

CLWYD PENSION FUND COMMITTEE

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| Date of Meeting | Tuesday, 23 rd March 2021 |
| Report Subject | WPP Business Plan 2021/22 to 2023/24 |
| Report Author | Head of Clwyd Pension Fund |

EXECUTIVE SUMMARY

The next meeting of the Wales Pension Partnership (WPP) Joint Governance Committee (JGC) will be held on 24th March 2021 where there will be an agenda item to consider the WPP three-year Business Plan.

In accordance with the Inter Authority Agreement the approval of the WPP Business Plan, which includes the strategic objectives and budget, is a reserved matter for the Constituent Authorities.

The draft WPP Business Plan to be presented to the JGC is attached and any changes requested by the JGC will be considered as part of the Fund's urgency delegation procedure.

The WPP Business Plan and budget is constantly monitored by the Officer Working Group (OWG) and reviewed each year.

RECOMMENDATIONS

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| 1 | That the Committee approve the attached draft WPP Business Plan, including the objectives of the pool on page 7 and the budget on page 14, relating to the period 2021/22 to 2023/24 before agreement by the JGC on 24 th March 2021. |
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REPORT DETAILS

| 1.00 | Review of the WPP Business Plan |
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| 1.01 | <p>The draft WPP Business Plan for the three years commencing 2021/22 is attached as Appendix 1. This is the WPP's second business plan and the draft will be discussed at the WPP JGC on 24th March 2021. Any changes agreed by the JGC to this draft will then need to be approved by the Clwyd Pension Fund Committee, but this can be done using the existing urgency delegation procedure. Any material updates will be shared with the Committee.</p> |
| 1.02 | <p>The format of the Business Plan has evolved since 2020/21 and follows a similar format to the other WPP documents and policies. The Business Plan includes WPP:</p> <ul style="list-style-type: none">• objectives, beliefs and an overview of the policies• risk management• work plan• training plan• financial budget• investments and performance. |
| 1.03 | <p>Approval of the WPP Business Plan, including the strategic objectives and budget within it, is a reserved matter and requires approval by all eight of the Constituent Authorities. The draft Business Plan was developed in consultation with officers from the eight Constituent Authorities and the WPP Oversight Advisor.</p> |
| 1.04 | <p>Excellent progress continues to be made by the WPP in terms of pooling investments, with £14.7bn pooled with WPP and BlackRock, and the Business Plan outlines how further assets will be transitioned to WPP.</p> <p>The plan includes a separate investment and reporting section which identifies all the areas to be covered in relation to Responsible Investing. This is an area highlighted to be of utmost importance to the WPP and is a positive step in helping the Clwyd Pension Fund achieve its own objectives in our Responsible Investment Policy.</p> <p>The plan also builds on the excellent progress made last year on governance aspects, including the development of various WPP policies. For example, it includes an ongoing training plan.</p> |
| 1.05 | <p>The budget on page 14 of the Business Plan has increased from 2020/21. This is due to the appointment of the WPP Voting and Engagement provider and the increased work anticipated by the Legal Advisors to the WPP. The total fees will be shared equally between the eight Pension Funds. Fees due to the operator will increase as more assets are transferred into WPP in line with the operator agreement and will be allocated between the Pension Funds dependant on the individual assets under management. Furthermore, should it transpire that additional expenditure exceeding 30% of the agreed 2021/22 WPP budget is required, then this is also a reserved matter that will be brought back to the Constituent Authorities.</p> |

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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | <p>The costs of resources required for delivering the WPP Business Plan is included in the budget section of the WPP Business Plan.</p> <p>A proportion of the costs from the WPP budget are included in the Clwyd Pension Fund budget (within the Business Plan which is a separate agenda item at this Committee).</p> <p>There is considerable time allocated by the Head & Deputy of the Clwyd Pension Fund in delivering and monitoring the WPP Business Plan which is not recognised in the budget, however it does result in greater reliance on external advisors on local matters than would otherwise be the case.</p> |

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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | <p>Some elements of the Business Plan, such as the training plan, have been informed by questionnaires completed by all Constituent Authorities. The WPP Inter Authority Agreement requires all eight Constituent Authorities to approve the WPP Business Plan.</p> |

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| 4.00 | RISK MANAGEMENT |
| 4.01 | <p>The key risks are considered as part of the business planning process and articulated within the draft WPP Business Plan.</p> |

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| 5.00 | APPENDICES |
| 5.01 | <p>Appendix 1 – WPP Business Plan 2021/22 to 2023/24</p> |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | <p>WPP Inter- Authority Agreement</p> <p>Contact Officer: Philip Latham, Head of Clwyd Pension Fund Telephone: 01352 702264 E-mail: philip.latham@flintshire.gov.uk</p> |

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| 7.00 | GLOSSARY OF TERMS |
| 7.01 | <p>(a) The Fund – Clwyd Pension Fund – The Pension Fund managed by Flintshire County Council for local authority employees in the region</p> |

and employees of other employers with links to local government in the region

- (b) **Administering authority or scheme manager** – Flintshire County Council is the administering authority and scheme manager for the Clwyd Pension Fund, which means it is responsible for the management and stewardship of the Fund.
- (c) **The Committee – Clwyd Pension Fund Committee** - the Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund
- (d) **LGPS – Local Government Pension Scheme** – the national scheme, which Clwyd Pension Fund is part of
- (e) **Inter Authority Agreement (IAA)** – the governance agreement between the eight Wales pension funds for purposes of pooling
- (f) **Wales Pension Partnership (WPP)** – the name agreed by the eight Wales pension funds for the Wales Pool of investments
- (g) **The Operator** – an entity regulated by the FCA which provides both the infrastructure to enable the pooling of assets and fund management advice. For the Wales Pension Partnership, the appointed Operator is Link