

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 29 March 2023
Report Subject	WPP Draft Business Plan 2023/24 to 2025/26
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 29 March 2023 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 which is being presented to the JGC is attached. As this will be considered on this same date as the Clwyd Pension Fund Committee meeting, any changes requested by the JGC will need to 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) as well as being updated each year.

RECOMMENDATIONS

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 2023/24 to 2025/26.
2	That the Committee note that should there be any recommended changes agreed by JGC on 29 March, these will be considered and agreed using the Fund's urgency delegation procedure, unless the Chairman and Head of Clwyd Pension Fund consider them to be sufficiently material to merit waiting until the June Pension Fund Committee.

REPORT DETAILS

1.00	Review of the WPP Business Plan
1.01	<p>The draft WPP Business Plan for the three years commencing 2023/24 is attached as Appendix 1. The draft WPP's Business Plan will be discussed at the WPP JGC on 29 March 2023. 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. In the unlikely event that any such updates are considered sufficiently material, the Business Plan will be brought back to Committee for approval in June 2023.</p>
1.02	<p>The WPP Business Plan includes:</p> <ul style="list-style-type: none">• about the WPP and governance• risk management• objectives, beliefs and an overview of the policies• 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>The main items of interest for the Clwyd Pension Fund contained within the work plan for 2023/24 are:</p> <ul style="list-style-type: none">• The procurement of an operator.• Launch of the Global Sustainable Equity Fund which the Clwyd Pension Fund Committee requested.• The availability of Private Debt, Private Equity and Infrastructure asset classes for the first time in 2023/24.• Review of reporting in relation to the Stewardship Code and Responsible Investment• Ongoing engagement with Constituent Authorities relating to ESG/RI standards and their climate ambitions. <p>The Committee will continue to receive quarterly updates on progress against the work plan including the opportunity to provide comments and feedback to the WPP. The Head and Deputy Head of the Clwyd Pension Fund will continue to participate and represent the interests of the Clwyd Pension Fund on the Officer Working Group, Procurement sub-group, Risk sub-group, Responsible Investment sub- group and Private Markets sub-group. This is outlined in the Clwyd Pension Fund Business Plan.</p> <p>Committee and Board members are encouraged to attend the training events available to them within the WPP training plan throughout 2023/24, and these sessions will be incorporated into the Fund's training plan.</p>

1.05	<p>The WPP budget, on page 14 on the Business Plan, excluding operator and allocator services has increased from £1.397m in 2022/23 to £1.648m in 2023/24. The main reason for the increase is due to the procurement of the operator contract, particularly associated adviser and legal costs. There are also increases due to additional responsible investment and climate work. The total fees will be shared equally between the eight Pension Funds.</p> <p>Fees due to the operator and allocator services will increase as more assets are transferred into WPP and will be allocated between the Pension Funds dependant on the individual assets under management. The overall budget for operator and allocator services increased from £33,319m in 2022/23 to £37.257m in 2023/24.</p> <p>Furthermore, should it transpire that additional expenditure exceeding 30% of the agreed 2023/24 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>

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	<p>The WPP Inter Authority Agreement requires all eight Constituent Authorities to approve the WPP Business Plan.</p>

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. The separate report on Clwyd Pension Fund's Business Plan also highlights the following risks for the Fund:</p> <ul style="list-style-type: none"> • the impact of externally led influence and change including the WPP operator contract and asset pooling guidance changes • that WPP do not provide CPF with portfolios to deliver the Investment Strategy and • that WPP do not provide CPF with the tools to enable implementation of its RI policies.

5.00	APPENDICES
5.01	Appendix 1 – WPP Business Plan 2023/24 to 2025/26

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>

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 and employees of other employers with links to local government in the region</p> <p>(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.</p> <p>(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</p> <p>(d) LGPS – Local Government Pension Scheme – the national scheme, which Clwyd Pension Fund is part of</p> <p>(e) Inter Authority Agreement (IAA) – the governance agreement between the eight Wales pension funds for purposes of pooling</p> <p>(f) Wales Pension Partnership (WPP) – the name agreed by the eight Wales pension funds for the Wales Pool of investments</p> <p>(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 Fund Solutions Ltd</p>