



**WALES PENSION PARTNERSHIP**

**STATEMENT OF ACCOUNTS**

**FOR THE YEAR ENDED**

**31 MARCH 2023**

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

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## Contents

|  |         |
|--|---------|
| 1. Narrative Report  | Page 1  |
| 2. Statement of Responsibilities for the Statement of Accounts | Page 4  |
| 3. Annual Governance Statement                                 | Page 5  |
| 4. Financial Statements  | Page 13 |
| • Comprehensive Income and Expenditure Statement (CIES)        |         |
| • Balance Sheet  |         |
| • Cashflow Statement   |         |
| 5. Notes to the accounts                                       | Page 14 |
| 6. Glossary of Terms   | Page 18 |

## 1 NARRATIVE REPORT

The Statement of Accounts summarises the financial transactions of the Wales Pension Partnership (WPP) for the 2022/23 financial year and its financial position as at year ended 31 March 2023.

### 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.
- To embed the delivery of long-term, sustainable investment outcomes into decision making, through capital allocation, the ongoing scrutiny of asset managers, and the exercise of the rights and responsibilities that arise as asset owners.

#### 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 2022/23 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 2023.

### **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 2022/23 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 23 March 2022 and subsequently by all eight Constituent Authorities.

| <b>Wales Pension Partnership<br/>2022/23</b>      | <b>Note</b> | <b>Budget<br/>£</b> | <b>Actual<br/>£</b> | <b>Variance<br/>£</b> |
|---|-------------|---------------------|---------------------|-----------------------|
| <b>Gross Expenditure</b>                          |             |                     |                     |                       |
| Employee costs                                    | 1           | 86,200              | 67,728              | 18,472                |
| Host Authority costs                              | 2           | 23,499              | 18,189              | 5,310                 |
| Host Authority Support<br>Services                | 3           | 81,360              | 81,360              | 0                     |
| <b>Total Host Authority<br/>Gross Expenditure</b> | 4           | <b>191,059</b>      | <b>167,277</b>      | <b>23,782</b>         |
| External Consultants                              | 5           | 1,205,500           | 1,097,165           | 108,335               |
| <b>Total Gross Expenditure</b>                    |             | <b>1,396,559</b>    | <b>1,264,442</b>    | <b>132,117</b>        |

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**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 £132k for the year, which was mainly due to:

- Employee costs – Assistant Accountant not appointed
- Host Authority costs – virtual meetings still being held, reducing staff travelling & meeting expenses
- External Consultants – work completed by external consultants less than anticipated.

**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 2023 and its income and expenditure for the year ended 31 March 2023.

Chris Moore FCCA  
Director of Corporate Services

Dated: 03 July 2023

### 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

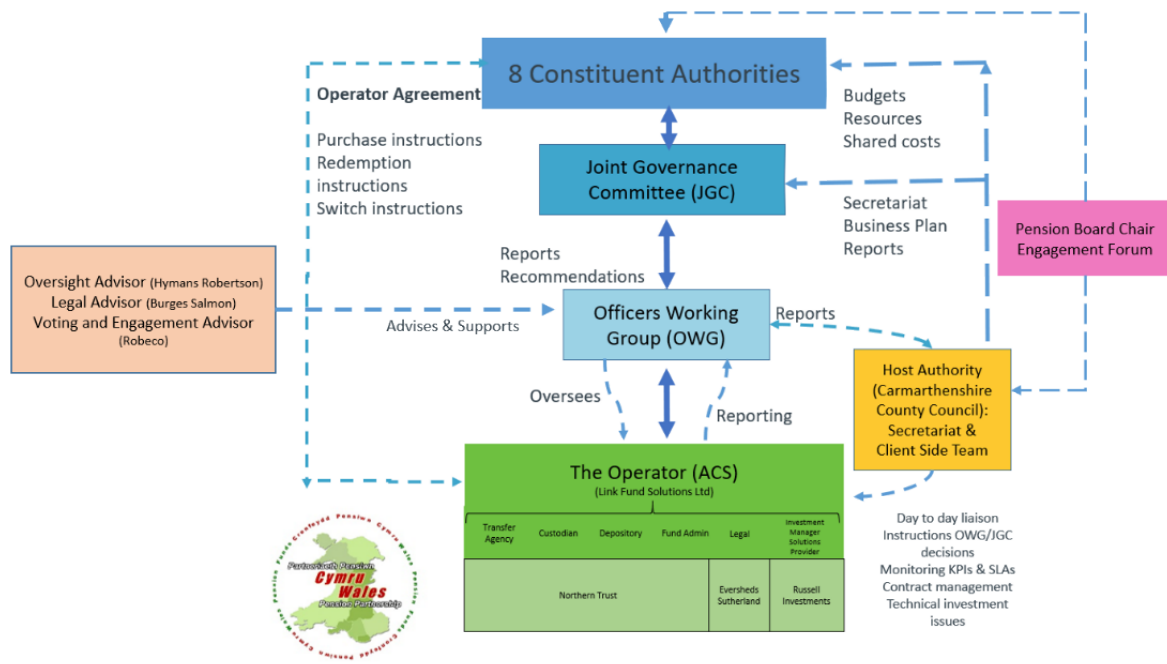
The Governance framework comprises of seven fundamental principles implemented to endorse high standards of confidence and trust in the governance and operation of the partnership, whilst upholding a commitment to ongoing improvement on a continuing basis through a process of evaluation and review.

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



- Cyngor Gwynedd
- 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 and a co-opted (non-voting) scheme member representative. 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. Christopher Weaver - City of Cardiff Council (Cardiff & Vale of Glamorgan Pension Fund) and the current vice-chair is Cllr. Ted Palmer – Flintshire County Council (Clwyd 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 quarterly 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.

## **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 – Quarterly
- Pension Board Engagement – Every 6 months
- Pension Fund Committees – Annual
- Manager Engagement Days – 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 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. Development of a Breaches and Errors Policy
3. Complete the Operator procurement exercise
4. Regular Review of WPP's Policies and Plans
5. Respond to any pooling related consultations and carry out any necessary changes as a result of consultation outcomes

\* The Business Plan has been developed and approved by the JGC on 29 March 2023, 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. Hybrid working arrangements continue. The implementation of the actions from the action plan in section 3.6 will be monitored and reviewed as part of the next annual review.

#### 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.

| 2021/22<br>(£)     | Description                                       | 2022/23<br>(£)     | Notes |
|--------------------|---|--------------------|-------|
|                    | <b>Expenditure</b>                                |                    |       |
| 64,360             | Employee costs                                    | 67,728             |       |
| 18,490             | Host Authority costs                              | 18,189             |       |
| 915,478            | External Advisor costs *                          | 1,097,165          |       |
| 79,183             | Host Authority Support Service costs              | 81,360             |       |
| <b>1,077,511</b>   | <b>Total Operating Expenditure</b>                | <b>1,264,442</b>   |       |
|                    | <b>Income</b>                                     |                    |       |
| (1,077,511)        | Constituent Authority Recharges **                | (1,264,442)        |       |
| <b>(1,077,511)</b> | <b>Total Operating Income</b>                     | <b>(1,264,442)</b> |       |
| <b>0</b>           | <b>Total Comprehensive Income and Expenditure</b> | <b>0</b>           |       |

\* The budget for External Advisor costs increased in 2022/23

\*\* 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 2023.

| 31st March<br>2022 (£) | Description                      | 31st March<br>2023 (£) | Notes |
|------------------------|----------------------------------|------------------------|-------|
|                        | <b>Current Assets</b>            |                        |       |
| 501,316                | Short Term Debtors               | 729,575                | 3     |
| <b>501,316</b>         | <b>Total Current Assets</b>      | <b>729,575</b>         |       |
|                        | <b>Current Liabilities</b>       |                        |       |
| (317,106)              | Cash and Cash Equivalents        | (588,239)              |       |
| (184,210)              | Short Term Creditors             | (141,336)              | 4     |
| <b>(501,316)</b>       | <b>Total Current Liabilities</b> | <b>(729,575)</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.

| 2021/22<br>(£)  | Description  | 2022/23<br>(£)   | Notes |
|---|--|------------------|-------|
| <b>Cashflow from operating activities</b>                     |  |                  |       |
| 0   | Net (surplus) / deficit on the provision of services | 0                |       |
| Adjustments for:  |  |                  |       |
| (119,549)   | (Increase) in trade and other debtors                | (228,259)        |       |
| (9,372)   | Increase in trade and other creditors                | (42,874)         |       |
| <b>(128,921)</b>  | <b>Net Cash from operating activities</b>            | <b>(271,132)</b> |       |
| <b>Net (Increase) / Decrease in cash and cash equivalents</b> |  |                  |       |
| (188,185)   | Cash & Cash Equivalents as at 1 April                | (317,106)        |       |
| (317,106)   | Cash & Cash equivalents as at 31 March               | (588,238)        |       |
| <b>(128,921)</b>  | <b>Cash and cash equivalents as at 31 March</b>      | <b>(271,132)</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 2022/23 financial year and its position at the year ended 31 March 2023. 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**

| 2021/22<br>(£) | Description                     | 2022/23<br>(£) |
|----------------|---------------------------------|----------------|
| 499,432        | Constituent Authorities         | 728,639        |
| 1,885          | Prepayments                     | 936            |
| <b>501,316</b> | <b>Total Short Term Debtors</b> | <b>729,575</b> |

**5.4 Short Term Creditors**

| 2021/22<br>(£) | Description                       | 2022/23<br>(£) |
|----------------|-----------------------------------|----------------|
| 5,448          | Trade Creditors                   | 30,878         |
| 178,762        | Accruals                          | 110,458        |
| <b>184,210</b> | <b>Total Short Term Creditors</b> | <b>141,336</b> |

**5.5 Audit Costs**

In 2022/23 the WPP incurred the following fees relating to financial audit and inspection, payable to Audit Wales

| 2021/22<br>(£) | Description                      | 2022/23<br>(£) |
|----------------|----------------------------------|----------------|
| 5,663*         | Audit Fees                       | 5,918          |
| <b>5,663</b>   | <b>Total External Audit Fees</b> | <b>5,918</b>   |

- restated

**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 2022/23 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 2022/23 and the debtor balances outstanding as at 31 March 2023.

| 2021/22<br>£      | Description                              | 2022/23<br>£      |
|-------------------|--|-------------------|
| 134,689           | Cardiff & Vale of Glamorgan Pension Fund | 158,055           |
| 134,689           | Clwyd Pension Fund                       | 158,055           |
| 134,689           | Dyfed Pension Fund                       | 158,055           |
| 134,689           | Gwynedd Pension Fund                     | 158,055           |
| 134,689           | Powys Pension Fund                       | 158,055           |
| 134,689           | Rhondda Cynon Taf (RCT) Pension Fund     | 158,055           |
| 134,689           | City and County of Swansea Pension Fund  | 158,055           |
| 134,689           | Greater Gwent (Torfaen) Pension Fund     | 158,055           |
| <b>1,077,511*</b> | <b>Total Related Party Transactions</b>  | <b>1,264,442*</b> |

\* Rounding

| 2021/22<br>£    | Description   | 2022/23<br>£    |
|-----------------|---|-----------------|
| 71,347          | Cardiff & Vale of Glamorgan Pension Fund                  | 103,893         |
| 71,347          | Clwyd Pension Fund  | 103,893         |
| 71,347          | Gwynedd Pension Fund                                      | 103,893         |
| 71,347          | Powys Pension Fund  | 103,893         |
| 71,347          | Rhondda Cynon Taf (RCT) Pension Fund                      | 103,893         |
| 71,347          | City and County of Swansea Pension Fund                   | 103,893         |
| 71,347          | Greater Gwent (Torfaen) Pension Fund                      | 103,893         |
| <b>499,432*</b> | <b>Related Party Transactions outstanding at year end</b> | <b>727,251*</b> |

\* Rounding

Carmarthenshire County Council charged the WPP for administration and support services during 2022/23. Invoices have also been received from Cyngor Gwynedd 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 2023.

| Related Party Transactions - Creditors | Value of services provided during 2022/23<br>£ | Balance outstanding as at 31 March 2023<br>£ |
|--|--|--|
| Carmarthenshire County Council         | 151,200  | 0  |
| Cyngor Gwynedd                         | 5,200  | 864  |
| <b>Total</b>                           | <b>156,400</b>                                 | <b>864</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 2022/23.

## 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.