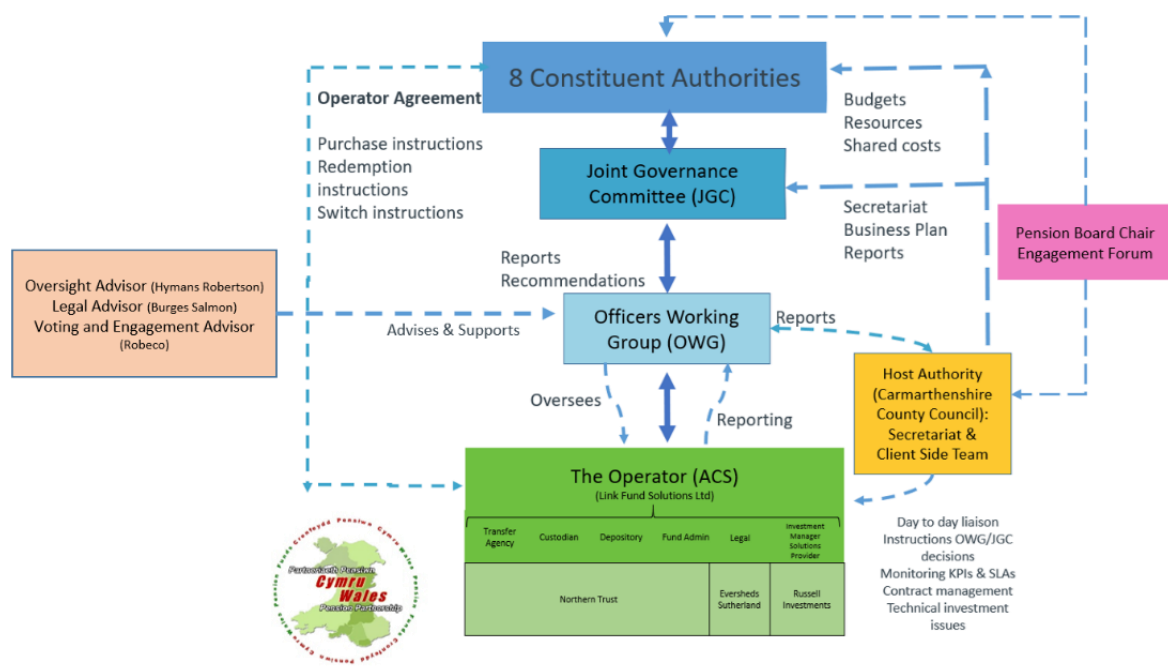
The Governance framework comprises of seven fundamental principles implemented to endorse high standards of confidence and trust in the governance and operation of the partnership, whilst upholding a commitment to ongoing improvement on a continuing basis through a process of evaluation and review.

The CIPFA/SOLACE Governance Framework sets out 7 fundamental principles of Corporate Governance. The 'CIPFA Seven' are:

1. Integrity and Values - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
2. Openness and engagement - Ensuring openness and comprehensive stakeholder engagement.
3. Making a difference - Defining outcomes in terms of sustainable economic, social, and environmental benefits.
4. Making sure we achieve what we set out to do - Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Valuing our people; engaging, leading and supporting - Developing capacity and the capability of leadership and individuals.
6. Managing risks, performance and finance - Managing risks and performance through robust internal control and strong public financial management.
7. Good transparency and accountability - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

### 3.4 The Governance Structure

The diagram below illustrates the governance structure established by the WPP



#### 3.4.1 Constituent Authorities

The Constituent Authorities of the Wales Pension Partnership are:

- Carmarthenshire County Council
- City & County of Swansea Council
- City of Cardiff Council
- Flintshire County Council

- Gwynedd Council
- Powys County Council
- Rhondda Cynon Taff County Borough Council
- Torfaen County Borough Council

These are the Constituent Authorities of the eight Local Government Pension Scheme funds in Wales, which form the WPP. Carmarthenshire County Council is the Host Authority.

Although there is a Joint Governance Committee set up to make most of the decisions on behalf of the WPP, there are a number of matters / decisions that are reserved and have to be taken back to the Constituent Authorities for approval, these are detailed in Schedule 2 of the Inter Authority Agreement.

### **3.4.2 Joint Governance Committee**

The Wales Pension Partnership Joint Governance Committee (JGC) was formalised in June 2017 and since then has met frequently. The JGC meets a minimum of 4 times a year and each meeting is webcasted for the public. The WPP ensures open and transparent meetings and publication of agendas, minutes and webcasts, where appropriate.

The JGC is comprised of one elected member from each of the eight Constituent Authorities. The elected member must be a member of that Constituent Authority and that Constituent Authority's Pensions Committee. The Chair and Vice-chair are rotated on an annual basis. The current chair is Cllr. Glyn Caron - Torfaen County Borough Council (Greater Gwent (Torfaen) Pension Fund) and the current vice-chair is Cllr. Clive Lloyd – City & County of Swansea Council (City and County of Swansea Pension Fund).

The JGC is responsible for overseeing the pooling of the investments of the eight Local Government Pension Scheme funds in Wales. The JGC's full set of responsibilities are set out in Schedule 3 (JGC Matters) and Schedule 4 (JGC Terms of Reference) of the Inter Authority Agreement.

### **3.4.3 Officers Working Group**

A WPP Officers Working Group (OWG) has been established with the purpose of providing support and advice to the Joint Governance Committee. The group meets every 2 / 3 months with additional meetings held as and when required.

The OWG comprises of practitioners and Section 151 officers from all eight Constituent Authorities. The Chair of the OWG is Chris Moore, Section 151 Officer of Carmarthenshire County Council (Host Authority). The remit of the OWG is set out in Schedule 8 of the IAA.

### **3.4.4 Host Authority**

Carmarthenshire County Council has been appointed as the Host Authority for the Wales Pension Partnership, providing administrative and secretarial support to the JGC and liaising day to day with the operator on behalf of all the LGPS funds in Wales. The role of the Host Authority is set out in Section 6 of the IAA.

### Monitoring Officer

The Monitoring Officer (Head of Administration & Law) is responsible for maintaining the IAA to ensure that it reflects up to date legislative requirements and the WPP's Governance needs and is also responsible for ensuring that the provisions are fully complied with at all levels. The Monitoring Officer attends all JGC meetings.

The Monitoring Officer is well placed to play a proactive role in supporting Members and Officers in both formal and informal settings to comply with the law and with the WPP's own procedures. As the Head of Service with ultimate responsibility for the Democratic Services Unit, the Monitoring Officer is also responsible for the formal recording and publication of the democratic decision-making process.

The Monitoring Officer works closely with the Section 151 Officer in accordance with the provisions of the Local Government and Housing Act 1989 and will report to the Joint Governance Committee if she considers that any proposal will give rise to unlawfulness.

### Section 151 Officer

The Director of Corporate Services is the responsible officer for the administration of the WPP's affairs under Section 151 of the Local Government Act 1972 and carries overall responsibility for the financial administration of the WPP.

The Chartered Institute of Public Finance and Accountancy (CIPFA) previously published a "Statement on the Role of the Chief Financial Officer in Local Government". The Statement describes the role and responsibilities of the Chief Financial Officer (CFO) and sets out 5 Key Principles (see below) that define the core activities and behaviours that belong to the role of CFO in public service organisations and the organisational arrangements needed to support them. Carmarthenshire County Council through the appointment of the Director of Corporate Services fully complies with the Statement.

- Principle 1 - The CFO in a Local Authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest.
- Principle 2 - The CFO in a Local Authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the Authority's overall financial strategy.
- Principle 3 - The CFO in a Local Authority must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
- Principle 4 - The CFO in a Local Authority must lead and direct a finance function that is resourced to be fit for purpose.
- Principle 5 - The CFO in a Local Authority must be professionally qualified and suitably experienced.

### **3.4.5 Link Fund Solutions**

The WPP have designed an operating model which is flexible and able to deliver value for money. Link Fund Solutions Ltd (Link) have been appointed as the external Operator and with the support of Russell Investments, they deliver effective investment management solutions and provide strong net of fee performance for all the Constituent Authorities.

There is an Operator Agreement in place with Link Fund Solutions which sets out the contractual duties of the Operator and governs the relationship between the Operator and the WPP.

### **3.4.6 External Advisors**

The WPP have appointed External Advisors to provide additional support and advice. All contracts go through a formal procurement process in line with CCC's Procurement Guidelines.

#### Legal Advisors – Burges Salmon

Burges Salmon provide Legal advice, as and when required.

#### Oversight Advisors – Hymans Robertson

Hymans Robertson have been appointed the Oversight Advisors for the WPP. Hymans Robertson's role spans oversight and advice on governance arrangements, operator services, strategic investment aspects and project management support. They attend all OWG and JGC meetings.

#### Voting and Engagement Provider – Robeco Ltd

Robeco have been appointed the WPP's Voting and Engagement provider and they will assist the WPP in formulating and maintaining a Voting Policy and Engagement Principles that are in keeping with the Welsh Constituent Authorities' membership of the Local Authority Pension Fund Forum ('LAPFF'). Robeco will also take responsibility for implementing the Voting Policy across WPP's £5bn active equity portfolio and reporting to WPP and the underlying Funds.

## **3.5 Governance Sources of Assurances**

### **3.5.1 Internal Audit**

The Internal Audit team within Carmarthenshire County Council carry out Internal Audit reviews in a number of areas within the Authority, reviewing the effectiveness of the systems and governance arrangements. Internal Audit are required to undertake their work in accordance with the standards as set out in the Public Sector Internal Audit Standards (PSIAS) established in 2013 are the agreed professional standards for Internal Audit in Local Government.

### **3.5.2 Governance Matrix**

The WPP has developed a Governance Matrix which focuses on outlining the different roles that bodies within the WPP play in the WPP's decision making process. It also articulates that the WPP consults / or seeks input from several different bodies within the WPP before

decision are formalised. This process highlights the number of checks and balances that the WPP has built into its decision-making process to ensure good governance is delivered.

### **3.5.3 Engagement Protocol**

The WPP believes in regularly engagement with its key stakeholders. The WPP has an Engagement Protocol Framework in place, this is carried out via the following engagement mechanisms:

- Strategic Relationship Review meetings - Bi-Annual
- JGC Engagement – Quarterly
- OWG Engagement – Every 2 months
- Pension Board Engagement – Every 6 months
- Annual Shareholder Day – Annual
- Pension Fund Committees – Annual
- Manager Engagement Days – Bi-Annual
- Member Communications – Annual
- Engagement via the website & LinkedIn - continuous

As well as regular engagement between Officers, Members and External Parties, as detailed on the Governance Structure diagram, these engagements also involve engagements between Pension Committee Members, Pension Board Members and Investment Fund Managers, both existing and potential.

### **3.5.4 Responsible Investment Policy**

WPP understand the importance of Responsible Investment and has developed an overarching Responsible Investment Policy for the WPP. This policy has been developed in consultation with the Constituent Authorities and covers the following main areas:

- Introduction and Oversight
- Ambition and Beliefs
- Investment Strategy
- Climate Change
- Exclusions
- Implementation of Strategy
- Stewardship – Voting, Stock Lending and Shareholder Engagement
- Collaboration
- Monitoring, Reporting and Measurement

### **3.5.5 Training**

WPP personnel must have appropriate knowledge and understanding of:

- the regulations and markets relating to the Local Government Pension Scheme;
- the pooling of Local Government Pension Funds; and
- relevant investment opportunities.

In order to achieve this, the WPP have developed a training plan that is designed to supplement existing Constituent Authority training plans. Local level training needs will

continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities.

The Host Authority arranges quarterly training sessions which cover major areas such as investments, administration, regulation requirements, government guidance and market developments. A training plan log is kept as a record of all the training completed to date and the training that is due to take place in the foreseeable future.

The training events primarily focus on meeting the training needs of members of the OWG and JGC, however Constituent Authorities are encouraged to invite Pension Committee Members, as well as Pension Board Representatives if they believe that the training would be beneficial to these individuals.

### **3.5.6 Communication**

The WPP believes that effective internal and external communication is vital to achieving its objectives. The WPP has developed a communication policy which is reviewed annually. The policy outlines the WPP's:

- Target Audience
- Key Messages / Key Purpose
- Means of Communication
- Responsibilities
- Review & Reflection Process

The WPP also has a website and LinkedIn page which is regularly updated. The website ([www.walespensionpartnership.org](http://www.walespensionpartnership.org)) covers a number of areas including Governance, Publications (including WPP Policies), Sub Fund developments and News (including press releases).

### **3.5.7 Risk Management**

Risk management is embedded throughout the governance of the WPP. Risks are considered in all of the WPP's activities, especially when deciding on the development and structure and of sub funds. An extensive Risk Policy has been formulated which outlines how the WPP identifies, manages and monitors risks. In addition, a Risk Register has been developed to monitor and manage potential risks which is maintained and evaluated by a dedicated Risk Sub-Group on a quarterly basis.

### **3.5.8 External Regulators**

Audit Wales, as External Auditors to the WPP, reviews and comments on the financial aspects of Corporate Governance which includes the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and corruption. The External Audit plan is approved by the Joint Governance Committee.

### **3.6 Governance issues to be addressed / Action Plan**

The WPP believes that good governance leads to better outcomes for its stakeholders, as such it will further develop its governance framework by developing additional policies, registers, plans and carrying out ongoing reviews of its existing governance documents and structure.

The WPP have a 3-year workplan which will form part of the Business Plan. This covers a number of work areas with Governance being one of them. WPP's Action Plan for the next 12 months:

1. Development of the WPP's 3-year Business Plan\*
2. Appoint a Scheme Member Representative to the JGC
3. Development of a WPP Rebalancing & Alteration Policy
4. Formulate a Responsibilities Matrix for WPP Sub-Funds
5. Review of Inter Authority Agreement
6. Annual Review of Policies and Plans

\* The Business Plan has been developed and approved by the JGC on 24 March 2021, it is now with the Constituent Authorities for their final approval.

### **3.7 Conclusion**

A good level of assurance has been demonstrated with regards to the governance arrangements within the WPP with adequate and effective systems in place. The implementation of the actions from the action plan in section 3.5 will be monitored and reviewed as part of the next annual review.

With the current economic climate in relation to COVID-19:

- All officers have been working remotely since March 2020
- JGC and OWG meetings have and continue to be held virtually
- Link Fund Solutions and Russell Investments are providing regular market updates in relation to the WPP sub fund investments - these are shared with the Pension Fund officers and Joint Governance Committee members
- The five Fixed Income sub-funds were launched in August / September 2020
- WPP continues to work in line with the approved workplan, prioritising the development and approval of the policies and plans as described in Section 3.5 above and therefore further developing the governance framework



#### 4 FINANCIAL STATEMENTS

The financial statements comprise the following:

##### 4.1 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2019/20 (£)	Description	2020/21 (£)	Notes
<b>Expenditure</b>			
56,138	Employee costs	59,455	
21,250	Host Authority costs	13,556	
146,673	External Advisor costs *	556,177	
75,000	Host Authority Support Service costs	77,063	
<b>299,062</b>	<b>Total Operating Expenditure</b>	<b>706,251</b>	
<b>Income</b>			
(299,062)	Constituent Authority Recharges **	(706,251)	
<b>(299,062)</b>	<b>Total Operating Income</b>	<b>(706,251)</b>	
<b>0</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>0</b>	

\* The budget for External Advisor costs increased in 2020/21

\*\* These costs are funded equally by all eight LGPS Funds and are recharged on an annual basis.

##### 4.2 BALANCE SHEET

The Balance Sheet shows the assets and liabilities of the WPP as at 31 March 2021.

31st March 2020 (£)	Description	31st March 2021 (£)	Notes
<b>Current Assets</b>			
367,489	Short Term Debtors	381,767	3
<b>367,489</b>	<b>Total Current Assets</b>	<b>381,767</b>	
<b>Current Liabilities</b>			
(223,716)	Cash and Cash Equivalents	(188,185)	
(143,773)	Short Term Creditors	(193,582)	4
<b>(367,489)</b>	<b>Total Current Liabilities</b>	<b>(381,767)</b>	
<b>0</b>	<b>Total Net Assets</b>	<b>0</b>	

### 4.3 CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the WPP during the reporting period.

2019/20 (£)	Description	2020/21 (£)	Notes
<b>Cashflow from operating activities</b>			
0	Net (surplus) / deficit on the provision of services	0	
	Adjustments for:		
(228,978)	(Increase) in trade and other debtors	(14,278)	
132,841	Increase in trade and other creditors	49,809	
<b>(96,137)</b>	<b>Net Cash from operating activities</b>	<b>35,531</b>	
<b>Net (Increase) / Decrease in cash and cash equivalents</b>			
(127,579)	Cash & Cash Equivalents as at 1 April	(223,716)	
(223,716)	Cash & Cash equivalents as at 31 March	(188,185)	
<b>(96,137)</b>	<b>Cash and cash equivalents as at 31 March</b>	<b>35,531</b>	

## 5 NOTES TO THE ACCOUNTS

### 5.1 Statement of Accounting Policies

#### General

The Statement of Accounts summarises the transactions of the Wales Pension Partnership (WPP) for the 2020/21 financial year and its position at the year ended 31 March 2021. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### 5.1.1 Going Concern

The Financial Statements have been prepared on a going concern basis.

#### 5.1.2 Accruals of Income and Expenditure

Financial Statements have been prepared under the Accruals concept of accounting which requires that both income and expenditure must be recognised in the accounting periods to which they relate rather than on a cash basis.

**5.1.3 Cash and Cash Equivalents**

The WPP itself does not operate or control its own individual bank account. Carmarthenshire County Council in its role as the Host Authority administers all cash and cash equivalent transactions on behalf of the WPP.

**5.1.4 Provisions, Contingent Assets and Liabilities**

The WPP have not recognised any provisions, contingent assets or contingent liabilities in the accounts.

**5.1.5 Value Added Tax (VAT)**

Transactions are shown net of VAT, all VAT is accounted for by Carmarthenshire County Council.

**5.1.6 Employee Benefits**

Direct employees supporting the activities of the WPP are contractually employed by Carmarthenshire County Council, with additional support being provided by Carmarthenshire on a recharge methodology. Employee remuneration costs will be disclosed within the Financial Statements of Carmarthenshire County Council.

**5.2 Investments**

No investments are held directly with the WPP. The sub funds opened as part of the pooling arrangement sit within the financial statements of the respective pension funds. The Operator costs and other fees relating to these investments are shared between the eight LGPS Funds based on their individual percentage share of WPP assets and are deducted directly from the Net Asset Value (NAV). These are not cash transactions.

**5.3 Short Term Debtors**

2019/20 (£)	Description	2020/21 (£)
365,616	Constituent Authorities	380,854
1,873	Prepayments	913
<b>367,489</b>	<b>Total Short Term Debtors</b>	<b>381,767</b>

**5.4 Short Term Creditors**

2019/20 (£)	Description	2020/21 (£)
69,130	Trade Creditors	103,500
74,643	Accruals	90,082
<b>143,773</b>	<b>Total Short Term Creditors</b>	<b>193,582</b>

**5.5 Audit Costs**

In 2020/21 the WPP incurred the following fees relating to financial audit and inspection, payable to Audit Wales

2019/20 (£)	Description	2020/21 (£)
8,558	Audit Fees	2,590
<b>8,558</b>	<b>Total External Audit Fees</b>	<b>2,590</b>

**5.6 Related Party Transactions**

WPP is required to disclose material transactions between partners, bodies, individuals or related parties, that could potentially influence the decisions of the JGC or be influenced by the JGC. The WPP has arrangements in place requesting members and Officers to identify and disclose related party transactions. These interests are declared and assessed at the start of each JGC meeting.

Any transactions between parties outlined above will require disclosure to allow the users of these Financial statements to assess the extent to which the JGC's independence could potentially been impaired or influenced another party's ability to transact with the Committee.

During 2020/21 Carmarthenshire County Council, as Host Authority for the WPP raised debtor invoices to all eight LGPS pension funds to recover the running costs of the WPP, as detailed in the CIES. The tables below show the total value of transactions raised during 2020/21 and the debtor balances outstanding as at 31 March 2021.

2019/20 £	Description	2020/21 £
52,383	Cardiff & Vale of Glamorgan Pension Fund	88,281
32,383	Clwyd Pension Fund	88,281
32,383	Dyfed Pension Fund	88,281
32,383	Gwynedd Pension Fund	88,281
32,383	Powys Pension Fund	88,281
32,383	Rhondda Cynon Taf (RCT) Pension Fund	88,281
32,383	City and County of Swansea Pension Fund	88,281
52,383	Greater Gwent (Torfaen) Pension Fund	88,281
<b>299,062*</b>	<b>Total Related Party Transactions</b>	<b>706,251*</b>

\* Roundings

2019/20 £	Description	2020/21 £
72,170	Cardiff & Vale of Glamorgan Pension Fund	52,583
52,170	Clwyd Pension Fund	52,583
19,787	Dyfed Pension Fund	0
52,170	Gwynedd Pension Fund	52,583
32,383	Powys Pension Fund	52,583
52,170	Rhondda Cynon Taf (RCT) Pension Fund	52,583
32,383	City and County of Swansea Pension Fund	65,356
52,383	Greater Gwent (Torfaen) Pension Fund	52,583
<b>365,616</b>	<b>Related Party Transactions outstanding at year end</b>	<b>380,854</b>

Carmarthenshire County Council charged the WPP for administration and support services during 2020/21. Invoices have also been received from Gwynedd County Council for services they have provided in the form of translation services. The table below shows the value of these services and the creditor balances outstanding as at 31 March 2021.

Related Party Transactions - Creditors	Value of services provided during 2020/21 £	Balance outstanding as at 31 March 2021 £
Carmarthenshire County Council	137,655	0
Gwynedd County Council	7,999	1,717
<b>Total</b>	<b>145,654</b>	<b>1,717</b>

The Director of Corporate Services and the Monitoring Officer are both Senior Officers within Carmarthenshire County Council.

## 5.7 Prior Period Adjustment

No Prior Period adjustments were made during the financial year 2020/21.

## 6 GLOSSARY OF TERMS

The following section attempts to explain the meaning of some of those technical terms that are used in the Statements.

### ***Accrual***

An accrual is a sum shown in our accounts to cover income or expenditure for the accounting period that was not paid at the date of the balance sheet.

### ***Audit***

An audit is an independent examination of our activities.

### ***Balance***

The surplus or deficit on any account at any point in time.

### ***Balance Sheet***

This is a statement of our assets, liabilities and other balances at the end of the financial year.

### ***Budget***

A budget is a spending plan, usually for the following financial year.

### ***Creditor***

A creditor is someone to whom money is owed at the end of the financial year for work done, goods received, or services rendered.

### ***Current Assets***

These are short-term assets that are available for us to use in the following accounting year.

### ***Current Liabilities***

These are short-term liabilities that are due for payment by us in the following accounting year.

### ***Debtor***

A debtor is someone who owes money to us at end of the financial year.

### ***Financial Year***

This is the accounting period. For this committee it starts on 1 April and finishes on 31 March the following year.

### ***Gross Expenditure***

The total cost of providing the Host Authorities services before taking into account any income received

### ***Liability***

A liability is an amount due and payable at some time in the future.

**Prepayment**

A prepayment is a payment that has been made in advance, a payment which relates to a future accounting period.

**Provision**

Provisions are amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

**Variance**

The difference between actual expenditure and budget - expressed in cash or percentage terms.

**Audit Wales**

An independent body lead by the Auditor General for Wales who is responsible for the appointment of external auditors to local authorities.

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## WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

**DATE 28 JULY 2021**

### **SUBJECT**

### **HOST AUTHORITY UPDATE**

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

**To receive an update from the host authority**

### **REASONS:**

The host authority to provide a progress update in relation to the following key areas:

- Governance
- Ongoing establishment
- Operator services
- Communications and reporting
- Training and meetings
- Resources, budget and fees

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# **EXECUTIVE SUMMARY JOINT GOVERNANCE COMMITTEE**

**DATE 28 JULY 2021**

## **HOST AUTHORITY UPDATE**

### **BRIEF SUMMARY OF PURPOSE OF REPORT**

The WPP Business Plan for 2021/22 was approved by the JGC on 24 March 2021. A Quarter 1 update is attached showing WPP's progress in relation to the Workplan, Budget and Investments sections.

Work has continued to be developed in a number of key areas, including:

- Completing 2020/21 year-end closure of accounts
- Formulating the 2020/21 Annual Update
- Working with Robeco, the WPP's Voting and Engagement Service providers in finalising reporting requirements
- Operator Review - quarterly meetings continue to be held with the Host Authority, Link and Hymans Robertson
- Allocator Advisor procurement
- IAA – IAA addendum drafted by Burges Salmon to include the provision for a co-opted (non-voting) Scheme Member Representative on the JGC and an allocator appointment for the Private Markets sub funds
- OWG Sub-Groups:
  - Private Markets sub-group
  - Responsible Investment sub-group
  - Risk Register sub-group

Next Steps / Priorities:

- Formulate the 2020/21 Annual Report
- Become a signatory to the UK Stewardship Code
- IAA addendum – seek formal approval from all eight Constituent Authorities
- Scheme Member Rep – commence appointment process
- Launch of the Emerging Markets Sub-fund – 20 October 2021

- Development of Private Markets Sub-Funds:
  - September 2021 to February 2023 - Procurement of Private Debt, Private Equity and Infrastructure (x2) Allocators
  - 23 March 2022 – JGC to approve Allocator appointments
  - March 2022 to December 2022 – Private Debt, Private Equity and Infrastructure sub funds to be developed, approved and launched
- Operator Review:
  - progress report to be taken to the September 2021 OWG
  - report to be brought to the December 2021 JGC

Other key areas:

- Training – training sessions continue to be undertaken virtually
- Website – the website continues to be updated with relevant news and publications

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>YES</b>	Legal <b>NONE</b>	Finance <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>
<b>Policy</b> Policy and procedure documents will be formal documents for the Wales Pension Partnership.				

# 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**

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

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# Wales Pension Partnership Business Plan 2021-2022 Q1 Review

## Governance

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Appoint a Scheme Member Representative to the Joint Governance Committee</li> </ul>	In progress	IAA addendum to be approved by the Constituent Authorities
<ul style="list-style-type: none"> <li>Development of a WPP Rebalancing &amp; Alteration Policy</li> </ul>	In progress	
<ul style="list-style-type: none"> <li>Formulate a Responsibilities Matrix for WPP Sub-Funds</li> </ul>	In progress	
<ul style="list-style-type: none"> <li>Development of a WPP Whistleblowing Policy</li> </ul>		Planned for Q1 2022
<ul style="list-style-type: none"> <li>Develop 'Pre-sign-off Checklist Reports' for WPP Sub Funds</li> </ul>	In progress	
<ul style="list-style-type: none"> <li>Development of a WPP Business Continuity Plan</li> </ul>		Planned for Q1 2022
<ul style="list-style-type: none"> <li>Review of Inter Authority Agreement</li> </ul>	In progress	IAA addendum to be approved by the Constituent Authorities
<ul style="list-style-type: none"> <li>Annual review of WPP's policies and plans</li> </ul>	In progress	
<ul style="list-style-type: none"> <li>Quarterly reviews of the Risk Register</li> </ul>	In progress	

## Ongoing Establishment

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Launch of Emerging Market Sub-Fund</li> </ul>		Launch date delayed until October 2021
<ul style="list-style-type: none"> <li>Launch of Private Debt &amp; Infrastructure Sub-Funds</li> </ul>		Launch delayed until 2022-23
<ul style="list-style-type: none"> <li>Formulate the WPP's Property requirements and optimal means of implementation</li> </ul>		Discussions with Constituent Authorities to commence in Q3/Q4 2021
<ul style="list-style-type: none"> <li>Consultation with CAs on need for further sub-funds</li> </ul>	In progress	



### Operator Services

Work to be completed	Completed	Comments
• WPP Operator Oversight Framework	In progress	
• Review of Operator's contract	In progress	
• Review of Operator KPI reporting	In progress	
• Market Review of developments within the Operator market	In progress	
• Setting up and implementing a framework for monitoring the performance of Russell as investment advisors to Link	In progress	

### Communication, Training and Reporting

Work to be completed	Completed	Comments
• Formulation of the WPP's Annual Responsible Investment Progress Report	In progress	
• Formulation of the WPP's annual training plan		To be formulated in Q1 2021
• Formulation of the WPP's Annual Update	Yes	2020/21 Annual Update published in June 2021
• Formulation of the WPP's Annual Report	In progress	

## Investments and Reporting

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Development of Investment Manager performance reporting, including ESG metrics and climate change risk</li> </ul>	In progress	
<ul style="list-style-type: none"> <li>Finalise Voting &amp; Engagement Reporting Requirements</li> </ul>		Q3/Q4 2021
<ul style="list-style-type: none"> <li>Become a signatory to the UK Stewardship Code</li> </ul>	In progress	
<ul style="list-style-type: none"> <li>Formulate WPP Engagement Priorities and Implementation Framework</li> </ul>	In progress	
<ul style="list-style-type: none"> <li>Review the compatibility of WPP Sub-Fund Benchmarks with WPP's Responsible Investment and Climate Risk Beliefs</li> </ul>	In progress	
<ul style="list-style-type: none"> <li>Annual review of WPP's Cost Transparency Requirements</li> </ul>		Q3/Q4 2021
<ul style="list-style-type: none"> <li>Annual market benchmarking exercise of WPP Sub-Fund Investment Performance</li> </ul>	In progress	
<ul style="list-style-type: none"> <li>Consult with Constituent Authorities regarding minimum ESG/ RI standards and their climate ambitions</li> </ul>	In progress	

## Resources, budget and fees

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Annual review of resources and capacity</li> </ul>		To be reviewed in Q1 2022
<ul style="list-style-type: none"> <li>Formulation of Annual WPP Budget</li> </ul>		To be formulated in Q1 2022
<ul style="list-style-type: none"> <li>Review and Monitoring of Fees (including Link &amp; Russell)</li> </ul>	In progress	

## Training Plan

Training topics to be completed during 2021–2022 as per approved 2021-2022 Training Plan and progress to date:

	Completed	Comments
• Private Market – Asset Classes & Implementation	Yes – April 2021	
• Private Market – Fund Wrappers & Governance	Yes – April 2021	
• Responsible Investment Indices and Solutions	Yes – July 2021	
• Responsible Investment Reporting	Yes – July 2021	
• Performance Reporting & Manager Benchmarking		To be arranged
• Roles & Responsibilities within the ACS		To be arranged
• Good Governance		To be arranged
• Cost Transparency		To be arranged
• Progress of other LGPS Pools		To be arranged
• Collaboration Opportunities		To be arranged

All the above training that has taken place to date has been extended to Pension Committee and Pension Board members and all training sessions have been held virtually.

## Budget

### 2021-2022 Budget Monitoring Report:

	Budget 2021 – 2022 £000	Forecast 2021 – 2022 £000	Variances 2021 – 2022 £000
Host Authority *	182	180	2
External Advisors *	680	680	0
<b>TOTAL to be recharged</b>	<b>862</b>	<b>860</b>	<b>2</b>
Operator Services **	28,447	28,447	0
<b>TOTAL to be deducted from the NAV</b>	<b>28,447</b>	<b>28,447</b>	<b>0</b>

*\*Host Authority and External Advisor costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.*

*\*\*Operator Services costs are based on each Constituent Authority's percentage share of WPP assets (held with the Operator) and are deducted directly from the Net Asset Value (NAV) of the Constituent Authority's assets (held with the Operator).*

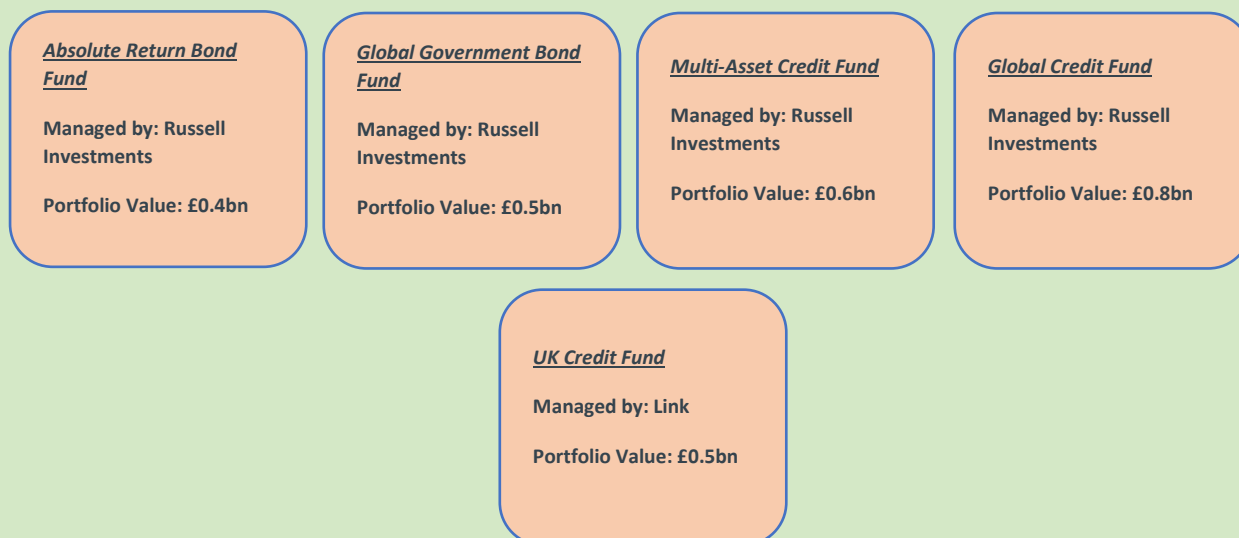
## Investments

### Equity Sub-Funds



- Emerging Markets sub-fund launch has been postponed to October 2021

### Fixed Income Sub-Funds



\* Portfolio Values as at launch date



Wales Pension Partnership  
<https://www.walespensionpartnership.org/>



## WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

**DATE 28 JULY 2021**

### **SUBJECT**

### **RISK REGISTER Q2 2021 REVIEW**

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

**To approve the amendments to the WPP Risk Register**

### **REASONS:**

The Wales Pension Partnership (WPP) Risk Register was formulated and approved by the JGC on 17 July 2020. The Officers Working Group (OWG) has carried out a quarterly review of the register, looking at the second half of the Governance and Regulation section, risks G.7 to G.12.

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# **EXECUTIVE SUMMARY**

## **JOINT GOVERNANCE COMMITTEE**

**DATE 28 JULY 2021**

### **RISK REGISTER Q2 2021 REVIEW**

#### **BRIEF SUMMARY OF PURPOSE OF REPORT**

The WPP has formulated a Risk Register which is the means by which risks are documented, managed and monitored. The purpose of the WPP Risk Register is to:

- Outline the WPP's key risks and factors that may limit its ability to meet its objectives
- Quantify the severity and probability of the risk facing the WPP
- Summarise the WPP's risk management strategies
- Monitor the ongoing significance of these risks and the requirement for further risk mitigation strategies

The initial Risk Register was approved by the JGC on 17 July 2020. The OWG is responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the JGC on a quarterly basis.

During the last quarter, a review has taken place of some of the risks within the Governance and Regulation section of the Risk Register, risks G.7 to G.12. The summary sheet attached summarises the review outcomes of each risk.

During the review two additional risks were identified and added to the Risk Register:

- G.13 - the risk of confidential/ commercially sensitive data being leaked, stolen or misplaced, and
- G.14 - the risk of the WPP failing to identify and taking measures to remedy malpractice

The OWG has a dedicated WPP Risk Sub-Group to take ownership of the WPP Risk Register and the quarterly review of this document. The next review will take place in Q3 2021 and will focus on the Training & Resources and Communication Risks.

**DETAILED REPORT ATTACHED?**

**YES**



## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>YES</b>	Legal <b>NONE</b>	Finance <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>
<b>Policy</b> The Risk Register is a formal document for the Wales Pension Partnership.				

# 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

Risk	Focus of the Risk	Target Risk Score	Current Risk Score	Current Status	Responsible Party	Comments
G.7	Unable to operate efficiently due to uncontrollable events	8	8		HA	<ul style="list-style-type: none"> <li>No material changes to the risk, the WPP has continued to work effectively despite COVID-19.</li> <li>The WPP will formulate a WPP Disaster Recovery Plan, this will be heavily influenced by the Host Authority's and Constituent Authorities' existing procedures.</li> <li>The Host Authority will also ask the WPP's key suppliers for their disaster recovery plans to ensure that they also have sufficient procedures in place.</li> </ul>
G.8	Governance arrangements result in inefficient management and decision making	8	4		Oversight Advisor	<ul style="list-style-type: none"> <li>The WPP has put in place numerous additional risk controls in the form of additional governance policies and procedures.</li> <li>The WPP is reviewing its IAA and the membership of its Joint Governance Committee, it is expected that this review process will result in minor changes to the WPP's governance arrangements.</li> <li>Once these changes have taken effect, the WPP will assess whether the changes have resulted in any short- or long-term inefficiencies, if no inefficiencies are identified the WPP will revise down the current risk score to 4.</li> </ul>
G.9	Difference of opinion/ or views cannot be reconciled	15	10		OWG	<ul style="list-style-type: none"> <li>This risk has been revised upwards in recognition of the potential for greater misalignment between the Constituent Authorities in relation to their local level climate risk/ responsible investment requirements and ambitions.</li> <li>The WPP is increasing its levels of consultation with the Constituent Authorities. The WPP has committed to carrying out an annual Constituent Authority Climate Risk/ Responsible Investment Consultation exercise, it has also formulated a WPP Responsible Investment Sub-Group which has at least one representative from each Constituent Authority.</li> <li>The WPP will review whether these two additional risk mitigations have been effective before considering whether the probability of this risk occurring should be revised down to a 2.</li> </ul>
G.10	Suppliers fail to deliver on their contractual commitments.	8	8		OWG	<ul style="list-style-type: none"> <li>The probability of this risk occurring has been revised downwards from 3 to 2, the risk score is now in line with target. The probability was revised downwards due to the time, resources and expertise that the Host Authority has allocated to frequent and extensive engagement with the WPP suppliers.</li> </ul>
G.11	Suppliers fail to enact the WPP's decisions in a timely and effective manner	12	8		OWG & Oversight Advisor	<ul style="list-style-type: none"> <li>The creation of WPP Sub-Groups has significantly reduced the probability of this risk occurring. The WPP believes that further action is required before the probability can be revised down from 3 to 2.</li> <li>The WPP will focus on effectively communicating the significance and required timeframes of a given request/ decision to its suppliers, with the intension of ensuring that critical decisions/ actions are effectively prioritised over the 'day to day' requests that suppliers are carrying out on behalf of WPP.</li> <li>In addition, the WPP is working with its Operator to improve the communication mechanisms for Sub-Fund launches.</li> </ul>
Page 67	Operator fails to deliver on its contractual obligations or stops providing Operator services	15	10		OWG	<ul style="list-style-type: none"> <li>No material changes to the scoring, however since the last review the WPP has put in place an Operator Workplan to monitor the various workstreams relating to Operator Oversight.</li> <li>The Host Authority, with support from its Operator Oversight Advisor, is continuing to have regular review meetings with the Operator.</li> <li>The main workstream currently being progressed during these review meetings is the formulation of an enhanced Operator Management Information Reporting Pack.</li> </ul>


G.13	Confidential/ commercially sensitive data is leaked, stolen or misplaced	10	10	👍	OWG	<ul style="list-style-type: none"> <li>• New risk created this quarter, the Risk was created to segregate out the difference risk posed by Confidential/ commercially sensitive data vs personal data breaches.</li> <li>• All CAs will be asked how they handle confidential/ commercially sensitive data at local level and what procedure they have in place.</li> <li>• The WPP will clearly mark any confidential/ commercially sensitive data that it is sharing, external advisors and providers will be asked to do the same.</li> </ul>
G.14	WPP's fails to identify and take measures to remedy malpractice	10	5	👎	OWG	<ul style="list-style-type: none"> <li>• New Risk for this quarter, additional risk mitigations are required to bring this risk in line with target. The WPP will:</li> <li>• Formulate a procedure that ensures that Personnel have the ability and means to flag any potential malpractice concerns</li> <li>• Produce a codified Whistleblowing Policy</li> <li>• Carry out ongoing training on identifying malpractice and how to safely raise malpractice concerns</li> <li>• Ensure there is enough resources and expertise available to investigate and deal with any potential cases</li> </ul>

## Governance & Regulation Risk

Risk Detail				Current Situation	Scoring			Management and Monitoring			
Risk & Nature of Risk	Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments
G.7	The WPP is unable to operate efficiently or carry out its duties due to uncontrollable events.	<ul style="list-style-type: none"> <li>WPP Personnel and/or key suppliers are unable to carry out work due to fire, extreme weather, epidemics.</li> <li>Key system, IT systems, communication methods and portals fail.</li> </ul> The WPP is unable to work efficiently, required work is not completed, key decisions are unable to be made. Potential financial loss to assets held within the WPP. Alongside, potential reputational risk or referral to Scheme Advisory Board, Pension Regulator or the MHCLG	WPP Personnel/ Suppliers and Advisors	<ul style="list-style-type: none"> <li>Host Authority has business continuity/ disaster recovery plan in place.</li> <li>Majority of Personnel and Advisors are able to work remotely</li> <li>Numerous communications mechanisms in place</li> <li>WPP Personnel are located across several geographical locations</li> <li>The Constituent Authorities have their own disaster recovery policies, plan and procedures in place at local level.</li> </ul>	Current				The Constituent Authorities currently have their own disaster recovery procedures however the WPP will formulate a WPP Disaster Recovery Plan, this will be heavily influenced by the Host Authority's and Constituent Authorities' existing procedures. The Host Authority will also ask the WPP's key suppliers for their disaster recovery plans to ensure that they also have sufficient procedures in place.	HA	The WPP has continued to work effectively despite COVID-19. JGC meeting can now be held virtually.
	Financial / Reputational				4	2	8				
G.8	The WPP's governance arrangements result in inefficient management and decision making.	<ul style="list-style-type: none"> <li>Failure to account for relevant guidance in relation to good governance/ best practice.</li> <li>Inability to follow existing governance structure and protocols.</li> <li>Inefficient delegation of duties and resources.</li> <li>Governance structure does not allow for sufficient time/ resources and debate on key decisions and matters.</li> </ul> The WPP is unable to work efficiently, required work is not completed, key decisions are unable to be made. Potential financial loss to assets held within the WPP. Alongside, potential reputational risk or referral to Scheme Advisory Board, Pension Regulator or the MHCLG.	OWG/ JGC/ Oversight Advisor	<ul style="list-style-type: none"> <li>Governance Structure in place and codified in the Inter Authority Agreement</li> <li>Use of tiered governance structure to assist in the prioritisation of key decisions</li> <li>Oversight Advisor in place to provide advice on governance structure</li> <li>Engagement with relevant bodies on good governance guidance and best practice</li> <li>Annual resource assessment to ensure governance structure can be adhered to</li> <li>Ongoing review of governance structure</li> <li>The WPP has a governance matrix in place which clearly outlines the different roles and decision-making responsibilities within the WPP</li> <li>The WPP Governance Manual outlines the WPP's governance arrangements, this document is continually reviewed to ensure that WPP's governance arrangements remain fit for purpose</li> <li>All the WPP's key decision-making bodies or working groups have their own terms of reference</li> <li>The WPP's Inter Authority Agreement, which is reviewed annually, provides extensive detail on the WPP's governance arrangements</li> <li>The WPP's governance structure focuses on giving decision making powers to the Constituent Authorities, with the aim of ensuring that decision making continues to focus on the needs and requirements of the Constituent Authorities.</li> </ul>	Current				The WPP is currently in the process of reviewing its IAA and the membership of its Joint Governance Committee, it is expected that this review process will result in minor changes to the WPP's governance arrangements. Once these changes have taken effect, the WPP will assess whether the changes have resulted in any short- or long-term inefficiencies, if no inefficiencies are identified the WPP will revise down the current risk score to 4.	Oversight Advisor	Q2 2022
	Operational / Reputational / Financial				4	2	8				
G.8	Operational / Reputational / Financial		Long Term		Target						
					4	1	4				

Risk Detail				Current Situation	Scoring			Management and Monitoring				
Risk & Nature of Risk		Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments
G.9	Difference of opinion/ or views within the WPP can not be reconciled.	<ul style="list-style-type: none"><li>• Different decision-making bodies are unable to come to an agreement. Conflicting interests and priorities of Constituent Authorities.</li><li>• Governance structure does not provide a mechanism or forum by which opinions and differences can be reconciled.</li><li>• Sub-optimal number of decisions makers/ opinion</li></ul>	The WPP is unable to agree on key decisions leading to delays, inefficiencies and alienation or breakup of stakeholders. Potential financial loss to assets held within the WPP and/ or reputational risk.	WPP Personnel/ Suppliers and Advisors	<ul style="list-style-type: none"><li>• High levels of communication between decision makers (and Constituent Authorities)</li><li>• Codified set of agreed/ united WPP objectives and beliefs</li><li>• Regular scheduled meetings, and ad hoc meetings if required, to facilitate the sharing and reconciliation of views</li><li>• Oversight Advisor in place to provide advice on governance structure</li><li>• Engagement with relevant bodies on good governance guidance and best practice</li><li>• Ongoing review of governance structure</li><li>• Democratic decision-making process in place</li><li>• Clear escalation process in place for obtain consent if mutual agreement cannot be reached</li></ul>	5	3	15		The WPP is aware that Climate Risk and Responsible Investment is an area which is constantly and quickly evolving and that the requirements/ needs of the Constituent Authorities are consequently changing significantly and frequently. The WPP is trying to reduce the probability of this risk occurring by increasing its levels of consultation with the Constituent Authorities. The WPP has committed to carrying out an annual Constituent Authority Climate Risk/ Responsible Investment Consultation exercise, it has also formulated a WPP Responsible Investment Sub-Group which meets every 6 weeks and has at least one representative from each Constituent Authority. The WPP will review whether these two additional risk mitigations have been effective before considering whether the probability of this risk occurring should be revised down to a 2.	OWG	The probability of this risk impacting the WPP has been revised upwards in recognition of the potential for greater misalignment between the Constituent Authorities and the WPP in relation to their local level climate risk/ responsible investment requirements and ambitions.
		Operational / Reputational / Financial		Medium Term				5		2	10	
G.10	WPP suppliers fail to deliver on their contractual commitments.	<ul style="list-style-type: none"><li>• Lack of a suitable supplier monitoring framework.</li><li>• Insufficient competition amongst suppliers.</li><li>• Unsuitable/ undeliverable contractual terms agreed.</li><li>• Poor communication with suppliers on the WPP's requirements and expectations.</li></ul>	The WPP work in progress goes uncompleted or is delayed. The requirements of the WPP's stakeholders are not met. The WPP makes inappropriate decisions which could result in financial loss, inefficiencies, reputational risk.	Oversight Advisor/ OWG	<ul style="list-style-type: none"><li>• Legal Advisor in place to review contractual terms and commitments</li><li>• Regular service delivery meetings held</li><li>• Regular procurement and reappointment exercises carried out to ensure competition</li><li>• The WPP has formulated contracts that have natural break or exit points and minimal exit fees</li><li>• The WPP has a shortlist of reputable replacement suppliers, via the LGPS National Framework Lots, who can step in if required</li><li>• The Host Authority has expertise in contract and relationship management</li></ul>	4	2	8			OWG	The probability of this risk occurring has been revised downwards from 3 to 2, the risk score is now in line with target. The probability was revised downwards due to the time, resources and expertise that the Host Authority has allocated to frequent and extensive engagement with the WPP suppliers.
		Operational / Reputational / Financial		Medium Term				4		2	8	

Risk Detail				Current Situation	Scoring			Management and Monitoring				
Risk & Nature of Risk		Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments
G.11	WPP suppliers fail to enact the WPP's decisions in a timely and effective manner.	<ul style="list-style-type: none"><li>•Poor communication with suppliers on the WPP's requirements and expectations.</li><li>•Lack of resources at suppliers.</li><li>•Relevant suppliers have overwhelming and/or conflicting priorities.</li><li>•Lack of engagement or attendance from relevant suppliers.</li><li>•Decision made are not picked up in a timely manner.</li></ul>	The WPP work in progress goes uncompleted or is delayed, which could result in financial loss or inefficiencies. The requirements of the WPP's stakeholders are not met.	Oversight Advisor/ OWG	<ul style="list-style-type: none"><li>• Regular service delivery meetings held</li><li>• Regular procurement and reappointment exercises carried out to ensure competition</li><li>• Designated Oversight Advisor in place</li><li>• Intensive engagement protocols with relevant suppliers</li><li>• Intensive engagement protocols with relevant suppliers</li><li>• The monthly WPP Practitioners meeting is a forum in which any issues can be raised and then escalated at the Pool level</li><li>• The addition of sub-groups to the WPP's governance arrangements has create additional forums in which the WPP has more time to challenge and follow up with suppliers</li></ul>	4	3	12		The creation of WPP Sub-Groups has significantly reduced the probability of this risk occurring. However, the WPP believes that further action is required before the probability can be revised down from 3 to 2. The WPP will focus on effectively communicating the significance and required timeframes of a given request/ decision to its suppliers, with the intension of ensuring that critical decisions/ actions are effectively prioritised over the 'day to day' requests that suppliers are carrying out on behalf of WPP. In addition, the WPP is working with its Operator to improve the communication mechanisms for Sub-Fund launches.	OWG & Oversight Advisor	
	Operational / Financial		Medium Term			4	2	8			Q2 2022	
G.12	The WPP's Operator fails to deliver on its contractual obligations or stops providing Operator services due to exiting the market or regulatory restrictions.	<ul style="list-style-type: none"><li>•Operator is not adequately resourced.</li><li>•Operator does not put sufficient performance/risk reporting systems in place.</li><li>•The Operator does not have the resources/ expertise to carry out Manager monitoring, fee negotiations, facilitate vehicles &amp; establishment services.</li><li>•The Operator does not put in place sufficient checks and balances to ensure compliance with all relevant regulations.</li><li>•The Operator lacks the ability or regulatory approval to provide Depositary and Custody services (via ACS).</li><li>•Insufficient monitoring of appointed entities for fund administration &amp; transfer agency (Northern Trust).</li><li>•The Operator fails to put in place suitable Risk Management (RM), including: RM policy, procedures and mitigation strategies.</li><li>•The Operator is not adequately resourced to provide adequate relationship management and service delivery.</li></ul>	The WPP assets held within the Operator ACS are put at risk. A number of the WPP's contracts are broken, as these are currently mandated via the Operator. The WPP is unable to work efficiently, required work is not completed, sub-funds are unable to be managed or launched.	Oversight Advisor/HA/ OWG/ Legal Advisor	<ul style="list-style-type: none"><li>• Designated Operator Oversight Advisor in place</li><li>• Intensive engagement protocols with Operator</li><li>• Operator Oversight Framework currently in development</li><li>• Engagement with the wider Operator market (and other suitable suppliers) is built into the WPP business plan</li><li>• The WPP has formulated contracts that have natural break or exit points and minimal exit fees</li><li>• The WPP has put in place an Operator Workplan to monitor the various workstreams relating to Operator Oversight</li><li>• The FCA maintains a list of replacement ACS Operators which could step in if the WPP's Operator were to exit the market</li></ul>	5	3	15		The OWG is continuing to monitor any developments resulting from the FCA's review of the ACD Operator market. The OWG recognises the resource strain this review places on the Operator. The Host Authority, with support from its Operator Oversight Advisor, is continuing to have regular review meetings with the Operator. The main workstream currently being progressed during these review meetings is the formulation of an enhanced Operator Management Information Reporting Pack.	OWG	The OWG will ask the Operator for an update on the progress of the takeover bids that their parent company has received.
	Financial / Operational		Short Term			5	2	10			Q2 2022	
G.13	The WPP's confidential/ commercially sensitive data is leaked, stolen or misplaced.	<ul style="list-style-type: none"><li>•Lack of adequate procedures.</li><li>•Insufficient knowledge of best practice</li><li>•A lack of suitable systems and IT solutions to facilitate and assist in the storing and maintenance of confidential/ commercially sensitive data</li><li>• Misunderstanding if a piece of information is confidential/ commercially sensitive</li><li>• Not clearly stating which audience can see certain confidential/ commercially sensitive data</li><li>• Failure to clearly label information as being confidential/ commercially sensitive</li></ul>	The WPP faces financial losses as a result of other external parties act on data which they should not have sight or access too. There is also the risk that this data breach results in a negative reputational impact to the WPP.	OWG/ CAS	<ul style="list-style-type: none"><li>•Ongoing training</li><li>•Appropriate level of expertise in place at Host Authority</li><li>• The WPP asks and check what procedures and security measures the CA have in place a local level</li><li>• The WPP will clearly identify documents/ emails and other materials which contain confidential/ commercially sensitive data</li><li>• When confidential/ commercially sensitive data suitably secure methods of information sharing are used</li><li>• The sharing and distributions of confidential/ commercially sensitive data is limited in all instance and is only done so if absolutely essential</li><li>• External advisors and provider are informed and expected to follow the WPP's own procedures in relation to this matter</li></ul>	5	2	10		N/A	OWG	All CAs to be asked how they handle confidential/ commercially sensitive data at local level and what procedure they have in place. The WPP will clearly mark any confidential/ commercially sensitive data that it is sharing, external advisors and providers will be asked to do the same.
	Financial/ Reputational		Medium Term			5	2	10			Q2 2022	

Risk Detail				Current Situation	Scoring			Management and Monitoring				
Risk & Nature of Risk		Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments
G.14	The WPP's fails to identify and take measures to remedy malpractice	<ul style="list-style-type: none"><li>•Failure to encourage a culture of openness in which personnel feel comfortable to flag any potential cases of malpractice</li><li>•Not having suitable mechanisms in place to protect any member of personnel, who reports a potential issue, from victimisation or unfair prosecution</li><li>•An inability to put in place and adhere to an effective Whistleblowing Policy.</li></ul>	The WPP is negatively impacted by malpractice which may include fraud, corruption, illegal activities or unethical behaviour. The malpractice may result in financial losses, fines, legal action or negative reputational impacts.	WPP Personnel/ Suppliers and Advisors	<ul style="list-style-type: none"><li>• The WPP has adopted a governance framework with several checks and balances which are designed to limit the potential for malpractice to occur</li><li>• Multiple means of communication are in place within the WPP with a view to encouraging information sharing and the ability to flag any potential concerns</li><li>• Monitoring officer in place at the Host Authority</li><li>• The WPP has a Conflict or Interest Policy in place</li></ul>	5	2	10		<p>The WPP will:</p> <ul style="list-style-type: none"><li>•Formulate a procedure that ensures that Personnel have the ability and means to flag any potential malpractice concerns</li><li>•Produce a codified Whistleblowing Policy which outlines how the WPP will protect any who 'blows the whistle' , while also assuring that their job security is not impacted by their flagging/ highlighting of potential malpractice</li><li>•Carry out ongoing training on identifying malpractice and how to safely raise any potential malpractice concerns</li><li>•Ensure that there is enough resources and expertise available to investigate and deal with any potential cases of malpractice</li><li>•Continue to encourage an environment in which all personnel are encouraged to speak freely and openly</li></ul>	OWG	The formulation of a Whistleblowing Policy has been added to the WPP Business Plan. The OWG will be responsible for drafting this policy and taking it to the JGC, for its approval.
	Financial/ Reputational	<ul style="list-style-type: none"><li>•Lack of adequate procedures</li><li>•Insufficient knowledge of best practice</li><li>•Poor or insufficient communication mechanisms</li><li>•Not allocating enough time or resources to the investigation of potential malpractice</li></ul>	Short Term	5		1	5	Q2 2022				





## WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

**DATE 28 JULY 2021**

### **SUBJECT**

### **ANNUAL POLICY REVIEWS**

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

**To approve the updated:**

- **Conflict of Interest Policy**
- **Risk Policy**
- **Climate Risk Policy**

### **REASONS:**

The JGC approved the existing Conflict of Interest Policy, Risk Policy and Climate Risk Policy in July 2020. These policies have now been reviewed by the OWG and the updated policies require approval by the JGC.

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**EXECUTIVE SUMMARY**  
**JOINT GOVERNANCE COMMITTEE**

**DATE 28 JULY 2021**

**ANNUAL POLICY REVIEWS**

**BRIEF SUMMARY OF PURPOSE OF REPORT**

The Wales Pension Partnership (WPP) have approved several policies / plans which are to be reviewed on an annual basis. In July 2020 the JGC approved the Conflict of Interest Policy, the Risk Policy and the Climate Risk Policy.

The Conflict of Interest Policy outlines how conflicts are identified, managed and monitored. This policy has been reviewed by the OWG and amended to include further detail on the evaluation process that will be carried out by the Host Authority and reviewed by the OWG. Furthermore, the Policy now articulates the importance of training in helping the WPP identify potential Conflicts of Interest before they have a chance to have a negative impact.

The Risk Policy outlines the WPP's beliefs and objectives in relation to risk, it details its strategy in relation to how risks are identified, managed and monitored. The OWG have undertaken an annual review of this policy. The review provides additional detail on the role of the WPP Risk Sub-Group and quarterly review process of the WPP Risk Register. In addition, the Policy gives special recognition to the materiality of investment risk, including Climate Risk.

The third policy to be reviewed by the OWG during this quarter is the Climate Risk Policy which sets out WPP's approach to addressing the requirements of the Constituent Authorities in regard to climate related risks and the monitoring of these risks. The review of the policy adds additional points on the role of the WPP in being a facilitator of Climate related solutions that the Constituent Authorities require to meet their local investment strategy. Importantly the Policy emphasises the importance of collaboration and the Constituent Authorities desire to agree a Pool wide 'Climate Goal' on an annual basis.

If approved, these policies will be updated on the WPP website.

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>YES</b>	Legal <b>NONE</b>	Finance <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>
<b>Policy</b> The Conflict of Interest Policy, Risk Policy and Climate Risk Policy are all formal documents of the Wales Pension Partnership.				

## 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**

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

## Conflicts of Interest and Procedure Policy (“Policy”)

### Introduction

1. This policy sets out principles which the Joint Governance Committee (“JGC”), Officer Working Group (“OWG”), Host Authority, collectively referred to as “WPP Personnel”, alongside advisors and suppliers (“Providers”) are expected to follow for the purpose of identifying, managing and monitoring conflicts of interest in relation to their duty they carry out for the Wales Pension Partnership (“WPP”).
2. The Constituent Authorities of the WPP have always had to identify, manage and monitor conflicts of interest. The process of Local Government Pension Scheme (“LGPS”) pooling has resulted in the Wales Pension Partnership also having to deal with the existence of conflicts of interests. This simply reflects the fact that WPP Personnel and Providers will have a variety of other roles and responsibilities.
3. The WPP has a fiduciary and legal duty to act in the best interest of the WPP’s stakeholders and beneficiaries, but this does not preclude WPP Personnel and Providers from having other roles or responsibilities which may result in a conflict of interest. It is important that good governance principles are followed and that a conflict of interest and procedure policy, such as this, is put in place to outline how conflicts are identified, managed and monitored.
4. WPP’s objective in preparing and implementing this policy is to be able to:
  - 4.1 demonstrate its commitment to identifying, managing and monitoring conflicts of interest.
  - 4.2 adherence to the WPP’s belief that good governance and transparency will deliver superior outcomes for WPP stakeholders.
  - 4.3 continue the WPP’s creation of a decision making and governance framework that is focussed on achieving the best outcomes for the WPP’s stakeholders.
5. The WPP has adopted a definition of conflicts of interest which includes potential, perceived and actual conflicts. The WPP understands that it may not be possible to identify, manage and monitor all potential and perceived conflicts of interest, however it will endeavour to where possible.
6. WPP recognises that a failure to manage conflicts of interest poses material risks to the WPP, the consequences of which may include decisions that are not in the best interests of the WPP’s stakeholders, the WPP’s reputation being negatively impacted and/or referral to regulatory bodies. There are a number of factors that need to be monitored and managed to allow for the successful implementation of this policy, these include:
  - 6.1 Effective communication of the responsibilities outlined in this policy.
  - 6.2 Clear Identification and ownership of the roles outlined in this policy.
  - 6.3 Suitable training and understanding of the roles and responsibilities outlined in this policy.
7. This Policy is designed to provide guidance to WPP Personnel and Providers, its aim is to ensure that WPP Personnel and Providers do not act improperly. This policy has been developed by the WPP in consultation with the Constituent Authorities. A list of WPP Personnel and Providers is publicly available on the WPP website.
8. This Policy is reflective of the WPP’s belief that good governance and greater transparency will improve decision-making and deliver superior outcomes for the WPP’s stakeholders. The WPP must try to be

aware of conflicts of interest and have procedures in place to manage them. This Policy outlines the procedures that WPP have adopted to do this.

9. The Host Authority will be responsible for monitoring conflicts of interest and ensuring that all WPP Personnel and Providers are aware and follow this policy. The Host Authority will collate declarations of conflicts and maintain a conflict of interests register.
10. The WPP recognises that training and education is critical in achieving good outcomes and will allocate resources to ensure that it undertakes regular training and education on identifying, managing and monitoring conflicts of interest.
11. This Policy is focused solely on conflicts of interest that may arise from the work that WPP Personnel or Providers carry out on behalf of the WPP. The WPP's Constituent Authorities remain responsible for managing conflicts of interest that WPP Personnel or Providers may encounter when carrying out work at a Constituent Authority level. Alongside meeting the requirements and expectations of this Policy, WPP Personnel and Providers should continue to adhere to any other conflict of interest management policies that they are subject to, this may include Constituent Authority or company policies and other relevant codes of conducts.
12. The WPP's Conflicts of Interest and Procedure Policy will be formally reviewed by the OWG, and updated if required, on an annual basis. However, the Policy may be reviewed or amended more frequently if the WPP needs to take account of relevant guidance or regulations.

#### **Definition & Interpretation**

13. The WPP has adopted the Public Service Pensions Act 2013's definition of a conflict of interest, which states that a conflict of interest is a financial or other interest which is likely to prejudice a person's exercise of functions.
14. The WPP recognises that a conflict of interest may be present when WPP Personnel or a Provider has a responsibility or fiduciary duty in the operation, decision making process or management of the WPP but also has:
  - 14.1 A separate personal or corporate interest, which can be financial or non-financial in nature.
  - 14.2 Another connection to the matter that may provide a possible conflict with their primary responsibility to the WPP. This interest could arise through association and may stem from a family member or colleague having an obligation or interest.

#### **Policy and Procedure**

15. For this Policy to work WPP Personnel and Providers have agreed that they must:
  - 15.1 acknowledge conflict of interest they may have;
  - 15.2 be open with each other on any conflicts of interest they may have;
  - 15.3 adopt practical solutions; and
  - 15.4 plan ahead and manage any conflicts of interest which arise.

16. The WPP has adopted the following procedure to gain full transparency and allow for the detailed record-keeping of any conflicts of interest within the WPP:
  - 16.1 All WPP Personnel will provide on appointment, and once each year thereafter, a declaration of interest form which will be stored and made easily available to all WPP Personnel if requested. WPP Personnel need to inform the Host Authority if there are any changes to the information contained in their declaration.
  - 16.2 At the beginning of JGC meetings, Members have to formally declare their conflicts of interest. Other WPP Personnel and Providers will also have to declare any conflicts relating to any of the meeting's agenda items.
  - 16.3 WPP Personnel who feel that they, or another member of the WPP community has a conflict of interest on a particular topic must advise the Monitoring Officer, so that advice can be sought. The conflict of interest and the action taken will be recorded in the minutes.
  - 16.4 At the beginning of each OWG meeting, OWG Officers in attendance have to declare if their declarations have changed since their last submitted declaration of interest forms.
  - 16.5 WPP Personnel who feel that they, or another member of the WPP community has a conflict of interest that has arisen between meetings must advise the Host Authority at the earliest opportunity. Following this, the Host Authority should be provided with an updated declaration of interest form.
  - 16.6 The WPP's Providers are required to provide the Host Authority with details of their conflict management procedures or their professional code of practice. Providers will be provided with a copy of this Policy upon appointment.
  - 16.7 Providers to the WPP are required to disclose to the Host Authority any conflict of interest that may arise, including any related third-party engagements.
17. Upon identifying any conflicts of interest, the Host Authority will carry out an evaluation process, which will be reviewed by the OWG. The evaluation process will assess the potential severity of the impacts that could result if the chosen conflict is not suitably managed. Following the evaluation process the WPP will classify the conflict based on its nature and its potential impact severity. The WPP will make use of a three-level severity scale, a conflict be classified as either low, medium or high risk.
18. The WPP will seek to manage conflicts of interest in a fair and balanced way. The WPP has put in place a four-stage escalation process to effectively manage any conflicts of interest that have been identified as requiring further management:
  - 18.1 The WPP may request further detail on the relevant conflict of interest to ensure that its nature and potential impact is fully understood.
  - 18.2 If required, the WPP will ask the relevant Personnel or Provider to abstain or voluntarily exclude themselves on the matter over which they are conflicted.
  - 18.3 If the relevant Personnel or Provider is unwilling to abstain or exclude themselves then the WPP will ensure that the relevant Personnel or Provider is excluded from the matter over which they are conflicted.
  - 18.4 If all previous endeavours fail, the WPP may ask the relevant WPP Personnel or Provider for their resignation.

19. The WPP's four-stage escalation process will be suitable in most instances. However, there may be situations where an element of flexibility is required, in these instances the WPP will use its discretion to ensure the swift and effective management of the relevant conflict. For example, it may be apparent from the outset, that the conflict of interest can only be managed effectively through the resignation of the relevant WPP Personnel or Provider.
20. The WPP recognises that its decision-making process and structure has a significant influence on a conflict of interest's ability to impact the WPP. The WPP regularly reviews and receives training on its decision-making processes, with the intention of identifying aspects that may provide an environment for conflicts of interest to take place and negatively impact the WPP.
21. In particular, the WPP has identified unconscious biases, such as anchoring, as a way in which conflicts of interest can subtly impact the WPP's decision making process. The WPP believes that awareness of and training on unconscious biases will help alleviate their ability to foster conflicts of interest within the WPP's decision making processes.

### **Guidance and Legislation**

22. The WPP notes that no specific government legislation on managing the conflicts of interest that may result for the pooling of LGPS has been provided to date. However, in formulating this Policy the WPP has considered and incorporated the following guidance and regulation.
23. The Public Service Pensions Act 2013 is focussed on Pension Boards, however in formulating this Policy the WPP has extrapolated the following guidance from the Act, the WPP must be;
  - 23.1 Satisfied, that on appointment, WPP Personnel do not have a conflict of interest that cannot be adequately managed and monitored.
  - 23.2 Satisfied from time to time that no WPP Personnel has a conflict of interest that cannot be adequately managed and monitored.
  - 23.3 Requiring WPP Personnel, or a soon to be appointed individual, to provide the WPP with such information as reasonably required for the WPP to be satisfied of points 23.1 and 23.2.

Please note that regulation 108 of the Local Government Pension Scheme Regulations 2013 applied the requirements of the Public Service Pensions Act to the LGPS.

24. The WPP will continue to engage with the Ministry of Housing, Communities & Local Government ("MHCLG") and Scheme Advisory Board and take account of any relevant guidance in relation to conflicts of interest and the effective management of these. The WPP will update this policy when required to ensure that it is in keeping with relevant guidance.
25. The WPP recognises that Constituent Authority elected Members must give due considerations of 'The Public Services Ombudsman for Wales' Ten Guiding Principles' when carrying out their designated role. In line with Welsh National Assembly guidance, the WPP expects all WPP Personnel to be aware of the ten principles and to recognise the importance and significance of these principles when carrying out work on behalf of the WPP. The WPP has considered these principles when formulating this Policy and notes the importance of WPP Personnel adopting these principles:
  - 25.1 Selflessness
  - 25.2 Honesty
  - 25.3 Integrity and Propriety



25.4 Duty to Uphold the Law

25.5 Stewardship

25.6 Objectivity in Decision-making

25.7 Equality and Respect

25.8 Openness

25.9 Accountability

25.10 Leadership

26. The Pensions Regulator produced a Conflicts of Interest Guidance document, the WPP recognises that this guidance has been formulated with regards to Pension Boards, however the general principles and guidance have been considered in the development of this Policy. The Regulator's Conflicts of Interest Guidance document has been issued to all WPP Personnel and is available through the WPP's online document storage facility.

27. The Chartered Institute of Public Finance & Accounting report on Investment Pooling Governance Principles for LGPS Administering Authorities noted that the introduction of LGPS pooling would have a material impact of the roles carried out by LGPS committee members, representatives, officers and advisors. The Report highlights the need for conflict of interest policies to be updated to reflect the new conflicts that may arise from LGPS pooling. The WPP expected its Personnel to proactively notify their Constituent Authority of any new conflicts that may arise from their WPP activities. Furthermore, the WPP has considered the new conflicts that may arise from LGPS pooling in formulating this policy and has sought to enact policies and procedures that will manage these conflicts.

#### **Further Information**

28. If you require any further details on the WPP's Conflict of Interest and Procedure Policy, please contact [walespensionpartnership@carmarthenshire.gov.uk](mailto:walespensionpartnership@carmarthenshire.gov.uk).

***Version 2.0***

***June 2021***

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## WPP Risk Policy (the “Policy”)

### Introduction

- 1 The Wales Pension Partnership (“WPP”) is the pooling arrangement for the assets of the eight Welsh Local Government Pension Scheme funds (“Constituent Authorities”).
- 2 The Wales Pension Partnership (“WPP”) recognises that it faces numerous risks which if left unmanaged can limit the WPP’s and Constituent Authorities ability to meet their objectives and to act in the best interest of its stakeholders and beneficiaries.
- 3 WPP’s objective in preparing this policy is to outline:
  - 3.1 How the WPP views risks, its attitude to risk and the extent to which risk is accounted for in its governance and decision-making processes;
  - 3.2 The means by which the WPP identifies, classifies and measures the potential impact of risks;
  - 3.3 How risks are managed and mitigated;
  - 3.4 The mechanisms and procedures in place to monitor risks; and
  - 3.5 The process by which the effectiveness and development of risk mitigation strategies are reviewed.
- 4 This policy applies to the Joint Governance Committee (“JGC”), Officer Working Group (“OWG”), Host Authority, collectively referred to as “WPP Personnel”, alongside advisors and suppliers (“Providers”). The WPP recognises that all WPP Personnel and Providers have a role to play in identifying, understanding, managing and monitoring potential and actual risks facing the WPP.
- 5 This policy is reflective of the WPP’s belief that good governance and greater transparency will improve the decision-making process and deliver superior outcomes for WPP stakeholders. The WPP must endeavour to be aware of all risks facing the WPP and have procedures in place to manage them.
- 6 The WPP recognises that training and education is critical to achieving good outcomes and will allocate resources to ensure that it undertakes regular training and education on identifying, managing and monitoring risk.
- 7 This policy is focused solely on the risks that may arise from the work that WPP Personnel or Providers carry out on behalf of the WPP. The WPP’s Constituent Authorities remain responsible for managing risks at a Constituent Authority level. Alongside meeting the requirements and expectations of this policy, WPP Personnel and Providers should continue to adhere to any other risk policies that they are subject to, this may include Constituent Authority or company policies and other relevant codes of conducts. This policy has been developed by WPP in consultation with the Constituent Authorities.
- 8 In maintaining and acting on this policy, the WPP will have an ongoing dialogue with any relevant suppliers. The WPP will also seek input from third parties where appropriate.
- 9 The Policy will be formally reviewed by the WPP’s Risk Sub-Group and OWG, and updated if required, on an annual basis. However, the Policy may be reviewed or amended more frequently to take account of relevant guidance or regulations. The Policy will be an annual JGC agenda item, while the WPP’s Risk Register (covered from Point 25 onwards) will be a quarterly JGC agenda item.

## **Beliefs**

- 10 The WPP is aware that some risks cannot be fully mitigated, it recognises the need to embrace risk and ensure that it is actively and effectively managed.
- 11 The WPP recognises that risk management is a critical element of its commitment to good governance as such the WPP will develop and adhere to a structured, extensive and robust risk strategy. This strategy will be imbedded into the WPP's governance framework to ensure better decision-making, improved outcomes for stakeholders and greater efficiency.
- 12 Effective identification, understanding, management and monitoring of risks will allow the WPP to:
  - 12.1 Minimise the probability of failing to meet its objectives;
  - 12.2 Demonstrate its commitment to good governance;
  - 12.3 Limit the extent to which it is impacted by unpredictable or adverse developments;
  - 12.4 Correctly balance opportunities and risk;
  - 12.5 Be better informed in its decision-making; and
  - 12.6 Achieve better outcomes for its stakeholders.
- 13 To deliver on its objectives, the WPP needs to carry out activities or seize opportunities that subject it to significant levels of risk. The success of WPP will to an extent, depend on its ability to effectively balance risk and return.
- 14 The WPP believes that risks are fluid in nature and that the severity and probability of risks can change rapidly and without fair warning. This highlights the need for the Policy to anticipate and deal with changes in a swift and effective manner to minimise potential loss or harm to the WPP and its stakeholders.
- 15 It's critical that prior to making decisions, the WPP understands the associated risks and considers the means by which these risks could be managed.

## **Objectives**

- 16 The primary objectives for WPP are:
  - 16.1 To provide pooling arrangements which allow individual funds to implement their own investment strategies (where practical);
  - 16.2 To achieve material cost savings for participating funds while improving or maintaining investment performance after fees;
  - 16.3 To put in place robust governance arrangements to oversee the Pool's activities;
  - 16.4 To work closely with other pools in order to explore the benefits that all stakeholders in Wales might obtain from wider pooling solutions or potential direct investments; and
  - 16.5 To deliver an investment framework that achieves the best outcomes for its key stakeholders; the Constituent Authorities. The Constituent Authorities will be able to use this framework to deliver the best outcomes for their Scheme Members & Employers.

- 17 The greatest risk to the WPP's continued operation is its ability to deliver on its primary objectives, if the WPP is unable to deliver investment performance, opportunities and cost savings for its Constituent Authorities, within a robust governance framework the WPP risks:
- 17.1 Constituent Authorities declining to participate in the WPP and invest their assets with the WPP
  - 17.2 A cultural drift or misalignment occurring between the WPP and its Constituent Authorities which may result in the Constituent Authorities opting to withdraw from the WPP
  - 17.3 Government intervention which may force the WPP to cease operations
- 18 In recognition of the unique and critical nature of the risks outlined in points 16 and 17 the WPP has taken additional steps to manage these risks. Alongside this policy, the WPP Business Plan is the means by which the WPP gives special recognition to these risks and the actions required to manage them. The WPP's Business Plan is reflective of the WPP's need to:
- 18.1 Provide a diverse and attractive set of investment opportunities to the Constituent Authorities
  - 18.2 Manage and monitor investment risk, including Climate Risk
  - 18.3 Deliver improved investment performance after fees
  - 18.4 Facilitate broader cost savings to the Constituent Authorities
  - 18.5 Provide effective and robust governance arrangements
- 19 During the course of the WPP Business Plan the follow actions will be prioritised to mitigate the risk of the WPP failing to meet these needs:
- 19.1 Further sub-funds will be launched
  - 19.2 Providing regular Climate Risk reporting and embracing investment solutions which enable the WPP to effectively mitigate climate risk exposure
  - 19.3 Best in class investment manager performance and risk reporting will be developed
  - 19.4 The continued investigation of cost saving opportunities
  - 19.5 Further development of the WPP's governance arrangements
- 20 The WPP also recognises the significant risk posed by its reliance on its Operator. The WPP Business Plan's commitment to formulating an Operator Oversight Framework is recognition of the need to take additional steps to manage this risk.

### **Risk Strategy**

- 21 The WPP's risk strategy is focussed on putting it place mechanisms and process that allow it to identify, understand, manage and monitor risk. The strategy is not only concerned with risks relating to the WPP's current activities but also those carried out in the past or to be carried out in the future.
- 22 As part of its risk strategy the WPP will carry out following:
- 22.1 Risk Identification
  - 22.2 Risk Understanding
  - 22.3 Risk Management

## 22.4 Risk Monitoring

- 23 The WPP recognises the need to ensure that its risk strategy is:
  - 23.1 Effectively communicated and fully understood by WPP Personnel and Providers
  - 23.2 Integrated into all WPP processes, procedures and activities
  - 23.3 Adaptable, innovative and effective
- 24 The JGC will be responsible for ensuring that the WPP's risk strategy is carried out and adhered too. However, all WPP Personnel and Providers have an individual duty to identify, understand, manage and monitor any potential risks to the WPP. The WPP has established a dedicated Risk Sub-Group to ensure that WPP has sufficient time to manage and review its approach to risk.
- 25 The WPP Risk Sub-Group meets quarterly and is responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the OWG and JGC on a quarterly basis.
- 26 The Risk Sub-Group has a vital role in proactively identifying new risks and assessing the effectiveness of existing or requirements for additional risk mitigation measures. The Sub-Group puts forward recommendations, to the OWG, on what actions should be taken to further mitigate or manage risks, the group is not responsible for enacting the recommended actions.

### Identification and Understanding

- 27 The WPP's risk identification is focussed on identifying exiting risks and risks which may materialise in the future. A proactive approach to identifying future risk will allow the WPP to be proactive as opposed to reactive, this should ensure more efficient risk management.
- 28 The WPP uses the following to identify risks:
  - 28.1 A detailed risk assessment exercise carried out by the Risk Sub-Group and OWG
  - 28.2 Feedback and communication with WPP's stakeholders
  - 28.3 Internal or external audit exercises
  - 28.4 Regular meetings, conversations and consultations with other LGPS Pools, the Scheme Advisor Board and the Ministry of Housing, Communities and Local Government.
  - 28.5 An annual review of the WPP's performance towards its long-term objectives
  - 28.6 Formulation of the WPP's Annual Business Plan

The WPP recognises that methods other than those outlined above can be an effective means of identifying risks and the WPP will look to employ these alternative methods if required.
- 29 Once a risk has been identified the WPP will seek to understand the risk and its potential impacts. As part of this process the WPP will:
  - 29.1 Classify the nature of the risk
  - 29.2 Identify the cause of the risk
  - 29.3 Outline the potential impacts of the risk
  - 29.4 Consider the time period over which the impact will be felt

29.5 State the Owner(s) of the Risk

29.6 Attribute a probability and severity score to the risk

29.7 Give the risk an overall risk score

- 30 In understanding a risk, the WPP will consider whether the risk is Financial, Operational or Reputational in nature. In addition, the WPP will use the following criteria to classify the timeframe over which the impact of the risk will be felt:

Short Term	The majority of the impact is expected to materialise within a 12-month period
Medium Term	The majority of the impact is expected to materialise within a 1 to 3-year period
Long Term	The majority of the impact is expected to take longer than 3 years to materialise

- 31 The WPP will use the following system to attribute a probability score to a given risk:

Probability Score:	Probability	% Probability
1	Improbable	0-25%
2	Unlikely	25-40%
3	Possible	40-60%
4	Likely	60-75%
5	Highly Likely	75%+

- 32 The WPP will use the following system to attribute a severity score to a given risk:

Severity Score:	Impact	% Impact
1	Insignificant	0-25%
2	Minor	25-40%
3	Moderate	40-60%
4	Significant	60-75%
5	Critical	75%+

- 33 The Overall Risk Score is calculated by multiplying the severity score by the probability score. The Overall Risk Score is used to classify the risk based on the following matrix:

Probability Score	Severity Score					
		1	2	3	4	5
	1	Low	Low	Low	Low	Low
	2	Low	Low	Medium	Medium	High
	3	Low	Medium	Medium	High	High
	4	Low	Medium	High	Very High	Very High
	5	Low	High	High	Very High	Very High

34 Once the WPP has identified and understood a risk it will be documented in the WPP's Risk Register.

### Management and Monitoring

35 The WPP has formulated a Risk Register which is the means by which risks are documented, managed and monitored. The purpose of the WPP Risk Register is to:

35.1 Outline the WPP's key risks and factors that may limit its ability to meet its objectives

35.2 Quantify the severity and probability of the risk facing the WPP

35.3 Summarise the WPP's risk management strategies

35.4 Monitor the ongoing significance of these risks, the effectiveness of existing risk mitigation strategies and the requirement for further risk mitigation strategies

36 The Overall Risk score indicates the level of management that is required when the risk is initially added to the WPP's Risk Register:

<b>Green</b>	Low Priority	1 to 5	No Action Required - Ongoing Monitoring Required
<b>Yellow</b>	Medium Priority	6 to 9	Review Suitability of Existing Risk Mitigation Strategies
<b>Orange</b>	High Priority	10 to 15	Action Required
<b>Red</b>	Very High Priority	16 to 25	Urgent Action Required




37 The WPP's risk management strategy considers what existing risk controls are in place, identifying existing controls is important in guaranteeing that any further risk management strategies are not inefficiently duplicating existing measures. Any existing risk controls will be clearly outlined in the WPP's Risk Register.

38 The next step of the WPP's risk management strategy is to attribute a target risk score to each risk. The target risk score represents the risk that would remain if the WPP were to employ all possible risk



management strategies with maximum efficiency, in this regard the score can be considered a 'best-case scenario'. The WPP's use of a target risk score is reflective of its belief that not all risks can be fully mitigated.

- 39 Once a target risk score has been devised the WPP will consider if this score has been met, if it has not action will be taken to reduce the risk's probability, severity or both. The Risk Register will state which party is responsible for the completion of this action.
- 40 The Risk Register will provide a status update on the progression of the WPP's risk management actions and activities. The WPP has adopted the following classification system:

Status	Meaning	Description
	Satisfied	The WPP has met its target risk score, its focus will revert to monitoring this risk and maintaining the current risk score.
	Comfortable	The WPP is comfortable that the risk score is progressing toward its target score. The WPP will continue to adhere to and implement the 'required actions' until it becomes satisfied.
	Unsatisfied	The WPP remains concerned about this risk due to its significance or the progress made toward fulfilling the 'required actions' or the effectiveness of these actions.

- 41 The final stage of the WPP's risk strategy is risk monitoring, this is the process by which the WPP considers and reviews if:
- 41.1 Risk management actions have been completed or progressed since the last review date
  - 41.2 The risk management strategies have been effective
  - 41.3 Further action is required
  - 41.4 A risk's characteristics have changed materially
  - 41.5 Lessons can be learnt which may improve future risk management
- 42 During its quarterly meeting the Risk Sub-Group will identify any required actions that have been identified during its detailed review of the Risk Register and will document these in its rolling 'Risk Sub-Group Action Points Log' - this document is a standing OWG agenda item.
- 43 The Risk Sub-Group and OWG will be responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the JGC on a quarterly basis via the WPP's Abbreviated Risk Register.

#### Further Information

- 44 The WPP has identified the following as potential risks which may limit its ability to enact this policy:
- 44.1 A lack of knowledge means that the WPP cannot effectively identify and understand risks
  - 44.2 A lack of resources means that the WPP cannot effectively identify and understand risks
  - 44.3 A lack of knowledge or resources limits the effectiveness of the WPP's risk management strategies

44.4 The WPP's Risk Strategy is not fully understood by WPP Personnel and Provider and fails to become embedded into the WPP's decision making process

44.5 Other factors, such as conflicts or interest, interferes with the implementation of this policy

The WPP will continually monitor these risks and were possible will take steps to mitigate these risks.

45 If you require any further details on the WPP's Risk Policy, please contact:  
walespensionpartnership@carmarthenshire.gov.uk.

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## WPP Climate Risk Policy

### Introduction

- 1 The Wales Pension Partnership (“WPP”) is the pooling arrangement for the assets of the eight Welsh Local Government Pension Scheme Funds (“Constituent Authorities”).
- 2 The investment arrangements of WPP are overseen by the Joint Governance Committee (“JGC”) and supported by the Officer Working Group (“OWG”) and implemented through Sub-Funds managed by its “Investment Managers”.
- 3 The Wales Pension Partnership (“WPP”) recognises that climate change represents a material financial risk to its stakeholders, the Constituent Authorities. Climate change has the potential to disrupt economic, financial and social systems.
- 4 The WPP is aware that climate change may result in mis-priced assets and unique investment opportunities. The WPP believes that its adherence to responsible investment policies and climate risk mitigation strategies will mean that its Constituent Authorities are well placed to identify and benefit from these potential investment opportunities.
- 5 The potential impact of Climate Change on the WPP’s Constituent Authorities and their internal stakeholders (Scheme Members and Employers) is unknown, given policy uncertainty and the unknown physical impacts that may result from Climate Change. Risks to the Constituent Authorities arising from climate change include, but are not limited to:
  - 5.1 Physical risks: such as damage to property from flooding or lower precipitation giving rise to crop failure. Such impact could be felt directly by CA’s or through the impact on returns delivered to CA’s via investments in WPP Sub-Funds;
  - 5.2 Transition risks: being the financial risks arising from changes in policy and technology to adjust to a lower-carbon economy and the extent to which these flow through to the returns delivered to CA’s via investments in WPP Sub-Funds;
  - 5.3 Liability risks: being the potential costs arising from parties who have suffered loss or damage due to climate change seeking compensation from those they hold responsible.
- 6 This policy sets out the WPP’s approach to addressing the requirements of the Constituent Authorities in regard to climate-related risks and the monitoring of these risks.
- 7 This policy will be reviewed by WPP on an annual basis and, if necessary, changes to the policy will be proposed to and agreed by the JGC and OWG. As part of the annual review process the WPP will take account of the evolving risk to and requirements of the Constituent Authorities.
- 8 This policy will have regard to the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and any relevant guidance provided by the Scheme Advisory Board (“SAB”), the Ministry of Housing Communities and Local Government (“MHCLG”), Intergovernmental Panel on Climate Change (“IPCC”). The policy will note Welsh Government guidance and the Well-being of Future Generations (Wales) Act 2015.
- 9 In maintaining and acting on this policy, the WPP will have an ongoing dialogue with its Operator, Investment Managers, Voting and Engagement Provider and Oversight Advisor. The WPP will also seek input from third parties where appropriate.

## Beliefs

- 10 The WPP has a set of climate-related beliefs, which underpin its approach to dealing with the potential risk arising from climate change, and the investment solutions it provides to the Constituent Authorities to facilitate the management of their climate-related risks. The WPP's beliefs are as follows:
  - 10.1 Climate-related risks are systemic in nature and have the potential to impact the investment return from all asset classes and sectors to varying degrees. Such impact may be positive or negative.
  - 10.2 A greater public understanding of climate-related risks, alongside government commitments, are likely to trigger a low carbon transition which will present numerous compelling investment opportunities for investors, such as the WPP's Constituent Authorities, who are well informed on Climate Risk matters and able to effectively manage and mitigate transition risk.
  - 10.3 It is incumbent on WPP to identify potential sources of climate-related risks in the development of any sub-fund and/or the procurement of any service from providers and, where necessary, seek to ensure such risks are appropriately managed and communicated to stakeholders.
  - 10.4 The WPP has appointed a specialist Voting and Engagement Provider to directly engage with investee companies on a range of issues, including climate risk and climate risk disclosures, to enhance the long-term value of the Constituent Authorities' investments within WPP.
  - 10.5 As part of its role, the WPP's Voting and Engagement Provider collaborates with other asset owners to maximise the effectiveness of the WPP's engagement activities. The WPP believes that collaboration with other asset owners and its investment managers can be an effective method for amplifying its voice with investee companies and raising awareness of climate-related issues.

## Objectives

- 11 WPP's objective in preparing and implementing this policy is to:
  - 11.1 demonstrate to its stakeholders that the WPP takes account of climate change and the climate-related risk associated with it;
  - 11.2 clearly outline its role and responsibilities in relation to carrying out ongoing consultation with the Constituent Authorities and facilitating investment offering which enable each Authority to implement their own climate risk policy and climate-related targets and ambitions; and
  - 11.3 formally outline the actions that the WPP will be held accountable for by its stakeholders.
- 12 The Constituent Authorities are responsible for their own investment strategy, including their own Climate Change / Risk Policy. The WPP is not involved in formulating, nor will it seek to influence, the climate change objectives or commitments that each Constituent Authority has made at a local level.
- 13 The WPP's role is to consult with each Constituent Authorities in relation to their climate objectives, on at least an annual basis, and to fully understand what implementation solutions they require to meet their objectives and commitments.
- 14 Following its consultation with each Constituent Authorities the WPP will endeavour to develop and facilitate investment solutions that enable each and every Constituent Authority to achieve their climate objectives and commitments.
- 15 Where possible the WPP, and its Constituent Authorities, will seek to collaborate and work together to develop investment solutions that meet the climate objectives and commitments of all the Constituent Authorities.

- 16 If unified and collaborative investment solutions that simultaneously meets the objectives and requirement of all the Constituent Authorities cannot be developed, the WPP will work with any Constituent Authority to develop tailored investment solutions that will enable them to achieve their own local objectives and requirements.
- 17 The Constituent Authorities are aware that there may be additional costs, or reduced fee savings, associated with the WPP's facilitation of these tailored investment solutions and have signalled their willingness to bear the costs to ensure that they are able to meet their local level objectives and requirements.
- 18 On an annual basis the WPP will assess whether its consultation exercise with the Constituent Authorities has identified a common climate-related objective that all Constituent Authorities are willing to support. If unanimous support can be obtained, from all eight Welsh Constituent Authorities, the WPP we seek to adopt this climate related objectives as the WPP's 'Climate Goal' and incorporate it across all WPP Sub-Funds.
- 19 The WPP's Climate Goal will be regularly reviewed, following consultation with the Constituent Authorities, and will always be driven by the collective requirements and objectives of the Constituent Authorities. If the WPP's consultation exercise with the Constituent Authorities fails to identify a common climate-related objective that all Constituent Authorities are willing to unanimously support, then no WPP Climate Goal will be formulated until there is unanimous support for a given Climate Goal.

### Strategy

- 20 The WPP recognise that all assets have some level of exposure to climate-related risks, particularly transition risks, but that sector, geography, policy uncertainty and investment timeframes are key determinants of climate risk exposure.
- 21 Recognising its current investment arrangements and offerings, the WPP's immediate focus will be on climate-related risk exposure within its equity and fixed income holdings. The WPP will however consider climate-related risks in other asset classes when circumstances allow or require them to do so. The WPP will endeavour to provide climate risk solutions across all of its sub-funds, including private market assets.
- 22 The WPP will provide a range of sub-funds and implementation solutions that allow the Constituent Authorities to achieve their own carbon reduction targets.
- 23 The WPP recognises the importance of monitoring exposure to climate-related risks in different ways. One way the WPP facilitates this is by monitoring the carbon risk exposure of each sub-fund to ensure that the Constituent Authorities have all available information at their disposal. The WPP receives quarterly Climate Risk Monitoring Reports for its Equity Sub-Funds and is planning on extending this form of reporting to its Fixed Income Sub-Funds. The WPP will continue to explore and investigate market developments which enhance its ability to assess climate risk exposures within its Sub-Funds.
- 24 The WPP recognises the merits of undertaking scenario analysis on the potential economic impact of climate-related risks and articulating the findings of said analysis to the Constituent Authorities. However, the WPP notes that this is an evolving area, and such analysis is in its infancy. The WPP will endeavour to continually facilitate climate scenario analysis across assets held within the WPP to ensure that the Constituent Authorities are aware of the potential climate risks within the WPP Sub – Funds.
- 25 The WPP recognises that training and education is critical to achieving good outcomes for its stakeholders and will allocate resources to ensure that it undertakes regular training and education on

climate risk. The WPP has committed to hosting at least one annual climate risk-related training session for its stakeholders. The WPP carries out an annual training needs identification exercise, in conjunction with the Constituent Authorities, this is the mechanism by which the WPP gauges the climate risk training requirements of its stakeholders.

### Implementation

- 26 The WPP's approach to manager selection is set out in its Responsible Investment Policy. The WPP's sub-fund Investment Managers have delegated responsibility for challenging managers on their approaches to the consideration of climate risk as part of its manager selection process.
- 27 The WPP expects its Investment Managers to ensure that all underlying active managers integrate the consideration of climate-related risks into their investment process and to regularly challenge underlying managers to evidence their approach.
- 28 The WPP will work with its Investment Managers to ensure that they account for and integrate climate-related risks into their investment processes. The WPP considers the effective management of climate-related risks to be a key criteria in any Manager appointment and understands that each Investment Manager will have its own means of integrating climate-related risk into their investment process. The WPP, on at least an annual basis, will review each of its Investment Managers' approach to Climate Risk integration.
- 29 The WPP's stewardship strategy is set out in its Responsible Investment Policy. The WPP will emphasise the importance of engagement on climate-related risks through its Voting and Engagement Provider. In particular, the WPP will encourage its Voting and Engagement Provider to engage with investee companies on climate-related issues, including an increase in the disclosure on climate-related risks by companies to investors.
- 30 The WPP has a Voting Policy and a set of engagement principles in place which will outline how it will use its voting rights and engagement activities to influence investee companies. The WPP's Voting and Engagement Provider is responsible for enacting these policies on behalf of the WPP.

### Monitoring/Reporting

- 31 The WPP monitors exposure to climate-related risks within its equity sub-funds on a quarterly basis. The metrics monitored include, but are not limited to, exposure to fossil fuel producers, carbon emissions and overall carbon intensity. The WPP will monitor changes in market practice to ensure that the WPP is fully aware of changing best practice and the feasibility of monitoring climate-related risk within its non-equity sub-funds on at least an annual basis.
- 32 In addition to its own reporting, the WPP will require its Investment Managers to provide monitoring on climate-related risk exposure in their quarterly reports to WPP and the Constituent Authorities. As noted above, the WPP will initially expect their equity Investment Managers to provide this monitoring, with the expectation that its non-equity Investment Managers will provide this information as soon as sub-fund launches and market developments allow.
- 33 The WPP's Voting and Engagement Provider is responsible for producing quarterly and annual reports on the WPP's voting and engagement activities. These reports evidence how the WPP has used engagement and voting to manage its climate-related risk.
- 34 The WPP has an ambition to report on progress on actions undertaken to address climate risk in line with the framework set out by the Taskforce for Climate-related Financial Disclosures ("TCFD"). The WPP is currently awaiting guidance on how TCFD will be applied to the Local Government Pension



Scheme community, upon receiving this guidance the WPP will outline a timeline for the formulation of its own TCFD reporting.

### **Transparency**

- 35 The WPP will encourage, through its Voting and Engagement Provider and Investment Managers, all investee companies to disclose in line with the requirements of the TCFD.
- 36 On an annual basis, the WPP will prepare and publish a report detailing the actions undertaken in fulfilment of this policy and the results achieved.

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## WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

**DATE 28 JULY 2021**

<p align="center"><b>SUBJECT</b></p> <p align="center"><b>OPERATOR UPDATE</b></p>		
<p><b>RECOMMENDATIONS / KEY DECISIONS REQUIRED:</b></p> <p><b>To receive a presentation from the Operator on the progress of the Wales Pension Partnership</b></p>		
<p><b>REASONS:</b></p> <p>The operator to provide an update on the following key areas:</p> <ul style="list-style-type: none"> <li>• Current Fund Holdings</li> <li>• Fund Launch Progress</li> <li>• Corporate Update and Engagement</li> </ul>		
<p><b>Report Author:</b> <b>Chris Moore</b></p>	<p><b>Designation:</b> Director of Corporate Services</p> <p><b>Carmarthenshire County Council</b></p>	<p><b>Tel No. 01267 224160</b></p> <p><b>E. Mail:</b> CMoore@carmarthenshire.gov.uk</p>

# **EXECUTIVE SUMMARY JOINT GOVERNANCE COMMITTEE**

**DATE 28 JULY 2021**

## **OPERATOR UPDATE**

### **BRIEF SUMMARY OF PURPOSE OF REPORT**

A report from the Operator providing an update on the progress and milestones of the following Sub Funds:

- Tranche 1 – Global Equity
- Tranche 2 – UK Equity
- Tranche 3 – Fixed Income
- Tranche 4 – Emerging Markets

Also, a Corporate and Engagement update including the engagement protocol and key meeting dates.

**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**

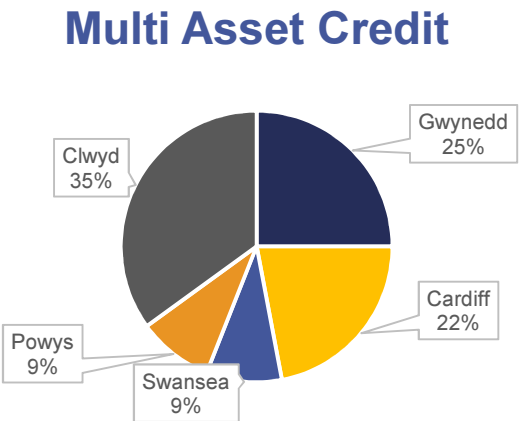
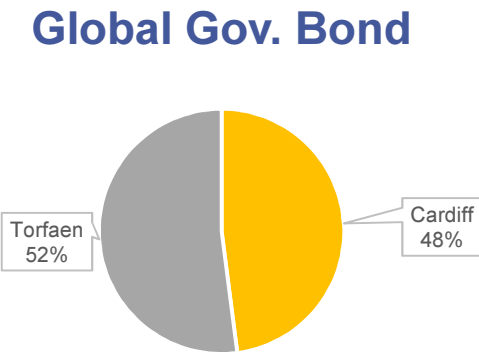
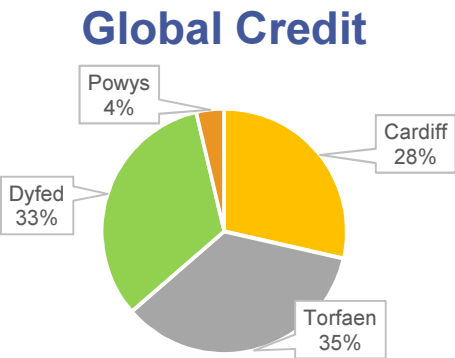
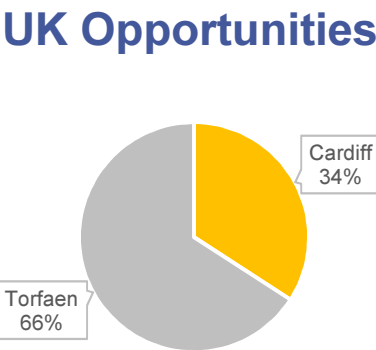
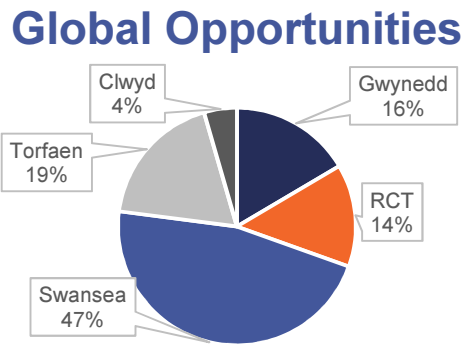
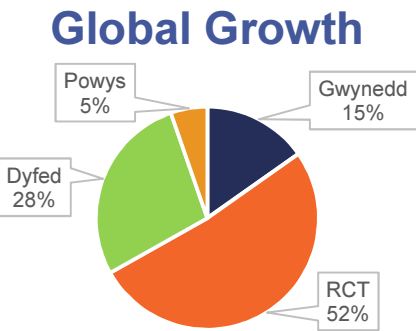
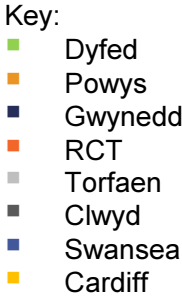
Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

# Wales Pension Partnership

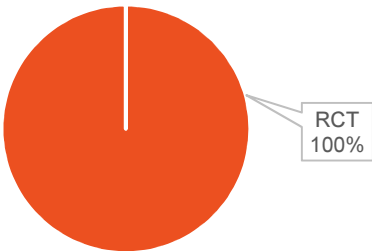
## Joint Governance Committee

28<sup>th</sup> July 2021

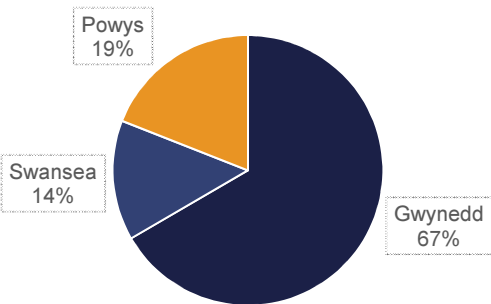
# 31 March 2021 LF Wales PP Fund Snapshot



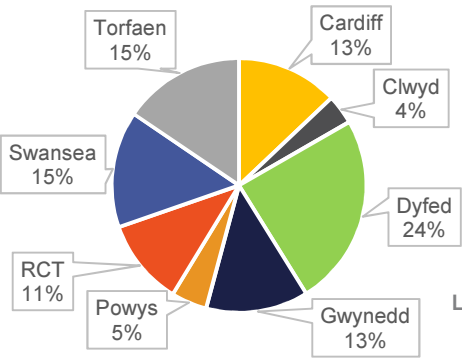
### Sterling Credit



### Absolute Return Bond



### Passive





# 31 March 2021 LF Wales PP Fund Snapshot

Fund	AUM	Inception date
Global Growth	£3,061,322,424	6 <sup>th</sup> Feb 2019
Global Opportunities	£2,624,491,911	14 <sup>th</sup> Feb 2019
UK Opportunities	£674,459,695	10 <sup>th</sup> Oct 2019
Global Credit	£791,481,163	21 <sup>st</sup> Aug 2020
Global Government Bond	£526,762,620	20 <sup>th</sup> Aug 2020
Multi Asset Credit	£714,417,901	12 <sup>th</sup> Aug 2020
Sterling Credit	£550,986,287	19 <sup>th</sup> Aug 2020
Absolute Return Bond	£456,254,568	30 <sup>th</sup> Sept 2020
<b>Total Active Investments</b>	<b>£9,400,176,569</b>	
<b>Total Passive Investments</b>	<b>£5,232,789,521</b>	
<b>Total Pooled Assets</b>	<b>£14,632,966,090</b>	

Note: All data as at 31<sup>st</sup> March 2021

# Fund Launch Progress Report

Tranche 4 update

# Open Launch Activity

## Key Achievements & Updates

Fund Launches Progress				
Overview		Status	Progress in period	Launch / completion dates
Tranche 4: <b>Emerging Markets sub-fund launch</b>	<ul style="list-style-type: none"> <li>Emerging Market fund to be created under the Enhanced Portfolio Implementation model with a carbon reducing overlay</li> </ul>	In progress	<ul style="list-style-type: none"> <li>JGC agreed manager structure proposal March 2020</li> </ul>	September / October 2021
			<ul style="list-style-type: none"> <li>Prospectus review completed by LFS, Burgess Salmon and NT Depositary</li> <li>FCA approval received 22<sup>nd</sup> March</li> <li>Operational setup underway for launch end September / early October</li> </ul>	
<b>Fund prospectus updates</b>	<ul style="list-style-type: none"> <li>Proposed in-flight prospectus updates</li> </ul>		<ul style="list-style-type: none"> <li>Review of prospectus language to align all sub funds under PS19/4 requirements - LFS to determine if this will require filing or full FCA approval (in line with other updates)</li> <li>MAC – change of valuation point from first to last business day of the month to improve investor reporting</li> </ul>	Q2

## LFS Corporate Update & Engagement

# LFS Corporate Update & Engagement

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## **LFS updates**

- Proposal from consortium comprising Pacific Equity Partners, Carlyle Group and their affiliates to acquire 100% of the shares in Link Group has been withdrawn
- Alistair Coyle joins the LFS Relationship Management team following the departure of Ada Wabara

## **Key Q1 and future WPP Engagement**

### **Link attendance at OWG/JGC meetings in period:**

- OWG 26<sup>th</sup> Feb 2021
- JGC 24<sup>th</sup> March 2021

### **Link attendance at OWG/JGC meetings in next quarter:**

- OWG 4<sup>th</sup> May 2021

### **Link - Pension Committee attendance in period:**

- Dyfed – 11<sup>th</sup> Jan & 25<sup>th</sup> March 2021
- Gwynedd – 21<sup>st</sup> Jan 2021
- RCT – 22<sup>nd</sup> March 2021

### **Link - Pension Committee attendance in next quarter :**

- None planned

### **Other meetings in period**

- Operator review meeting – 2<sup>nd</sup> Feb 2021
- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly

### **Other meetings in next quarter**

- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly

# LFS Engagement Protocol

## Business as Usual

Strategic Relationship Review	Frequency	Objective
	<ul style="list-style-type: none"> <li>▪ Bi-annual</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensure strategic alignment between Host Authority and Link</li> </ul>
<b>WPP Attendees</b> <ul style="list-style-type: none"> <li>▪ Chris Moore</li> <li>▪ Anthony Parnell</li> <li>▪ Two Section 151 / Deputy Section 151 officers</li> </ul>		<b>Link Attendees</b> <ul style="list-style-type: none"> <li>▪ Karl Midl, Managing Director</li> <li>▪ Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>▪ Duncan Lowman, Head of Client Coverage</li> </ul>
JGC Engagement	Frequency	Objective
	<ul style="list-style-type: none"> <li>▪ Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>▪ Engage with JGC on pertinent matters and strategic deliverables</li> </ul>
<b>WPP Attendees</b> <ul style="list-style-type: none"> <li>▪ Joint Governance Committee (JGC)</li> </ul>		<b>Link Attendees</b> <ul style="list-style-type: none"> <li>▪ Karl Midl, Managing Director / Adam Tookey, Head of Product – as required</li> <li>▪ Richard Thornton, Head of Relationship Management, Asset Owners / Duncan Lowman, Head of Client Coverage</li> <li>▪ Eamonn Gough, Senior Relationship Manager</li> <li>▪ Russell Investments</li> </ul>
OWG Engagement	Frequency	Objective
	<ul style="list-style-type: none"> <li>▪ Every 2 Months</li> </ul>	<ul style="list-style-type: none"> <li>▪ Identify and deliver on opportunities to improve and expand the relationship</li> <li>▪ Provide update on open projects or issues</li> <li>▪ Monthly KPI Review (Data supplied monthly)</li> </ul>
<b>WPP Attendees</b> <ul style="list-style-type: none"> <li>▪ Officers Working Group (OWG)</li> </ul>		<b>Link Attendees</b> <ul style="list-style-type: none"> <li>▪ Eamonn Gough, Senior Relationship Manager</li> <li>▪ Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>▪ Adam Tookey, Head of Product (as required)</li> <li>▪ Alistair Coyle, Relationship Manager (as required)</li> <li>▪ Ad-hoc Link attendance from functional departments: Tax, Compliance, Product, etc.</li> <li>▪ Russell Investments</li> </ul>

# Link Engagement Protocol continued...

## Business as Usual

Host Authority Update	Frequency	Objective
	<ul style="list-style-type: none"> <li>▪ Bi-Weekly</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regular Host Authority – LFS to discuss deliverables and business updates</li> </ul>
<b>WPP Attendees</b> <ul style="list-style-type: none"> <li>▪ Anthony Parnell</li> <li>▪ Tracey Williams</li> </ul>		<ul style="list-style-type: none"> <li>▪ Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>▪ Eamonn Gough, Senior Relationship Manager</li> <li>▪ Alistair Coyle, Relationship Manager (as required)</li> <li>▪ Clair Baguley, Client Service Manager (as required)</li> </ul>
WPP Working Group	Frequency	Objective
	<ul style="list-style-type: none"> <li>▪ Bi-Weekly</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regular project call to discuss progress of deliverables</li> </ul>
<b>WPP Attendees</b> <ul style="list-style-type: none"> <li>▪ Officers Working Group (OWG)</li> <li>▪ Hymans</li> </ul>		<ul style="list-style-type: none"> <li>▪ Link Client Team</li> <li>▪ Northern Trust</li> <li>▪ Russell Investments</li> <li>▪ Other consultants (e.g. bFinance)</li> </ul>
Annual Shareholder Day	Frequency	Objective
	<ul style="list-style-type: none"> <li>▪ Annual</li> </ul>	<ul style="list-style-type: none"> <li>▪ Open day for presentations on strategy and performance (with IM)</li> </ul>
<ul style="list-style-type: none"> <li>▪ Open to all involved parties</li> </ul>		<ul style="list-style-type: none"> <li>▪ Link Client Team</li> <li>▪ Northern Trust</li> <li>▪ Russell Investments and other Investment Managers (e.g. Global Growth Managers)</li> <li>▪ Other consultants as required (e.g. bFinance)</li> </ul>
Pension Fund Committees		Objective
	<ul style="list-style-type: none"> <li>▪ Annual</li> </ul>	<ul style="list-style-type: none"> <li>▪ General update on the ACS and planned initiatives</li> </ul>
Individual Pension Fund Committee meetings		<ul style="list-style-type: none"> <li>▪ Eamonn Gough, Senior Relationship Manager</li> <li>▪ Alistair Coyle, Relationship Manager</li> <li>▪ Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>▪ Russell Investments</li> </ul>

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## WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

**DATE 28 JULY 2021**

### **SUBJECT**

**PERFORMANCE REPORTS AS AT 31 MARCH 2021**

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

**To note the performance reports of the following sub funds as at 31 March 2021:**

- **Global Opportunities Equity Fund**
- **Global Growth Equity Fund**
- **UK Opportunities Equity Fund**
- **Global Government Bond Fund**
- **Global Credit Fund**
- **Multi Asset Credit Fund**
- **Absolute Return Bond Strategy Fund**
- **UK Credit Fund**

### **REASONS:**

Northern Trust have prepared performance reports for the WPP sub funds as at 31 March 2021.

**Report Author:**  
**Chris Moore**

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

**Tel No. 01267 224160**

**E. Mail:**  
**CMoore@carmarthenshire.gov.uk**

# EXECUTIVE SUMMARY JOINT GOVERNANCE COMMITTEE

**DATE 28 JULY 2021**

## PERFORMANCE REPORTS AS AT 31 MARCH 2021

### BRIEF SUMMARY OF PURPOSE OF REPORT

Northern Trust have provided performance reports for the WPP's sub funds as at 31 March 2021.

#### Performance - Inception to date:

<b>Global Opportunities Fund</b>	<b>Gross of Fees (%)</b>	<b>Net of Fees (%)</b>
Actual	15.88	15.50
Benchmark	13.59	13.59
<b>Excess Return</b>	<b>2.29</b>	<b>1.91</b>

<b>Global Growth Fund</b>	<b>Gross of Fees (%)</b>	<b>Net of Fees (%)</b>
Actual	17.61	17.14
Benchmark	14.18	14.18
<b>Excess Return</b>	<b>3.42</b>	<b>2.96</b>

<b>UK Opportunities Fund</b>	<b>Gross of Fees (%)</b>	<b>Net of Fees (%)</b>
Actual	4.67	4.22
Benchmark	0.22	0.22
<b>Excess Return</b>	<b>4.45</b>	<b>4.00</b>

<b>Global Government Bond Fund</b>	<b>Gross of Fees (%)</b>	<b>Net of Fees (%)</b>
Actual	(0.79)	(0.91)
Benchmark	(2.62)	(2.62)
<b>Excess Return</b>	<b>1.83</b>	<b>1.71</b>

<b>Global Credit Fund</b>	<b>Gross of Fees (%)</b>	<b>Net of Fees (%)</b>
Actual	0.01	(0.09)
Benchmark	(1.21)	(1.21)
<b>Excess Return</b>	<b>1.22</b>	<b>1.12</b>

<b>Multi Asset Credit Fund</b>	<b>Gross of Fees (%)</b>	<b>Net of Fees (%)</b>
Actual	6.19	5.91
Benchmark	2.58	2.58
<b>Excess Return</b>	<b>3.61</b>	<b>3.33</b>

<b>Absolute Return Bond Strategy Fund</b>	<b>Gross of Fees (%)</b>	<b>Net of Fees (%)</b>
Actual	2.28	2.04
Benchmark	1.02	1.02
<b>Excess Return</b>	<b>1.26</b>	<b>1.02</b>

<b>UK Credit Fund</b>	<b>Gross of Fees (%)</b>	<b>Net of Fees (%)</b>
Actual	(0.56)	(0.63)
Benchmark	(0.41)	(0.41)
<b>Excess Return</b>	<b>(0.15)</b>	<b>(0.22)</b>

Link and Russell Investments have also provided a summary paper, summarising the performance of each individual fund and providing individual fund commentary.

DETAILED REPORT ATTACHED?

YES

## IMPLICATIONS

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

The sub funds have outperformed / underperformed their benchmarks, as follows:

- Global Opportunities – outperformed by 2.29% gross / 1.91% net
- Global Growth – outperformed by 3.42% gross / 2.96% net
- UK Opportunities - outperformed by 4.45% gross / 4.00% net
- Global Government Bond – outperformed by 1.83% gross / 1.71% net
- Global Credit – outperformed by 1.22% gross / 1.12% net
- Multi Asset Credit – outperformed by 3.61% gross / 3.33% net
- ARB – outperformed by 1.26% gross / 1.02% net
- UK Credit – underperformed by 0.15% gross / 0.22% net

## 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

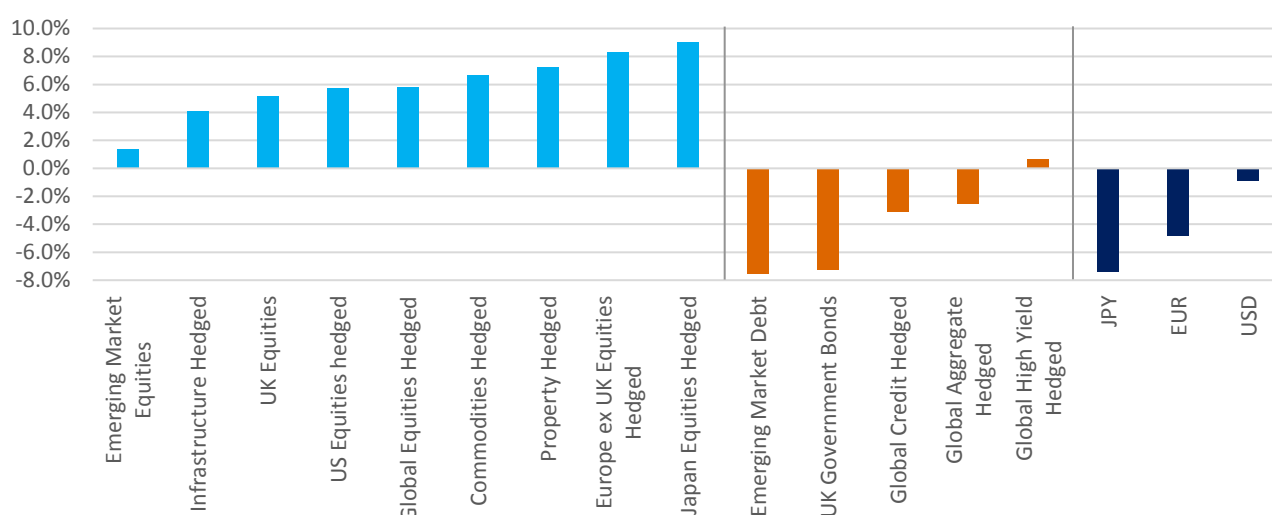
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# JGC - WPP Performance Summary Q1 2021

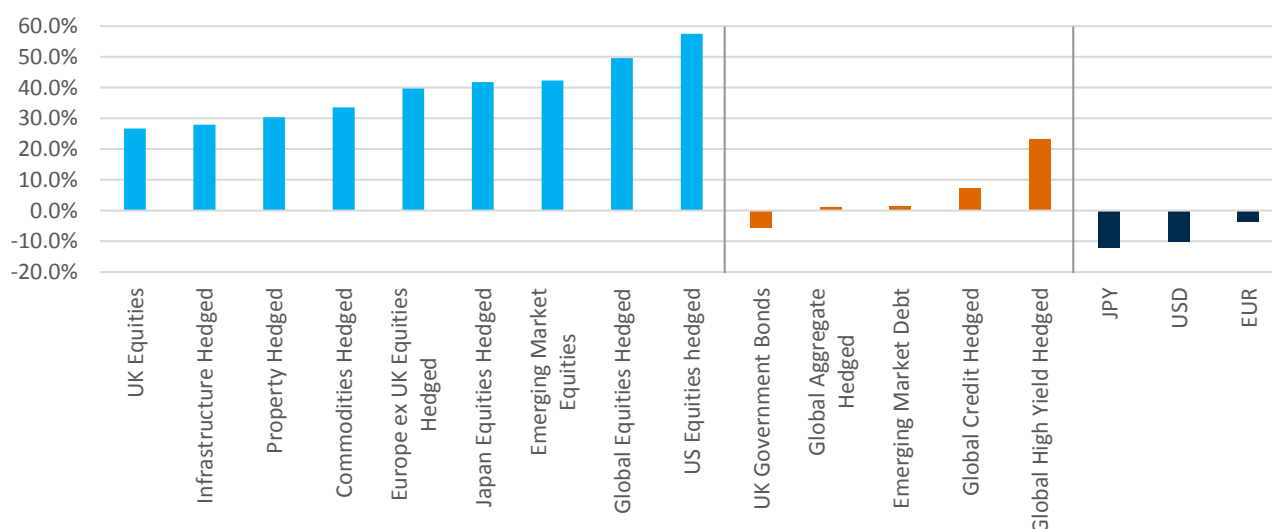
## Global Market Commentary

In January, Joe Biden was inaugurated as the 46<sup>th</sup> US President, with his Democratic Party securing control of Congress. He also launched a \$1.9 trillion fiscal stimulus plan. As the quarter progressed, the Covid-19 vaccine rollout continued in earnest in different parts of the world, lifting hopes of an end to the pandemic. This hope boosted global economic growth prospects and in turn, also increased inflation expectations. Higher inflation will open the door for higher interest rates which heightened some investor concerns. Nevertheless, with higher growth prospects and substantial monetary and fiscal support, equity markets rose over the period.

## Asset class performance – Quarter to March 2021



## Asset class performance – Year to March 2021



Benchmarks : Global equity hedged (MSCI World ACWI), UK equity (FTSE All Share), US equity hedged (Russell 1000 Net GBPH), Europe ex UK equity (MSCI Europe ex UK Equity Net GBPH), Japan equity (TOPIX Net GBPH), Emerging equity (MSCI Emerging Markets Net), Global HY bonds (BofAML Global High Yield 2% Constrained Index), EMD LC (JP Morgan GBI-EM Global Diversified Index), Global credit hedged (Bloomberg Barclays Global Aggregate Credit Index), Global aggregate hedged (Bloomberg Barclays Global Aggregate Bond Index GBPH), UK Government Bonds (ICEBofAML UK Gilts All Stocks (GB), Property hedged (FTSEEPRA Nareit Dev Re GBP)

### Global Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	5.85	42.63	15.88
<b>Net</b>	5.78	42.21	15.50
<b>MSCI AC World Index Net</b>	3.61	38.94	13.59
<b>Excess returns (gross)</b>	2.25	3.69	2.29

Inception Date: COB 14th February 2019

#### Overall Fund Commentary

The Fund registered positive absolute returns and finished above the benchmark with small caps outperforming notably this quarter. Value measures performed strongly as investors pushed into cheaper Energy, Industrial and Financial stocks. High dividend stocks also enjoyed a stronger period. This boosted returns for Sanders (value) and the more multi-factored approach of Jacobs Levy. On the other side of the spectrum, growth and momentum underperformed, weighing on Morgan Stanley's (growth). Quality and defensive styles also fell behind. As such Numeric's low volatility strategy struggled to find traction in the prevailing market environment.

### Global Growth Equity Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	5.34	49.51	17.61
<b>Net</b>	5.24	48.95	17.14
<b>MSCI AC World Index Net</b>	3.61	38.94	14.18
<b>Excess returns (gross)</b>	1.74	10.57	3.42

Inception Date: 6th February 2019

#### Overall Fund Commentary

The Fund outperformed its benchmark in the quarter to March 2021. Value stocks continued to outperform their growth counterparts as more economically sensitive companies reaped the benefit from markets eyeing an end to lockdowns and improved vaccination programs. This allowed Pzena to strongly outperform in the quarter. Baillie Gifford and Veritas underperformed in the period as a knock-on effect of a market momentum shift and profit-taking.

Despite the pandemic impacting economies across the globe with GDP growth negative in most countries and with many countries suffering their largest ever decline in GDP, asset markets have risen substantially over the year. This is a direct consequence of actions taken by policy makers to reduce interest rates across the curve and provide excessive amounts of liquidity: in the economic universe, interest rates power everything.



## UK Market Commentary

The FTSE All Share recovered from a negative start to enjoy a positive quarter. Sustained government and central bank support, as well as the continued rollout of Covid-19 vaccines, boosted investor confidence. A “roadmap” out of the national lockdown boosted sentiment, with life expected to be broadly back to normal by the end of June. This was a contrast to other areas of the globe, including the eurozone. Improved global growth prospects engendered increased inflation expectations, which caused government bond curves to steepen and yields climbed sharply higher. This impacted higher valued areas of the equity market.

## UK Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	6.25	41.57	4.67
<b>Net</b>	6.14	41.01	4.22
<b>FTSE All Share</b>	5.19	26.71	0.22
<b>Excess returns (gross)</b>	1.06	14.87	4.45

Inception Date: COB 11th October 2019

### Overall Fund Commentary

The Fund outperformed the benchmark. Stocks most closely tied to the economy, namely value and small capitalisation equities, largely outperformed their growth and large cap peers, respectively. The Fund's pro-cyclical positioning and tilt towards smaller, domestically-oriented stocks suited this market environment. Ninety One's value-oriented strategy and Liontrust's market-oriented approach were positive. In contrast, Baillie Gifford's growth-oriented strategy returned some of its inception-to-date outperformance in a period where internet-based stocks fell out of favour.

## Fixed Income Market Commentary

The Federal Reserve (Fed) delivered a dovish monetary policy update by predicting record-low interest rates until at least 2024 and that the Fed would be “patient” in changing its monetary stance. The benchmark 10-year Treasury yield increased to 1.74%, ending the quarter at its highest level since January 2020. The Bank of England (BoE) kept its monetary policy unchanged. Whilst the bank said that the outlook for the UK economy “remains unusually uncertain” – it projected that UK GDP would recover towards pre-Covid-19 levels in 2021 and that inflation would rise towards the BoE’s 2.0% target in the spring. The European Central Bank kept its interest rate unchanged but stepped up its weekly emergency bond-buying programme, to contain adverse effects of the recent eurozone debt market sell-off. Global investment-grade (IG) credit spreads tightened over the quarter, helped by G7 finance ministers’ commitment to maintaining accommodative fiscal support. Improving economic growth prospects, more stable oil prices coupled with a hunt for yield, tilted investor demand towards the lowest-rated businesses, tightening corporate high yield spreads in the EU and the US. The US dollar strengthened over the quarter, weighing on a basket of currencies. The Taiwan dollar, Canadian dollar and British pound were the best performing currencies against the greenback.

## Global Government Bond Fund:

	Three Months	Since Inception
Gross	-2.64	-0.79
Net	-2.69	-0.91
FTSE World Gvt Bond Index (GBP Hedged)	-3.10	-2.62
Excess returns (gross)	0.46	1.83

Inception Date: COB 19th August 2020

### Overall Fund Commentary

The Fund outperformed the benchmark this period. The Fund’s rates positioning was positive on a relative basis. Underweight exposure to US, UK and European sovereign bonds suited this market environment. Underweights to the Swiss franc, euro and US dollar were also rewarded. However, an overweight to the Japanese yen weighed on additional outperformance.

## Global Credit Fund:

	Three Months	Since Inception
Gross	-2.70	0.01
Net	-2.73	-0.09
Bloomberg Barclays Global Agg Credit Index (GBP Hedged)	-3.12	-1.21
Excess returns (gross)	0.43	1.22

Inception Date: COB 20th August 2020

### Overall Fund Commentary

The Fund outperformed the benchmark this period. The Fund’s corporate credit positioning was rewarded in this environment, particularly the overweight to US HY bonds. Within rates, an underweight to US and Canadian duration were key contributors. Underweight exposure to Emerging Market names, as well as US municipal bonds, detracted from additional outperformance.

### Multi Asset Credit Fund:

	Three Months	Since Inception
Gross	0.66	6.18
Net	0.55	5.91
3 Month GBP Sonia + 4%	1.00	2.58

Performance Target is 3 Month GBP SONIA + 4%, we have not shown excess return as this is a target.

Inception Date: COB 11th August 2020

#### Overall Fund Commentary

The Fund was below the long term target over the quarter. Corporate credit positioning was rewarded in this environment, particularly the overweight to US HY bonds. US securitised exposure also added relative value. However, an overweight to US duration weighed on returns.

### Absolute Return Bond Strategy Fund:

	Three Months	Since Inception
Gross	1.36	2.28
Net	1.25	2.04
3 Month GBP Sonia + 2%	0.51	1.02

Performance Target is 3 Month GBP SONIA + 2%, we have not shown excess return as this is a target.

Inception Date: COB 30th September 2020

#### Overall Fund Commentary

The Fund outperformed this quarter. Government bond curves steepened and yields climbed sharply higher. Nevertheless, global central banks continued to forecast record-low interest rates. Corporate credit spreads tightened within this environment. Emerging market debt was out of favour. Similar to the previous quarter the funds exposure to prepayment strategies was a key driver of its positive return. The funds positive exposure in the European securitised space and positioning on the yield curve were also positive contributors to the funds strong absolute performance.

## UK Credit Fund:

	Three Months	Since Inception
Gross	-4.31	-0.56
Net	-4.34	-0.63
ICE Bank of America Merrill Lynch Euro-Sterling Index plus 0.65%	-3.96	-0.41
Excess returns (Gross)	-0.36	-0.15

Inception Date: COB 19th August 2020

### Overall Fund Commentary

The portfolio posted negative returns and performed relative to the index over the quarter. Growing optimism regarding an economic recovery and rising COVID-19 vaccinations boosted the risk sentiment. Against this backdrop, the portfolio benefitted from overweight credit beta as well as favourable credit selection. Favourable selection in EDF was the top contributor from issuer standpoint. The overweight stance in industrial conglomerate GE was also a significant contributor to returns. Positive news around vaccine distribution programme proved supportive given its exposure to the aerospace and health care sectors.

The portfolio's interest rate risk exposure was the primary driver of negative absolute returns as core government bond yields rose over the period given the momentum in relation trade. Interest rate risk positioning also detracted from relative performance with overweight in sterling duration weighing on returns.

# Wales Pension Partnership

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## Investment Risk & Analytical Services

March 31, 2021

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## SECTION 1

# Wales Pension Partnership

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## Investment Hierarchy

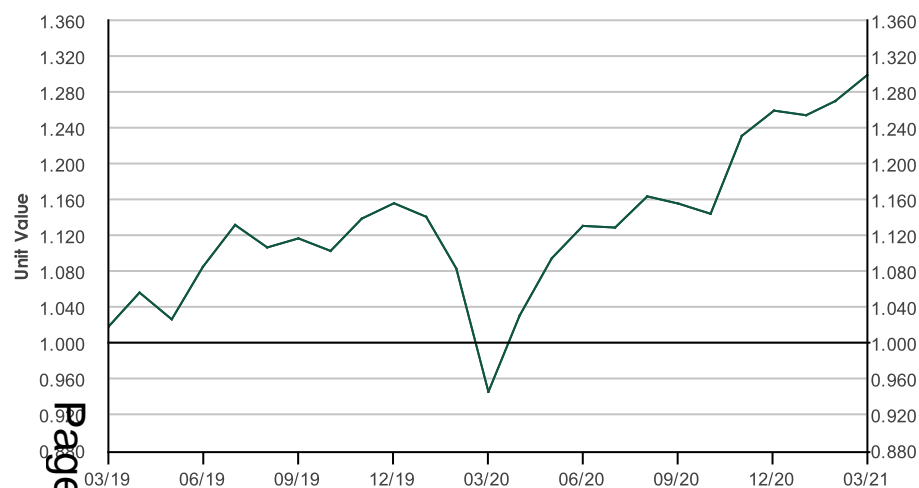
Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return				Inception to Date	Inception Date
			One Month	Three Months	One Year			
<b>Wales Pension Partnership</b>	<b>9,404,785,766</b>	<b>100.00</b>	<b>2.29</b>	<b>3.16</b>	<b>37.43</b>		<b>12.95</b>	<b>06/02/2019</b>
<b>Global Growth Fund</b>	<b>3,062,857,245</b>	<b>32.57</b>	<b>2.73</b>	<b>5.34</b>	<b>49.51</b>		<b>17.61</b>	<b>06/02/2019</b>
MSCI ACWI ND			4.04	3.61	38.94		14.18	06/02/2019
Excess Return			-1.31	1.74	10.57		3.42	06/02/2019
<b>Global Opportunities Equity</b>	<b>2,626,222,580</b>	<b>27.92</b>	<b>4.43</b>	<b>5.85</b>	<b>42.63</b>		<b>15.88</b>	<b>14/02/2019</b>
MSCI ACWI ND			4.04	3.61	38.94		13.59	14/02/2019
Excess Return			0.39	2.25	3.69		2.30	14/02/2019
<b>UK Opportunities Equity</b>	<b>674,772,273</b>	<b>7.17</b>	<b>3.72</b>	<b>6.25</b>	<b>41.57</b>		<b>4.67</b>	<b>11/10/2019</b>
FTSE All-Share			3.98	5.19	26.71		0.22	11/10/2019
Excess Return			-0.26	1.06	14.87		4.45	11/10/2019
<b>Global Credit Fund</b>	<b>791,655,440</b>	<b>8.42</b>	<b>-0.62</b>	<b>-2.70</b>	-		<b>0.01</b>	<b>20/08/2020</b>
Barclays Global Aggregate Credit Index hedged into GBP			-0.94	-3.12	-		-1.21	20/08/2020
Excess Return			0.32	0.43	-		1.22	20/08/2020
<b>Global Government Bond Fund</b>	<b>526,922,196</b>	<b>5.60</b>	<b>-0.18</b>	<b>-2.64</b>	-		<b>-0.79</b>	<b>19/08/2020</b>
FTSE WGBI Index			-0.22	-3.10	-		-2.62	19/08/2020
Excess Return			0.04	0.46	-		1.83	19/08/2020
<b>Multi Asset Credit Fund</b>	<b>714,714,424</b>	<b>7.60</b>	<b>-0.35</b>	<b>0.66</b>	-		<b>6.18</b>	<b>11/08/2020</b>
3 month GBP Sonia plus 4%			0.33	1.00	-		2.58	11/08/2020
Excess Return			-0.68	-0.34	-		3.61	11/08/2020
<b>Sterling Credit Fund</b>	<b>551,190,920</b>	<b>5.86</b>	<b>0.02</b>	<b>-4.31</b>	-		<b>-0.56</b>	<b>19/08/2020</b>
ICE BofA ML Eur-Stg plus 0.65%			-0.21	-3.95	-		-0.41	19/08/2020
Excess Return			0.24	-0.36	-		-0.15	19/08/2020
<b>Absolute Return Bond Fund</b>	<b>456,450,688</b>	<b>4.85</b>	<b>0.40</b>	<b>1.36</b>	-		<b>2.28</b>	<b>30/09/2020</b>
3 month GBP Sonia plus 2%			0.17	0.51	-		1.02	30/09/2020
Excess Return			0.23	0.85	-		1.26	30/09/2020



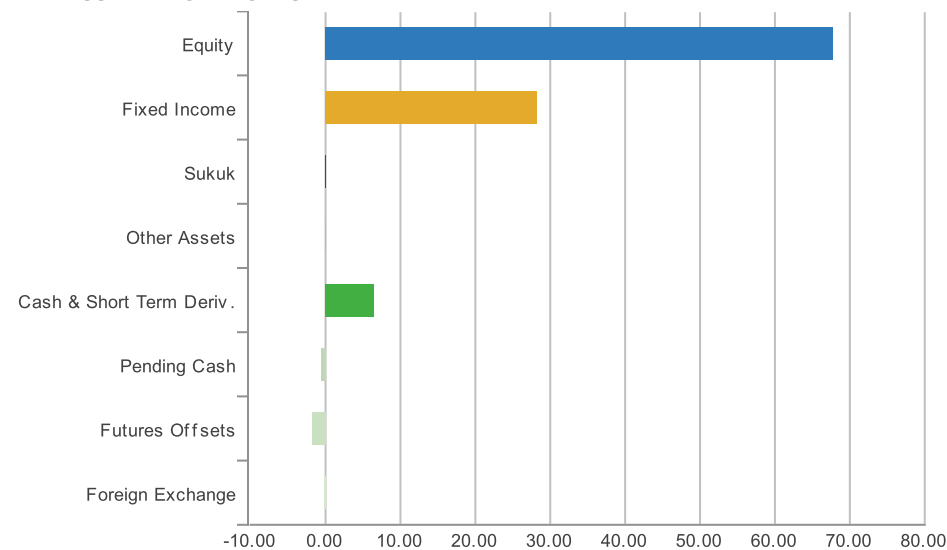
## Wales Pension Partnership Summary

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Wales Pension Partnership	9,404,785,766	100.00	2.29	3.16	37.43	12.95	06/02/2019
Global Growth Fund	3,062,857,245	32.57	2.73	5.34	49.51	17.61	06/02/2019
Global Opportunities Equity	2,626,222,580	27.92	4.43	5.85	42.63	15.88	14/02/2019
UK Opportunities Equity	674,772,273	7.17	3.72	6.25	41.57	4.67	11/10/2019
Global Credit Fund	791,655,440	8.42	-0.62	-2.70	-	0.01	20/08/2020
Global Government Bond Fund	526,922,196	5.60	-0.18	-2.64	-	-0.79	19/08/2020
Multi Asset Credit Fund	714,714,424	7.60	-0.35	0.66	-	6.18	11/08/2020
Sterling Credit Fund	551,190,920	5.86	0.02	-4.31	-	-0.56	19/08/2020
Absolute Return Bond Fund	456,450,688	4.85	0.40	1.36	-	2.28	30/09/2020

### GROWTH OVER TIME - INCEPTION TO DATE - TOTAL FUND GROSS OF FEES



### ASSET CLASS ENDING WEIGHTS

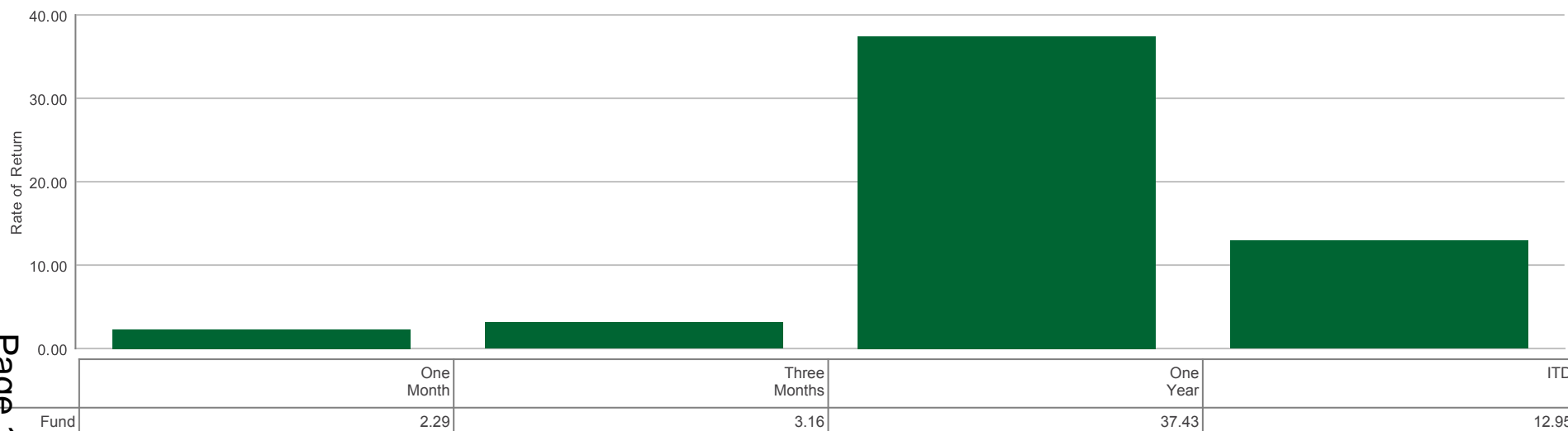


Wales Pension Partnership: 1.3

## Total Fund Gross of Fees

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Wales Pension Partnership	9,404,785,766	100.00	2.29	3.16	37.43	12.95	06/02/2019
Global Growth Fund	3,062,857,245	32.57	2.73	5.34	49.51	17.61	06/02/2019
Global Opportunities Equity	2,626,222,580	27.92	4.43	5.85	42.63	15.88	14/02/2019
UK Opportunities Equity	674,772,273	7.17	3.72	6.25	41.57	4.67	11/10/2019
Global Credit Fund	791,655,440	8.42	-0.62	-2.70	-	0.01	20/08/2020
Global Government Bond Fund	526,922,196	5.60	-0.18	-2.64	-	-0.79	19/08/2020
Multi Asset Credit Fund	714,714,424	7.60	-0.35	0.66	-	6.18	11/08/2020
Sterling Credit Fund	551,190,920	5.86	0.02	-4.31	-	-0.56	19/08/2020
Absolute Return Bond Fund	456,450,688	4.85	0.40	1.36	-	2.28	30/09/2020

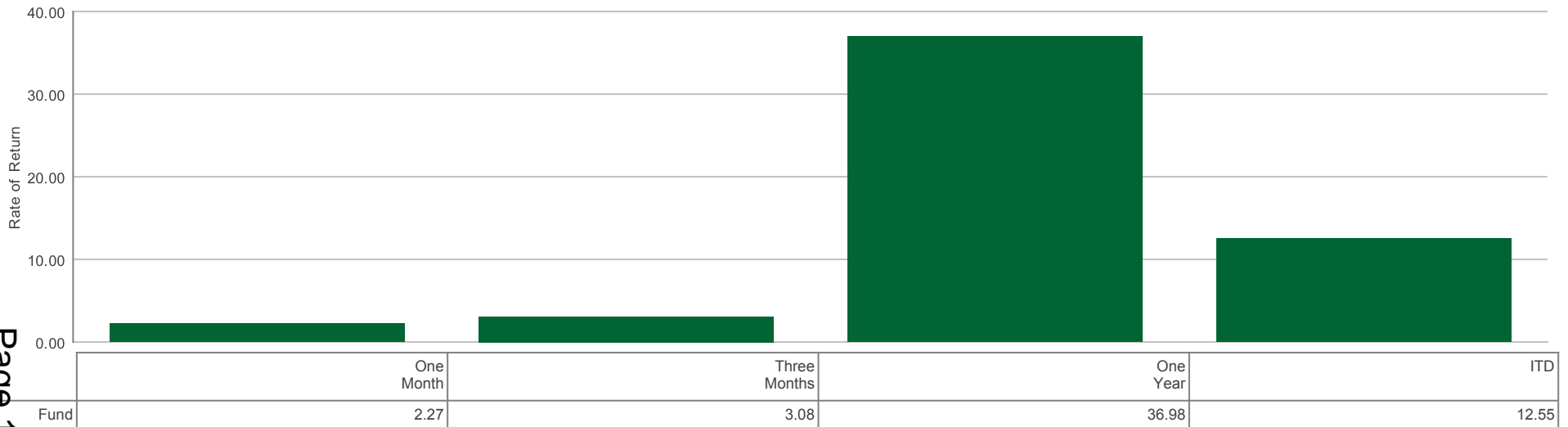
### WALES PENSION PARTNERSHIP TOTAL FUND GROSS OF FEES



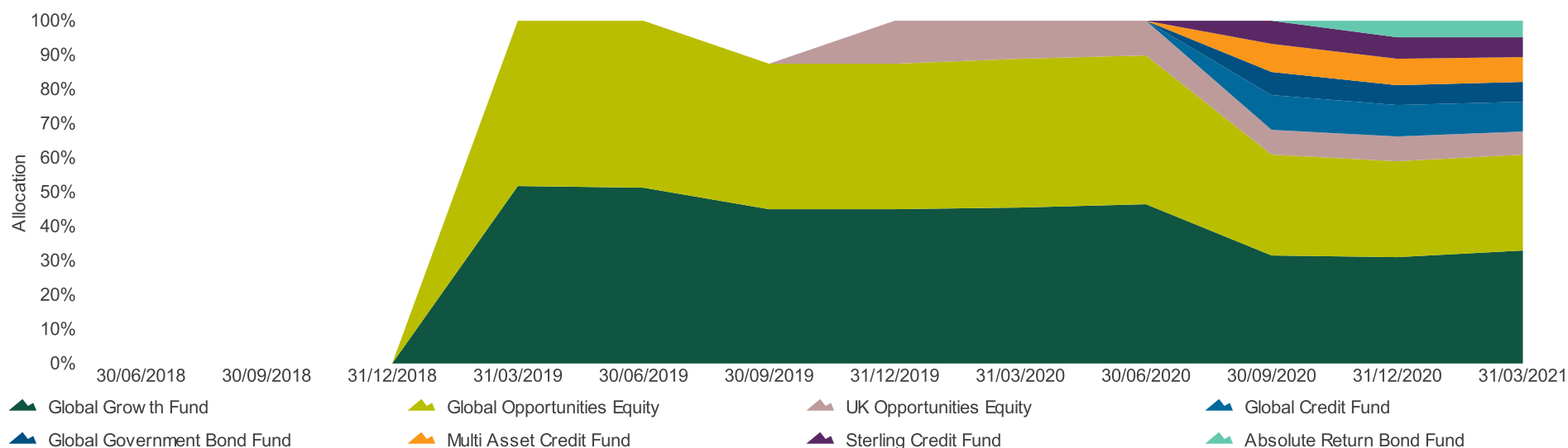
## Total Fund Net of Fees

Account/Group -Rate of Return	E.MV-NOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Wales Pension Partnership	9,400,176,569	100.00	2.27	3.08	36.98	12.55	06/02/2019
Global Growth Fund	3,061,322,424	32.57	2.70	5.24	48.95	17.14	06/02/2019
Global Opportunities Equity	2,624,491,911	27.92	4.42	5.78	42.21	15.51	14/02/2019
UK Opportunities Equity	674,459,695	7.17	3.68	6.14	41.01	4.22	11/10/2019
Global Credit Fund	791,481,163	8.42	-0.64	-2.73	-	-0.09	20/08/2020
Global Government Bond Fund	526,762,620	5.60	-0.20	-2.69	-	-0.91	19/08/2020
Multi Asset Credit Fund	714,417,901	7.60	-0.39	0.55	-	5.91	11/08/2020
Sterling Credit Fund	550,986,287	5.86	0.01	-4.34	-	-0.63	19/08/2020
Absolute Return Bond Fund	456,254,568	4.85	0.36	1.25	-	2.04	30/09/2020

### WALES PENSION PARTNERSHIP TOTAL FUND NET OF FEES



## Allocation over Time



Account / Group	30/06/2020		30/09/2020		31/12/2020		31/03/2021	
	Market Value	Actual Weight	Market Value	Actual Weight	Market Value	Actual Weight	Market Value	Actual Weight
<b>Wales Pension Partnership</b>	<b>5,149,599,621</b>	<b>100.00</b>	<b>7,787,520,566</b>	<b>100.00</b>	<b>8,943,513,201</b>	<b>100.00</b>	<b>9,404,785,766</b>	<b>100.00</b>
Global Growth Fund	2,373,367,154	46.09	2,445,037,288	31.40	2,765,653,588	30.92	3,062,857,245	32.57
Global Opportunities Equity	2,230,646,643	43.32	2,284,960,573	29.34	2,497,364,432	27.92	2,626,222,580	27.92
UK Opportunities Equity	545,585,824	10.59	544,517,720	6.99	635,984,319	7.11	674,772,273	7.17
Global Credit Fund			789,846,587	10.14	813,895,265	9.10	791,655,440	8.42
Global Government Bond Fund			531,735,711	6.83	541,409,848	6.05	526,922,196	5.60
Multi Asset Credit Fund			636,770,339	8.18	672,186,892	7.52	714,714,424	7.60
Sterling Credit Fund			554,652,347	7.12	575,953,784	6.44	551,190,920	5.86
Absolute Return Bond Fund			1	0.00	441,065,073	4.93	456,450,688	4.85

## SECTION 2

# Appendix

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