

WPP – Beliefs, Policies & Governance Workshops

Introduction

This paper is addressed to the Wales Pension Partnership (“WPP”) Joint Governance Committee (“JGC”). The purpose of this paper is to outline the benefits of holding two workshops, the first workshop would cover beliefs & policies and the second workshop would deal with decision making & governance.

We believe that two workshops will provide the ideal forum for the WPP to consider and identify its beliefs and the objectives it wants to achieve from pooling. Furthermore, the workshops would address the importance of beliefs in the context of a WPP governance framework (Appendix 1) and how belief setting is the critical starting point for all subsequent elements of the WPP governance framework including informing policy setting and decision making.

Content of the workshops

- The Beliefs & Policies Workshop -the first half of the workshop will seek to identify, formulate and crystallise the beliefs of the WPP. This part of the workshop will address the following questions:
 - What are the WPP’s beliefs?
 - What are the primary objectives that the WPP wants to achieve from pooling?
 - What structure does the WPP believe is most suitable to achieving its beliefs & objectives?

The second part of the workshop would address how the WPP can formulate its beliefs into a codified set of implementable policies and which policies should be prioritised over the next 12 - 24 months.

- Decision Making & Governance Workshop - the second workshop would outline the importance of the WPP’s decision making process in ensuring that the WPP’s beliefs and subsequent policies are consistent and implemented effectively. Furthermore, this section would highlight the benefits of developing a WPP governance matrix and what form the governance matrix should take. We have included a draft governance matrix in Appendix 2 as a reference point.

Please note that we do not expect the Operator to be involved in the formulation of the WPP’s beliefs, we would expect the Operator to be consulted before policies and the governance matrix are finalised.

Next Steps

Following discussions with the Officer Working Group and the Host Authority it was agreed that the Beliefs & Policy workshop would take place on the 20th September 2019, after the JGC meeting. The Decision Making & Governance workshops would take place during October/ November 2019.

It was agreed that Hymans would produce and circulate a beliefs and policies questionnaire to the Constituent Authorities. The questionnaire will follow a similar format to the responsible investment questionnaire that Hymans produced and will allow members of the WPP to consider their beliefs & policies ahead of the workshop.

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Appendix 1 –WPP Governance Framework



Appendix 2 – Illustrative Draft Governance Matrix

	Action	Constituent Authorities	Host Authority	OWG	JGC	Operator	Oversight Advisor
Beliefs & Objectives	Outline WPP's Beliefs, Objectives & Structure	Contribute	Collate	Formulate	Agree	Adhere to	Advise
Strategic Goals & Policies	Set Statement of Investment Principles	Contribute	Collate	Formulate	Agree	Adhere to	Advise & Monitor
	Develop Relevant Policies (e.g. RI)	Contribute	Collate	Formulate	Agree	Adhere to & Implement	Advise & Monitor
	Set targets & timeframes (i.e. Workplan)	Contribute	Collate	Formulate	Agree	Adhere to	Advise & Monitor
Decision Making	Outline decision making structure & delegation	Contribute	Collate	Formulate	Agree	-	Advise & Critic
	Formulation of Governance Framework	Contribute	Collate	Formulate	Agree	-	Advise & Review
	Budget Approval & Resource Requirements	Contribute	Collate	Formulate	Agree	-	Review
Implementation	Agree Asset Tranches & Tranche Structure	Contribute	Collate & Drive	Formulate	Agree	Implement	Advise & Critic
	Agree Supplier Requirements & Remit	Contribute	Collate & Drive	Formulate	Agree		Advise & Review
	Appointing Suppliers	Advise	Drive	Review	Agree	Implement	Assist
	Liaising with Suppliers	-	Responsible For	Oversee	Oversee	-	Review
	Agree Supplier Contracts & Terms	Contribute	Collate	Formulate	Agree	-	Advise & Critic

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	Conflict Management	-	Contribute	Review	Responsible For	-	Oversee & Advise
Monitoring	Suitability & Performance of Suppliers	Contribute	Collate	Review	Agree	-	Oversee & Advise
	Performance of Investment Managers (including ESG metrics & Stewardship)	Review	Review	Review	Review	Responsible For	Advise & Critic
	Implementation of Decisions	-	Collate	Review	Responsible For	-	Oversee & Advise
	Resourcing Requirements	-	Collate	Review	Responsible For	-	Oversee & Advise
	Budget & Value for Money	-	Collate	Review	Responsible For	-	Oversee & Advise
	Risks & Risk Management	-	Collate	Review	Responsible For	-	Oversee & Advise
	Compliance & Regulatory Requirements	-	Collate	Review	Responsible For	-	Oversee & Advise
Review	Record Keeping	-	Responsible For	Review	-	-	Oversee & Advise
	Identify & Document Lesson Learnt	Contribute	Contribute & Document	Responsible For	Review	-	Oversee & Advise
	Skill & Training Requirements	Contribute	Contribute	Contribute	Contribute	-	Oversee & Advise