



# Complete Agenda

**Democracy Service**  
Council Offices  
CAERNARFON  
Gwynedd  
LL55 1SH

Meeting

**THE COUNCIL**

Date and Time

**1.30 pm, THURSDAY, 3RD JULY, 2025**

**\* NOTE \***

**This meeting will be webcast**

**[https://gwynedd.public-i.tv/core//en\\_GB/portal/home](https://gwynedd.public-i.tv/core//en_GB/portal/home)**

Location

**Hybrid - Siambr Dafydd Orwig, Swyddfeydd y Cyngor, Caernarfon LL55 1SH**

Contact Point

**Eirian Roberts**

**01286 679018**

**[eirianroberts3@gwynedd.llyw.cymru](mailto:eirianroberts3@gwynedd.llyw.cymru)**

(DISTRIBUTED 25/06/25)

**Ian Jones**  
**Head of Democracy**

**[www.gwynedd.llyw.cymru](http://www.gwynedd.llyw.cymru)**

**WEDNESDAY, 25 JUNE 2025**

Dear Councillor,

**MEETING OF CYNGOR GWYNEDD – THURSDAY, 3 JULY 2025**

**YOU ARE HEREBY SUMMONED** to attend a multi-location meeting of **CYNGOR GWYNEDD** which will be held at **1.30 pm** on **THURSDAY, 3RD JULY, 2025** in **SIAMBR DAFYDD ORWIG, SWYDDFEYDD Y CYNGOR, CAERNARFON LL55 1SH / VIRTUALLY ON ZOOM**, to consider the matters mentioned in the following agenda.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Ian Jones', with a stylized, cursive script.

Head of Democracy

The following rooms will be available for the political groups during the morning: -

Plaid Cymru - Siambr Dafydd Orwig  
Independent – Siambr Hywel Dda

# AGENDA

## 1. APOLOGIES

To receive any apologies for absence.

## 2. MINUTES

6 - 21

The Chair shall propose that the minutes of the Annual Meeting of the Council held on 1<sup>st</sup> May, 2025 be signed as a true record.

## 3. DECLARATION OF PERSONAL INTEREST

To receive any declarations of personal interest.

## 4. THE CHAIR'S ANNOUNCEMENTS

To receive any Chair's announcements.

## 5. URGENT ITEMS

To note any items which are urgent business in the opinion of the Chair so they may be considered.

## 6. QUESTIONS

To consider any questions the appropriate notice for which have been given under Section 4.18 of the Constitution.

## 7. ANNUAL REPORT OF THE STANDARDS COMMITTEE 2024/25

22 - 40

To submit the report of the Chair of the Standards Committee.

## 8. ANNUAL REPORT OF THE HEAD OF DEMOCRACY 2024/25

41 - 53

To submit the report of the Head of Democracy.

## 9. WALES PENSION PARTNERSHIP - IMPLEMENTING 'FIT FOR THE FUTURE' BUSINESS PLAN

54 - 151

To submit the report of the Chair of the Pensions Committee.

## 10. RECOMMENDATION OF THE INTERVIEW PANEL - APPOINTMENT OF LAY MEMBERS OF THE GOVERNANCE AND AUDIT COMMITTEE

152 - 155

To submit the report of the Chair of the Interview Panel.

## 11. NOTICES OF MOTION

**(A) NOTICE OF MOTION BY COUNCILLOR RHYS TUDUR**

In accordance with the Notice of Motion received under Section 4.19 of the Constitution, Councillor Rhys Tudur will propose as follows:-

**Given the language shift seen in Gwynedd from census to census, this Council welcomes the Welsh Government's response to the recommendations of the Commission for Welsh-speaking Communities and calls upon the Government to urgently introduce measures giving local authorities the powers and funding to counteract the language shift.**

**(B) NOTICE OF MOTION BY COUNCILLOR GWYNFOR OWEN**

In accordance with the Notice of Motion received under Section 4.19 of the Constitution, Councillor Gwynfor Owen will propose as follows:-

**Following the revelation that improvements to the Oxford to Cambridge railway line have been changed from an England-only scheme to an England and Wales scheme, and also in the wake of the paltry sum announced in the Westminster Government's spending review of £450m over 10 years, Cyngor Gwynedd is calling on the Welsh Government to demand that the entire Wales Rail Network is devolved to Wales as a matter of urgency. This Council is of the view that Gwynedd and Wales are missing out significantly on investment due to being tied to England on these issues. We believe that Wales should have the same rights as Scotland and Northern Ireland.**

**(C) NOTICE OF MOTION BY COUNCILLOR JINA GWYRFAI**

In accordance with the Notice of Motion received under Section 4.19 of the Constitution, Councillor Jina Gwyrfaï will propose as follows:-

**Given that**

- a) Agriculture is one of Wales' main industries, and that a high percentage of Gwynedd's economy is linked to agriculture,**
- a) the stability of the family farm is a vital and invaluable contribution to the preservation of the Welsh language in our Welsh-speaking communities.**
- b) The agricultural industry in Wales *is currently* able to make a valuable contribution to the food stock of the 'United Kingdom' in an age of increasing uncertainty, although the stock is low.**

**This Council notes with regret that the Inheritance Tax Act poses a threat to the traditional farming unit, to the economy of the country and to the Welsh countryside, especially to the Welsh-speaking areas.**



**(At least two farmers are known to have committed suicide since the announcement of the Act and families and related local workers and businesses face collapse if the Act comes into effect in 2026.)**

**I therefore call on Cyngor Gwynedd to bring pressure to bear on the Welsh Government to take the following actions-**

- i) pressurise the Westminster Government to recognise that the farming industry is crucial to the UK's security strategy, and to exclude family farms that produce food from the new tax when it comes into force.**
- ii) make a plea to the Welsh Government to commission research to assess the impact of the Act on the Welsh economy and Welsh-speaking communities; also to implement adequate mitigation measures to protect the agricultural industry which is so crucial to the future of our country's rural communities.**

## **12. RESPONSES / UPDATES TO PREVIOUS NOTICES OF MOTION**

156 - 172

- (1) Letter from the UK Government in response to Councillor Elwyn Edwards' Notice of Motion to the 6<sup>th</sup> March, 2025 Council meeting regarding the Justice Jurisdiction.
- (2) Letter from the WLGA in response to Councillor Elwyn Edwards' Notice of Motion to the 6<sup>th</sup> March, 2025 Council meeting regarding the Justice Jurisdiction.
- (3) Letter from the Welsh Government in response to Councillor Elwyn Edwards' Notice of Motion to the 6<sup>th</sup> March, 2025 Council meeting regarding the Justice Jurisdiction.
- (4) Letter from the Welsh Government in response to Councillor Elfed Wyn ap Elwyn's Notice of Motion to the 6<sup>th</sup> March, 2025 Council meeting regarding broadcasting and media rights.
- (5) Letter from the Welsh Government in response to Councillor Elin Hywel's Notice of Motion to the 1<sup>st</sup> May, 2025 Council meeting regarding welfare reform.
- (6) Letter from the Welsh Government in response to Councillor Gwynfor Owen's Notice of Motion to the 1<sup>st</sup> May, 2025 Council meeting regarding the increase to employer National Insurance contributions.

**ANNUAL MEETING OF THE COUNCIL 1/5/25**

---

**Present:** Councillor Ioan Thomas (Chair)  
Councillor Elin Walker Jones (Vice-chair).

Councillors:- Craig ab Iago, Menna Baines, Beca Brown, Stephen Churchman, Glyn Daniels, Anwen Davies, Dafydd Owen Davies, Elwyn Edwards, Elfed Wyn ap Elwyn, Alan Jones Evans, Gwilym Evans, Dylan Fernley, Delyth Lloyd Griffiths, Jina Gwyrfai, Annwen Hughes, John Brynmor Hughes, Louise Hughes, Medwyn Hughes, Iwan Huws, Elin Hywel, Nia Wyn Jeffreys, Anne Lloyd Jones, Berwyn Parry Jones, Dawn Lynne Jones, Dewi Jones, Elwyn Jones, Gwilym Jones, Gareth Tudor Jones, Huw Wyn Jones, June Jones, Eryl Jones-Williams, Cai Larsen, Dafydd Meurig, Dilwyn Morgan, Linda Morgan, Dewi Owen, Gwynfor Owen, Llio Elenid Owen, Gareth Coj Parry, Geraint Parry, Rheinallt Puw, Arwyn Herald Roberts, Beca Roberts, Elfed P Roberts, John Pughe Roberts, Meryl Roberts, Richard Glyn Roberts, Huw Llwyd Rowlands, Paul Rowlinson, Angela Russell, Dyfrig Siencyn, Peter Thomas, Menna Trenholme, Rob Triggs, Rhys Tudur, Hefin Underwood, Einir Wyn Williams, Elfed Williams, Gareth Williams, Gruffydd Williams, Sasha Williams and Sian Williams.

**Officers:** Dafydd Gibbard (Chief Executive), Geraint Owen (Corporate Director), Dylan Owen (Corporate Director and Statutory Director of Social Services), Dewi Morgan (Head of Finance Department), Iwan Evans (Monitoring Officer), Carys Fôn Williams (Head of Housing and Property Department), Vera Jones (Democracy and Language Service Manager), Siôn Huws (Propriety and Elections Manager), Arwel Evans (Procurement Manager) and Eirian Roberts (Democracy Services Officer).

**1. CHAIR**

**RESOLVED to appoint Councillor Ioan Thomas as Chair for 2025/26.**

Councillor Ioan Thomas read and signed the declaration accepting the post of Chair of Cyngor Gwynedd for 2025/26, in the presence of the Chief Executive.

**2. VICE-CHAIR**

Two names were proposed and seconded for the post of vice-chair, namely Councillor Beth Lawton and Councillor Elin Walker Jones.

**RESOLVED to appoint Councillor Elin Walker Jones as Vice-chair for 2025/26.**

Councillor Elin Walker Jones read and signed the declaration accepting the post of Vice-chair of Cyngor Gwynedd for 2025/26, in the presence of the Chief Executive.

**3. APOLOGIES**

Apologies were received from Councillors Beth Lawton, Edgar Owen, Nigel Pickavance, John Pughe and Gareth Roberts.

**4. MINUTES**

The Chair signed the minutes of the previous Council meeting held on 6 March 2025 as a true record.

**5. DECLARATION OF PERSONAL INTEREST**

No declarations of personal interest were received.

## 6. THE CHAIR'S ANNOUNCEMENTS

Deepest condolences were extended to Councillor Angela Russell and family following the loss of her husband in March, and her brother-in-law last month.

Condolences were also extended to the families of two community benefactors who had passed away recently, namely:-

- The family of Selwyn Williams, Blaenau Ffestiniog, a campaigner and academic who had been at the forefront of the establishment of community initiatives.
- The family of Gareth Roberts, Deiniolen, a local historian who brought the past to life in the quarry areas.

It was also noted that the Council wished to sympathise with everyone in the county's communities who had recently lost loved ones.

The Council stood in silence as a mark of respect and remembrance.

It was noted that several Council members had been ill recently and they were all wished a full and speedy recovery.

Councillor Geraint Wyn Parry was welcomed to his first meeting of this Council as the Member for Teigl, and former Councillor Linda Ann Jones was once again thanked for all her work over the years.

Councillor Gwilym Jones was congratulated on becoming a grandfather again, to a little girl called Nansi.

Caernarfon Rugby Club (Men) were congratulated on winning the Welsh Rugby Union Division 1 Cup – the first North Wales club to win it.

Following the recent announcement that the Senedd Election would be held on 7 May 2026, it was noted that the Council's 2026 Annual Meeting would be moved from that date to May 14.

It was noted that this was the last meeting of the Full Council where Eirian Roberts (Democracy Services Officer) would be taking the minutes as she would be retiring at the end of July. She was thanked for her service taking the minutes in Council meetings over a number of years, and having worked in her position for over forty years.

## 7. URGENT ITEMS

None to note.

## 8. QUESTIONS

*(The Cabinet Members' written responses to the questions had been published in advance.)*

### (1) Question from Councillor Gruffydd Williams

In the context of the latest decision by the Supreme Court, what arrangements are in place to confirm that women in Gwynedd have access to places and opportunities of all kinds for women only?

**Response from the Cabinet Member for Corporate and Legal Services and for the Welsh Language, Councillor Llio Elenid Owen**

I will read the official answer first.

"The Council is in the process of considering the implications of the ruling taking into account further information e.g. the Equality and Human Rights Commission's Interim Guidance, published on 25 April. It should be noted that the Commission is looking to update their guidance after consultation, and put it before the Westminster Government before the summer recess. According to the Commission *"We know that many people have questions about the ruling and what it means for them. Our updated guidance will provide more clarity."*

We will look at our policies, guidelines, procedures and so on, to see if they align with the ruling."

As has been stated in the response, the Equality and Human Rights Commission's Interim Guidance, which was published last week, follows the Supreme Court's ruling on the legal definition of a woman, and the final guidance that will go before the Government before the summer will need to be awaited for further clarity and guidance on the situation.

I would like to draw your attention to what the Supreme Court has stated, which is that this is not a victory for either side. This is a definition within the Equality Act only. It is extremely important to emphasise that this legal opinion does not diminish trans people's legal rights against discrimination, and gender reassignment is one of the 9 features protected in the Equality Act 2010.

#### **Supplementary question from Councillor Gruffydd Williams**

According to the Equality Act, gender means biological sex, and women have a legal right to public changing rooms, bathrooms and single-sex crisis centres, and a gender recognition certificate does not make a man a woman under the law. The ruling cannot be clearer than that, and as a result I would like to ask what arrangements, facilities need to be made, and where and when will we see the change to reflect the decision?

#### **Response from the Cabinet Member for Corporate and Legal Services and for the Welsh Language, Councillor Llio Elenid Owen**

To emphasise what was said in the answer to the first question, we, like all other organisations, need further guidance to be able to respond fully and legally to this ruling.

I would also like to take this opportunity to declare our support and solidarity here with the trans community. Everyone should be free to choose their own gender identity and we should respect that, and we certainly shouldn't exclude trans people from society. To quote and complement what Councillor Beca Roberts said at the beginning of this meeting, everyone has the right to be themselves. We are fully committed here at Cyngor Gwynedd to supporting women's rights and the rights of trans people, and fighting for women's rights means fighting for the rights of working class women, disabled women, women from ethnic minority backgrounds and LGBTQ+ women. Rights for all need to be supported and respected and equal rights for others do not mean fewer rights for you.

Protecting and safeguarding everyone's rights underpins Plaid Cymru's position and that is why I am a member of Plaid Cymru.

There are a lot of questions arising and wider conversations following the ruling, and especially where this leaves 'intersex' and 'non-binary' people, and women who don't conform to the norm of what a woman is. And more than anything, it's critical that the voices of trans people are included in these discussions.

There is great concern that some are taking advantage of this ruling to give them the leeway to express prejudice against the trans community, a small community that is already vulnerable, and that is only trying to live their lives with dignity. It is heartbreaking for me to think that some of the people of Gwynedd could misuse this ruling to make the lives of a community that is on the margins more difficult. We are here as councillors to support all residents of Gwynedd to live together and to live their lives with dignity and respect. To conclude, from my first-hand experience as a woman, and growing up as a woman, I don't feel that trans people's rights have taken anything at all away from my rights as a woman.

**(2) Question from Councillor Sian Williams**

An important issue that has come to my attention in the last year, particularly in my own town, Cricieth, is anti-social behaviour among young people. It is a topic that concerns me greatly, as it is our responsibility, as a society, to nurture and support the next generation to be well-rounded and responsible citizens who have hope and value in themselves, and in their villages, towns and areas.

Cricieth is not unique. There are other areas in Gwynedd that are experiencing similar challenges, and other counties across Wales and beyond are struggling. You only need to open a newspaper or read messages on social media to see how things are.

It's important for us to get to the root of the problem. Why do young people behave like this and what can we, as a community, do to support them or tackle the problems? In Cricieth, we have seen damage to the public toilets and the maes, climbing fences to private gardens; stealing from local shops and sleeping overnight in car parks.

Obviously, the police and other agencies are aware of the situation and there is action and cooperation.

But with the recent fine weather, the situation has exacerbated. The small minority of young people who behave in this way have been excluded from school. The punishment is proving to be ineffective as they do not receive support or guidance through the schools or from other services during this period.

My question is, is it possible to open a discussion with the council's education department and other support agencies to consider another way of tackling the challenges faced by these young people and their families? A process of offering guidance and support, rather than excluding young people, who are obviously experiencing life's challenges? A system that would protect these young people and lead them along a better path, so that the community in Cricieth can sleep quieter at night and take pride in having extended a hand, rather than tarring all the young people of the area with the same brush? After all, only a handful behave in this way, most of our young people are responsible and courteous.

This is the future of our society, they are valuable and important individuals, and in my opinion, investing in the next generation is crucial for us, here, in Gwynedd.

**Response from the Cabinet Member for Education, Councillor Dewi Jones**

Thank you for the question. I agree with much of what was said in the question. I think this is a crucial topic, and any issue relating to children and young people is very close to my heart personally, which is why it is such a privilege for me to be fulfilling the role that I am currently doing.

Also, I am fully sympathetic to some of the things that you in Cricieth are suffering, and also aware that there are troubles like this in many villages and towns in Gwynedd, and

also beyond Gwynedd. But that doesn't make it right. As for the response, the written response has been provided, and as it says, a cross-departmental response is needed. It's a responsibility for all of us, I think, in terms of the Council, but more than just us as an organisation, as a Council, it includes a host of other organisations as well, and I'm glad that the member and I are coming from the same side on this because of what's in the question. We don't want to be pointing a finger or punishing, but we want to solve the problem rather than just responding and punishing, and as the member said, it's clear that punishment doesn't work. We've been doing this for years, and the same problems arise over and over again.

As for the Department of Education and exclusions, I certainly think exclusions don't work. They're being used as a method of punishment – a traditional method of punishment some people might say, but maybe it's high time that we look again at all of this and consider whether this is a method that we want to be using for the future. The only thing that excludes a child or a young person or an individual does is remove their ability to access support, to positive role models, to the sub-structures that are there to support them, and the last thing we want to do is exclude them, get rid of them, because it doesn't solve the problem. It may solve the problem for one individual or one group for a short time, but all it does is move the problem somewhere else. So I'm keen to meet and see what solutions we can put together to try and make a difference to the lives of children and young people in Cricieth and the whole of Gwynedd.

**(3) Question from Councillor Elfed Williams.**

Gwynedd residents continue to suffer and it has been over ten years since the Welsh Government's fuel poverty scheme caused damage to their homes leaving them damp, untidy and in need of repair.

Some residents of private houses in Deiniolen, Dinorwig, Clwt y Bont and Fachwen are financially at a loss and others are struggling to pay for repairs.

The Arbed project, funded by the Welsh Government, aimed to improve the energy efficiency of the houses while ensuring that the owners would have lower energy bills. But inferior works in the Deiniolen area have left the owners with damp houses developing into mould, with incorrectly reinstalled drainage pipes, untidy render and cracks in the walls.

Recently, 42 houses in Arfon have been approved for repairs by the Welsh Government. I very much welcome this work for the homes of residents in the community, but I remain concerned about the residents who will not be eligible for the repairs under this year's Welsh Government scheme.

It's high time all the residents of Deiniolen saw their homes repaired, having suffered damage to their property for so many years. It is the responsibility of the Welsh Government to rectify this, as a result of inferior work undertaken due to their Arbed project.

Therefore, my question is this: is the Council committed to ensuring that all Arfon housing residents receive repairs from the Welsh Government and receive the appropriate support they are due?

**Response from the Cabinet Member for Housing and Property, Councillor Paul Rowlinson**

Thank you for asking the question for the residents of your ward, people who have joined the Arbed Scheme to improve their houses and reduce the bills, but due to the faulty work, have found themselves in a situation where the houses are worse.

I would like to highlight that Arbed is the Welsh Government's scheme, and many homes across Wales had been affected by defective work under that Scheme, not only in Arfon but in many other places across Wales. The process of securing a fair settlement by following the claims process set by the Government has been long, and often very complex. The property owners themselves have put a lot of their time and effort into doing so.

Siân Gwenllïan, the Member of the Senedd for Arfon, has been raising the issue with the Government since 2017, and last year the Welsh Government agreed to look into the cases of the residents who had contacted her. Unfortunately, the Welsh Government has stated that no new cases will be added to the list.

While the Council has no part in this process, I am happy to write to the Government to ask why they are not willing to consider any new cases.

**(4) Question from Councillor Rhys Tudur**

When making decisions relating to the procurement of goods and subcontracting of services, this Council has a scoring criteria which give companies /businesses/organisations points for:

- community benefits that they provide and would provide for the Welsh language;
- their use of the Welsh language;
- having a high percentage of staff who speak Welsh;
- demonstrating that they have commitments to the Welsh language and language policies;
- having a training plan for improving Welsh language skills;
- supporting Welsh-medium apprenticeships;
- using Welsh as the language of internal and external correspondence?

**Response from the Cabinet Member for Corporate and Legal Services and for the Welsh Language, Councillor Llio Elenid Owen**

Thank you for the question. The procurement arrangements and internal evaluation process are legally managed under national procurement regulations (Procurement Act 2023). According to those regulations, the assessment and criteria must be equivalent and related to the purpose of what is desired to be procured.

The Council has a way of using different criteria to assess the proposals. Typically, the criteria include price and quality assessments along with any other specific requirements.

The Cabinet approved an amendment to the current Sustainable Procurement Policy at its meeting on November 7, 2023, and as a result, the Council has developed and adopted social value assessment arrangements, and the Welsh language is one of those measures. This requirement is now additional to the price and quality criteria.

Consequently, we can assess businesses' commitment to investing time and money to promote and develop the Welsh language while fulfilling the agreement with the Council. The commitment can be varied depending on the size and nature of the company that has tendered, and we do not currently limit them to specific proposals. The proposals can offer apprenticeships, training, Welsh signage within the company, or any other proposal that demonstrates their commitment to promoting the language.

The Council purchases a wide variety of goods and services from different fields and occasionally purchases unique and specialised goods and services. Often, only non-Welsh companies from outside the County can meet those needs. Nevertheless, where it is necessary to have services or systems through the medium of Welsh, the Council

specifies this need in the tender, and as a result, we will not accept applications that do not meet those requirements.

The Sustainable Procurement Policy is currently being reviewed due to recent national legislative changes, and is intended to be submitted to the Language Committee for comments, and it will also be submitted to the Cabinet.

**Supplementary Question from Councillor Rhys Tudur**

Given that this Council internally places good weight on the Welsh language, and that my question identifies several additional aspects that can be scored in terms of the value given to the Welsh language, the use of Welsh, and to the Welsh language as a community language in the context of procurement, and given that the sustainable procurement policy only gives a small and tokenistic score to the Welsh language, is this Council fully prepared to realise that, by adapting and adding to the procurement scoring measures and making the viability of the Welsh language a valid objective, we could be able to encourage as many businesses and bodies with which we interact as we can to make a serious contribution to the strengthening of the Welsh language?

**Response of the Cabinet Member for Corporate and Legal Services and for the Welsh Language, Councillor Llio Elenid Owen**

The Welsh language is clearly crucial in all aspects of the Council and the procurement procedure is no exception. Where there is a specific requirement for the Welsh language, it is possible for the Council to include it as a specific requirement in its agreement, and in this regard, the Council will only appoint Welsh language companies. There is an effort by the Council to put more emphasis on the social value of scoring contracts and this will become apparent as the Council and local companies become more familiar with these arrangements. As the procurement policy is reviewed there will be an opportunity for members and officers to influence the emphasis placed on social value. As has already been mentioned in the first response, we as a Council have to weigh and measure several things – value for money, quality, data protection and meeting equality and ethical requirements, but the Welsh language is also taken into account when assessing tenders.

If the member wants a further conversation about this, I would welcome that, and we can also arrange that with the Procurement Team.

**9. ANNUAL REVIEW OF THE COUNCIL'S POLITICAL BALANCE**

The Democracy and Language Services Manager presented a report setting out the annual review of the Council's political balance.

The Leader of the Independent Group noted that in order to ensure succession, it was vital that the vice-chairpersonship of each scrutiny committee went to the same group as the chairpersonship. In response, the Monitoring Officer noted:-

- That the scrutiny committees were unique because the chairpersonships were allocated on the basis of statutory political balance.
- That the chairpersonships and other vice-chairpersonships, and the vice-chairpersonships of the scrutiny committees were a decision for the individual committees in statute.

It was noted that there had been a number of vacant seats on committees for years and the Democracy Services Committee was asked to look into that.

**RESOLVED**

- **To adopt the list of committees and sub-committees to be established for**



the municipal year as noted in Appendix A (below), and adopt the allocation of seats and senior salaries as noted in the Appendix.

- To delegate the authority to the Head of Democracy Services to make appointments to the committees on the basis of political balance, and in accordance with the wishes of the political groups.
- To allocate the chairpersonships of scrutiny committees on the basis of political balance as follows:-

Education and Economy Scrutiny Committee - Plaid Cymru Group  
Communities Scrutiny Committee – Plaid Cymru Group  
Care Scrutiny Committee - Independent Group

- To adopt the seat allocation for the North Wales Corporate Joint Committee Overview and Scrutiny Joint Committee for the term of this Council unless there is a significant change in the political balance – there is 1 seat for the Plaid Cymru Group and 1 seat for the Independent Group

#### APPENDIX A - ALLOCATION OF SEATS ON COMMITTEES

A	Plaid Cymru	Independent	Labour / Liberal	Total
Education and Economy Scrutiny Committee	12	6	0	18
Communities Scrutiny Committee	12	5	1	18
Care Scrutiny Committee	12	5	1	18
Governance and Audit	8	4	0	12

B	Plaid Cymru	Independent	Labour / Liberal	Total
Democracy Services	10	4	1	15
Planning	10	4	1	15
Central / General Licensing	10	5	0	15
Language	10	5	0	15
Chief Officers Appointment	10	5	0	15
Employment Appeals	5	2	0	7
<b>Number of seats</b>	<b>99</b>	<b>45</b>	<b>4</b>	<b>148</b>

C	Plaid Cymru	Independent	Labour / Liberal	Total
Pensions	4	2	1	7
Local Joint Consultative	7	4	0	11

Committee				
SACRE	5	2	0	7
<b>Total seats</b>	<b>115</b>	<b>53</b>	<b>5</b>	<b>173</b>

**Senior Salaries**

In accordance with the previous decision of the Council, the senior salaries are paid as follows:

- Leader
- Deputy Leader
- 8 other Cabinet members
- The Leader of the largest Opposition
- Committee Chairs
  - Scrutiny Committee (x3)
  - Planning Committee
  - Licensing Committee (Central and General counts as one Committee)
  - Pensions Committee
- Civic head (Chair of the Council)
- Deputy civic head (Vice-chair of the Council)

**10. APPOINTMENT OF CHAIR TO THE DEMOCRACY SERVICES COMMITTEE**

The Council was invited to appoint a chair for the Democracy Services Committee for 2025/26.

**RESOLVED to appoint Councillor Anne Lloyd Jones as Chair of the Democracy Services Committee for 2025/26.**

**11. APPOINTMENT OF MEMBERS TO THE STANDARDS COMMITTEE - INTERVIEW PANEL RECOMMENDATIONS**

Submitted – the Monitoring Officer's report recommending that the Council appoint Non Gibson and Sonal Khade as Independent Members of the Standards Committee for a period of 6 years.

**RESOLVED that the Council appoints Non Gibson and Sonal Khade as Independent Members of the Standards Committee for a period of 6 years.**

**12. AMENDMENT OF THE CONSTITUTION**

Submitted – the Monitoring Officer's report reporting on delegated amendments to the Scheme of Delegation in Section 13 of the Constitution (included in Appendix 1 to the report).

**RESOLVED to accept the report on the delegated amendments in Appendix 1 to the report submitted to the Council.**

**13. URGENT CABINET DECISION**

Submitted – the report of the Monitoring Officer, for information only, stating that:-

- An exempt report was submitted to Cabinet on 8 April 2025 regarding the judicial review of the Cabinet's decision in 2024 to confirm the Article 4 Direction, and seeking Cabinet direction on the matter.
- Due to the timetable for the submission of documentation and evidence to the Court it was necessary to make an urgent decision in accordance with Section

7.25.2 of the Constitution so that the call-in procedure would not apply to allow for a Cabinet decision to come into immediate effect.

A member stated that he did not understand why the report had gone out for public comments, but that the comments did not come back to the full Council, and he questioned how the Council had come to this situation, and why. In response, the Monitoring Officer explained:-

- The report was not related to the judicial review and that item was not on the agenda.
- That a public case was ongoing and that he could send details to the member as to the grounds being argued before the Court.
- That this was a Cabinet decision, and that was not the subject of a legal challenge at all, nor part of the case before the council.

**RESOLVED to accept and note the report.**

#### **14. NOTICES OF MOTION**

- (A) The following notice of motion was submitted by Councillor Elfed Wyn ap Elwyn in accordance with Section 4.19 of the Constitution, and it was seconded:-

The Council calls upon the Westminster Government to devolve powers over water reservoirs and the water network in Wales, which will allow Wales to benefit from one of its most important resources.

The member set out the context to his motion, noting:-

- That the cost-of-living crisis had hit most people terribly hard, and that seeing the water bill almost doubled had thrown many families into panic and anxiety.
- It was therefore disheartening to see that water was being sold from Wales without this country receiving fair money for it.
- It was outrageous that such an amount of money was literally being pumped out of Wales, adding next to nothing to the Welsh economy.
- As noted by a Parliamentary committee, charging less than a penny per litre on water could bring £400m to Wales to use to invest in the water network and lower prices for customers.

**RESOLVED to adopt the motion, namely:-**

**The Council calls upon the Westminster Government to devolve powers over water reservoirs and the water network in Wales, which will allow Wales to benefit from one of its most important resources.**

- (B) The following notice of motion was submitted by Councillor Beca Brown under Section 4.19 of the Constitution and seconded:-

1 in 4 women and 1 in 6 men have experienced sexual abuse during their childhood, and this figure could be even higher.

Not only were these experiences horrific to them at the time, but they must live with the effects of these dreadful crimes throughout their lives.

Victims of sexual abuse consistently say that there is not enough support available to them, and that there is insufficient awareness of the trauma they carry every day, forever.

1 May is an annual day to remember the victims; to raise awareness of this appalling crime, and to remind us that sexual abuse can happen to any child, in any community.

Sexual abuse does not recognise cultural, social, linguistic, religious, gender or racial differences. It can happen anywhere, to anyone.

Not My Shame is the campaign group that organises this annual event, holding a minute's silence on this date each year to remember the pain of sexual abuse victims around the world.

We call upon Cyngor Gwynedd to recognise this date every year from now on, and to adopt it as a day of remembrance for victims. We call on the Council to fly the campaign flag above its headquarters on 1 May every year to clearly state that sexual abuse is not the victim's shame, it is the offender's shame. We call upon Cyngor Gwynedd to draw public attention on 1 May every year to the support available to victims, and to explain to the public how and where they can report sexual abuse or child protection concerns.

The member set out the context to her motion, noting:-

- That victims of sexual violence often carried the shame of the crime, as well as deep pain for the rest of their lives, and that the aim of the Not my Shame campaign was to put the shame back where it should be, which was on the shoulders of the offender.
- That sexual abuse shattered lives, tore families apart and scarred communities and had a negative impact on mental health, physical health, on the ability to form relationships, on the ability to parent effectively and on educational and economic attainment.
- That receiving a supportive response greatly improved the world of victims who exposed their abuse, and that professionals (including politicians) could play a part, not insignificantly, in mitigating the effects of abuse if they responded appropriately, in a timely manner, supportively, and compassionately.
- That sexual abuse had cast its shadow over this county, as it was everywhere, and because institutions where a high number of children accumulated could attract criminals, it was important to always be alert to those risks.
- It was also important to remember that child sexual abuse could occur in any context, and more often than not, in their own homes.
- 'Project 90-10', which offered support to schools to highlight ways to keep children safe, referred to the alarming statistic that 90% of children who were victims of abuse are abused by someone they know.
- Education played a very important role in all of this and that was why the Code of Education, Relationships and Sexuality was so crucial to keeping children safe.
- That the motion before the council:-
  - reminded us of our responsibility towards the safety of the children of this county and to the well-being of those who had suffered in the past.
  - ensured that victims of sexual abuse were treated with respect and compassion and that the Council gave a prominent and public place to their needs, taking every opportunity to promote the principles of child protection as well as where and how to report concerns.
  - reminded victims that what happened was not their shame, but the shame of those who had stolen their childhood and changed their lives forever.

Enthusiastic support for the motion was expressed by members and the Deputy Leader and Cabinet Member for Children and Supporting Families noted that it would ensure that Council officers implemented the proposal and built on the good work already underway.

In her closing comments, the proposer noted that this was an opportunity for Gwynedd to innovate once again by being the first county in Wales, and the second through Britain, to publicly support this campaign.

**RESOLVED to adopt the motion, namely:-**

**1 in 4 women and 1 in 6 men have experienced sexual abuse during their childhood, and this figure could be even higher.**

**Not only were these experiences horrific to them at the time, but they must live with the effects of these dreadful crimes throughout their lives.**

**Victims of sexual abuse consistently say that there is not enough support available to them, and that there is insufficient awareness of the trauma they carry every day, forever.**

**1 May is an annual day to remember the victims; to raise awareness of this appalling crime, and to remind us that sexual abuse can happen to any child, in any community. Sexual abuse does not recognise cultural, social, linguistic, religious, gender or racial differences. It can happen anywhere, to anyone.**

**Not My Shame is the campaign group that organises this annual event, holding a minute's silence on this date each year to remember the pain of sexual abuse victims around the world.**

**We call upon Cyngor Gwynedd to recognise this date every year from now on, and to adopt it as a day of remembrance for victims. We call on the Council to fly the campaign flag above its headquarters on 1 May every year to clearly state that sexual abuse is not the victim's shame, it is the offender's shame. We call upon Cyngor Gwynedd to draw public attention on 1 May every year to the support available to victims, and to explain to the public how and where they can report sexual abuse or child protection concerns.**

- (C) Submitted - the following notice of motion by Councillor Gwynfor Owen under Section 4.19 of the Constitution, and it was seconded:-

Welsh public services are facing a loss of up to £65m due to the increase to national insurance announced by the Labour Government in Westminster.

Once again, Welsh Councils will experience an actual loss as the government uses the Barnett formula to determine how much funding is allocated to devolved countries. The Barnett formula is based on population size rather than on need.

It is unfair that Welsh public services will not receive full funding for the increase. This is another example of how Wales is at a total disadvantage as a result of a Labour government in the Senedd in Wales and in Westminster.

As we are still awaiting details from the two governments it is not possible to calculate the exact figure at present, but Cyngor Gwynedd is likely to be at a loss of around £1m, which is an amount we have had to pass on to our taxpayers.

Cyngor Gwynedd is therefore calling on the Welsh Government to demand a fairer method of funding our country from their masters in London.

The member set out the context to his motion, noting:-

- That the Central Government contributed 81.8% of the Council's budget in 1997, but by this year, that figure had fallen to 69.5%.
- That clearly showed how the Westminster Government had gradually changed the way local government was funded, slowly moving from an income tax system, which was progressive tax, to a council tax system, which was a non-progressive tax. That meant shifting the tax burden from the rich to the poor.
- When the UK Government announced the national insurance rise for employers, they were promised that they would compensate public services for the extra cost they faced. That had happened in England, but not in Wales.

- That this was just one example of how Wales is underfunded by the UK Government, and that the Welsh Government should demand that the UK Government change the funding formula, not just for national insurance compensation, but for the financing of our country as a whole.

Support for the proposal was expressed by members on the grounds that there was a need for an appropriate funding system that identified a need and that the Barnett Formula worked against rural communities.

**RESOLVED to adopt the motion, namely:-**

**Welsh public services are facing a loss of up to £65m due to the increase to national insurance announced by the Labour Government in Westminster.**

**Once again, Welsh Councils will experience an actual loss as the government uses the Barnett formula to determine how much funding is allocated to devolved countries. The Barnett formula is based on population size rather than on need.**

**It is unfair that Welsh public services will not receive full funding for the increase. This is another example of how Wales is at a total disadvantage as a result of a Labour government in the Senedd in Wales and in Westminster.**

**As we are still awaiting details from the two governments it is not possible to calculate the exact figure at present, but Cyngor Gwynedd is likely to be at a loss of around £1m, which is an amount we have had to pass on to our taxpayers.**

**Cyngor Gwynedd is therefore calling on the Welsh Government to demand a fairer method of funding our country from their masters in London.**

- (D) Submitted - the following notice of motion by Councillor Elin Hywel under Section 4.19 of the Constitution, and it was seconded:-

This Council notes the disproportionate and cumulative effects of austerity policies on the most vulnerable inhabitants of our society by successive UK governments – whether Conservative or Labour governments.

Following the UK Government's recent announcement of further cuts to benefits totalling £5 billion, this Council recognises that these cuts are the continuation and progression of austerity policies. With a proportion of 18.1% of Gwynedd's population considered as being disabled, the people of Gwynedd will be hit particularly hard by the cuts. Furthermore, people considered as disabled in Gwynedd are less likely to be in employment, with only 50.5% in a paid job, and are therefore more likely to rely on benefits as their only source of income.

The Council notes our growing responsibility to mitigate the brutal effects of austerity policies through the Council's services. We are seeing an increase in demand for services such as social housing, emergency accommodation and social care, and the subsequent increasing cost of maintaining these services. We recognise the pressure this places on the Council's budgets.

For the sake of the residents of Gwynedd, Cyngor Gwynedd calls upon the Welsh Government to stand up for Wales and demand that their fellow Labour members in the UK Government make a U-turn on their plans to cut benefits.

In order to ensure respect and dignity for all, Cyngor Gwynedd calls upon the Welsh Government and the UK Government to adequately fund benefits and social services.

In order to end austerity in Wales, this Council demands that the Welsh Government calls upon the UK Government to devolve welfare and benefits, together with all the necessary levers to enable the Welsh Government to protect, care for and sustain our society.

The member set out the context to her motion, noting:-

- That she was tabling this motion because she was appalled by the living circumstances of our most vulnerable residents, due to cruel and ideological decisions by the Westminster Government, which have turned their backs on the people of Gwynedd.
- That there had been further cuts to the benefits system in recent months, including Employment and Support Allowance (ESA), Universal Credit and housing cost support, and that these cuts had come without any meaningful consultation, without a thorough social impact assessment, and completely unaccounted for in terms of their impact on real people's lives.
- The number of people in Gwynedd receiving Universal Credit had remained high over the years, with many of them in work, yet unable to afford to live.
- The cuts to housing cost support were creating unprecedented pressures, with private rents rising and options decreasing.
- That the cuts were increasing demand on our welfare services, housing, debt advice, and even our libraries, which had developed over the past few years into a place of refuge and support.
- That this Council, year after year, had to step into the gap that had been created by the Westminster Government and their poor decisions, providing support that was not a statutory responsibility, but a moral requirement, and that brought direct financial pressure on our budgets.
- The benefits system was no longer there to support people, and was a system designed to undermine confidence, harm mental health and create barriers.
- Recent reports from Shelter Cymru, Citizens Advice and even Westminster Committees themselves recognised that the assessment process for Employment and Support Allowance (ESA) and Personal Independence Payment (PIP) caused serious harm to vulnerable people, including increased stress, depression and much worse situations as well.
- That the Council saw an increasing, unprecedented and unsustainable demand for:-
  - social services, including support for older people, people with disabilities and families.
  - emergency housing and emergency accommodation.
  - mental health and counselling services, which often failed to keep up with demand.
- That this created a situation where councils like Gwynedd were paying for the consequences of policies that were being made over 200 miles away by a Labour Government that had no understanding of our communities or local context.
- That the proposal was a call for morality, justice and support.
- These decisions by the Government were not due to financial cuts and lack of funds, but to a lack of political will.
- It was hypocritical that the Government could create a tax system that was of value to the wealthy and to the biggest companies, but at the same time failed to maintain a basic income for people living on less than £80 a week.

Enthusiastic support for the proposal was expressed by members.

A member referred to a recent speech by Ann Davies, MP in Westminster which stated:-

- That very extensive research into the numbers of people registered with disabilities showed that in Wales this figure was 28%, with 50% of those people unable to work.

- This compared to a figure of 22% registered with disabilities in the South East of England, with 61% of those people in work.
- The impact of £5m cuts in benefits was going to have a significantly greater impact on the devolved governments, than other areas of the UK.
- That the Personal Independence Payment (PIP) situation, where people received money to live more independently, was going to get worse in Wales because higher numbers were receiving this payment.
- That the Welsh Government was going to have to shoulder the serious cost and the major difficulties that would result from cutting the £5m benefits budget.
- That Wales was second from bottom in terms of numbers in working age who were disabled.
- It would have been very easy for the Westminster Government to put a 2% levy on assets over £10m, thereby bringing £24bn into their fund, but instead they had decided to hit the most disabled people who were already suffering.

The Leader noted:-

- That the Supporting the People of Gwynedd programme was a priority for the Cabinet and made a difference to people's lives. However, that could never be enough because, as this motion, and other motions on the agenda of this meeting had highlighted, the problem had been caused far from Gwynedd.
- That the fact that Wales did not benefit from its natural resources and that we were underfunded by the Barnett Formula had a direct impact on our economy, on poverty in Wales, on people's health and on the future of our children.
- Research by Policy and Practice showed that the latest cuts meant Wales faced 3 times the economic impact compared to London and the South East of England, with almost 200,000 people in Wales affected, or 6.1% of the population, and some losing up to £9,000 a year.
- These changes would not come into effect immediately and anyone concerned about the situation would be encouraged to contact the Council or their local councillor for assistance.

**RESOLVED to adopt the motion, namely:-**

**This Council notes the disproportionate and cumulative effects of austerity policies on the most vulnerable inhabitants of our society by successive UK governments – whether Conservative or Labour governments.**

**Following the UK Government's recent announcement of further cuts to benefits totalling £5 billion, this Council recognises that these cuts are the continuation and progression of austerity policies. With a proportion of 18.1% of Gwynedd's population considered as being disabled, the people of Gwynedd will be hit particularly hard by the cuts. Furthermore, people considered as disabled in Gwynedd are less likely to be in employment, with only 50.5% in a paid job, and are therefore more likely to rely on benefits as their only source of income.**

**The Council notes our growing responsibility to mitigate the brutal effects of austerity policies through the Council's services. We are seeing an increase in demand for services such as social housing, emergency accommodation and social care, and the subsequent increasing cost of maintaining these services. We recognise the pressure this places on the Council's budgets.**

**For the sake of the residents of Gwynedd, Cyngor Gwynedd calls upon the Welsh Government to stand up for Wales and demand that their fellow Labour members in the UK Government make a U-turn on their plans to cut benefits.**



**THE COUNCIL Thursday, 1 May 2025**

**In order to ensure respect and dignity for all, Cyngor Gwynedd calls upon the Welsh Government and the UK Government to adequately fund benefits and social services.**

**In order to end austerity in Wales, this Council demands that the Welsh Government calls upon the UK Government to devolve welfare and benefits, together with all the necessary levers to enable the Welsh Government to protect, care for and sustain our society.**

The meeting commenced at 1:30pm and concluded at 3:45pm.

---

**CHAIR**

<b>Meeting</b>	<b>The Full Council</b>
<b>Date</b>	<b>03 July 2025</b>
<b>Subject</b>	<b>Annual Report of the Standards Committee 2024/25</b>
<b>Author</b>	<b>Mr Hywel Eifion Jones, Chair of the Standards Committee</b>
<b>Relevant Officer</b>	<b>Siôn Huws, Propriety &amp; Elections Manager</b>

## Background

1. The Standards Committee is a statutory committee, which has been established to to promote and maintain high standards of conduct by the councillors and co-opted members of Gwynedd Council, and community and town councils in Gwynedd.
2. For several years now the Committee has been publishing an annual report to explain what it does and to promote its work, and presents it formally to a meeting of the Full Council. The Local Government and Elections (Wales) Act 2021 has now introduced a statutory duty on the committee to publish an annual report and on the authority to consider it
3. The Committee therefore presents this report for the Council's attention. The report will also be posted on the committee's page on the Council's website and circulated to Gwynedd community and town councils.
4. It is appropriate to draw the Council's attention to the fact that a new procedure for registering personal interests at meetings is in place from this meeting onwards. After a declaration of interest a member will receive an email during the meeting with a link to a form that can be completed and submitted online.

## Recommendation

5. To accept the report

## Statutory Officers Observations

### Monitoring Officer

Responsible Officer

### Chief Finance Officer

Nothing to add to the report from the perspective of financial propriety

**THE ANNUAL REPORT  
OF THE GWYNEDD  
COUNCIL STANDARDS  
COMMITTEE**

**2024 - 2025**

## **FOREWORD BY THE CHAIR**

Standards in public life remains a topic that receives a lot of attention at the moment, emphasising the importance of individuals' behaviour in maintaining public confidence in the manner in which decisions are made on their behalf by their elected representatives. I am confident that this committee can continue to provide support and guidance to the members of Gwynedd Council and the members of the community, town and city councils within the county.

I would like to take this opportunity to thank David Wareing for his dedicated service and valuable contribution to the work of the committee over the last ten years. At the same time I would also like to extend a warm welcome to two new members of the committee, Non Pugh and Sonya Khade, and look forward to working with them in the future.

**Hywel Eifion Jones**  
**Chair of the Standards Committee**

## **FOREWORD BY THE MONITORING OFFICER**

Reflecting on the programme of work and activity in the Standards Committee a number of issues have been addressed during the year. In addition, the Committee has dealt with requests for dispensations in areas of importance to the Councils (Gwynedd and Town) as well as the Members who applied. An important part of the Committee's function is to support the ethical framework.

Supporting and promoting high standards of behaviour is central to this work. This is achieved through a combination of on-demand advice, reactive advice and training. In my opinion training and understanding of the Code of Conduct gives members a foundation to be familiar with the fundamentals of the Code. This is especially around the personal interest provisions, where they arise and how to respond. Not only from the point of view of propriety but also supporting proper preparation for meetings and undertaking your day to day work. However, it is disappointing to note again that a number of members continue not to attend the full courses that have been held. I will be working with the Group Leaders to address this.

Ultimately, it is a consensus about the type of Council that we wish to see and work in that represents the best foundation. A culture of propriety does not undermine a healthy and robust political debate. It does, however, give the public confidence about the quality of governance in Gwynedd. These supports focusing our work on guidance, support and interventions that develop and maintain the expected standards.

**Iwan Evans  
Monitoring Officer  
Gwynedd Council**

# INTRODUCTION

The Committee was established in 2001 under the Local Government Act 2000. The main role of the Committee is to promote and maintain high standards of conduct by the councillors and co-opted members of Gwynedd Council, and community and town councils in Gwynedd. It does this in many ways:

- Assisting the councillors and co-opted members to follow the Members' Code of Conduct
- Advising the authority regarding adopting or amending the Members' Code of Conduct
- Monitoring the implementation of the Members' Code of Conduct
- Advising, training or arranging training for councillors and co-opted members on matters relating to the Code of Conduct
- Determining complaints referred to it by the Public Services Ombudsman for Wales that members have breached the Code of Conduct
- Considering applications made by members for dispensation to allow them to participate in discussions despite them having a prejudicial interest under the Code.
- Considering matters referred to it under the Gwynedd Council local complaints resolution procedure.
- Overseeing the Gwynedd Council Members' Gifts and Hospitality Policy.

## The Annual Report

The Local Government Act 2000 was amended by the Local Government and Elections (Wales) Act 2021, making it now a statutory duty for standards committees to report to their authority. This must be done as soon as practicable after the end of the financial year, in relation to that year (i.e., the 12 month period ending on 31 March).

The report must describe how the committee's functions have been implemented during the year. In particular the report must include a summary of:

- What has been done to carry out the general and specific functions given to the committee by the 2000 Act?
- Reports and recommendations made or referred to the committee by the Public Services Ombudsman for Wales

- Actions taken by the committee after it has considered such reports and recommendations.
- Notices given to the committee by the Adjudication Panel for Wales

A report by a county council's standards committee must also include:

- The committee's assessment of the extent to which leaders of political groups on the council have complied with their new statutory duties in relation to standards of conduct.

The report may include:

- Recommendations to the authority about any matter in respect of which the committee has functions.

The authority must consider every annual report made by its standards committee before the end of 3 months which starts on the day the authority receives the report.

## COMMITTEE MEMBERS

Though the Standards Committee is a Gwynedd Council committee, the majority of its membership does not have any connection with the Council or local government ('Independent Members'). It also has a member who represents the interests of the community councils ('Community Committee Member'), as well as three elected members from Gwynedd Council. The Chair and Vice-chair of the Committee must be Independent Members.

### Independent Members

#### **David Wareing (member 2015 - 2025)**

David moved from Lancashire to Groeslon in 2014 following his retirement from the Merseyside Police. He served for 26 years in a variety of roles, more recently within the Operations Department in the Police Headquarters. In this role, he planned for large public events, public safety during Police operations and reducing police assistance for external agencies through increased partnership working. He specialised in risk assessment and securing compliance with health and safety legislation. David represented the Merseyside Police on each of the five Safety Advisory Groups within that area. He strongly believes that the actions of those in public roles must be transparent and accountable.

#### **Aled Jones (member since 2016)**

Aled is originally from Lampeter in Ceredigion. He read Welsh and Geography at Aberystwyth University. After graduating in 1999, he moved to Caernarfon to work with Cymen (Welsh translation company) and became a joint owner of the company in 2007. He now employs a team of almost 30 employees and over 20 freelance translators. He lives in Bangor with Tegwen and their children, Cai and Beca. He recently completed a post-graduate qualification in Leadership and Management ILM Level 5. The programmes create an environment where leaders are stimulated to exceed their potential, drive innovation, embed learning and to continue their development. His work as an interpreter has also given him a unique insight to the workings of government from the European Union to local community councils, and is therefore in a privileged position to observe best practice in terms of conduct and standards.

#### **Hywel Eifion Jones (member since 2019)**

Born and educated in Dyffryn Clwyd, Eifion was a senior manager with Barclays Bank and served for 34 years in a number of branches across North and Mid Wales. He has undertaken many public services roles including a County Councillor with Isle of Anglesey County Council and a member of the North Wales Police Authority.



Currently, he is a Magistrate on the North West Wales bench and is a member of the Gwynedd Pensions Board, Gwynedd Council's Governance and Audit Committee and is the Chair of Adra . He is also a member of the Adjudication Panel for Wales which determines allegations of County and Community elected members breaching the code of conduct.

### **Mark Jones (member since December 2022)**

Mark lives in Bangor and is a former police officer with 30 years experience in a variety roles, including as Head of Professional Standards for North Wales Police. He served as a Community Governor and Vice Chair at Ysgol Glanadda for 20 years. He is also a former Chair of Adra, where he continues to serve as a Board member

### **Appointment of New Independent Members**

Two seats for independent members became vacant, and the vacancies were advertised in accordance with the statutory provisions and three applications were received.

An Appointments Panel was established, which comprised Mr Eifion Jones, Chair of the Standards Committee, Community Councillor Richard Parry Hughes (Community Member of the Standards Committee), Gwynedd Councillors Beca Roberts, Chair of the Council and Anne Lloyd Jones Chair of the Democratic Services Committee and Mr Griffith Jones as the statutory lay member.

The Panel, supported and advised by the Monitoring Officer, interviewed the candidates, and having regard to the criteria set out in the person specification for the role, the Panel recommended the appointment of Non Gibson and Sonal Khade. The appointments were confirmed by a meeting of the Full Council on 1 May 2025

### **Non Gibson**

Non lives in Bethel, Arfon with over 23 years' experience as a Police officer completing her career as a sergeant. She has worked on a range of issues and Chaired the Early Intervention Team along with working on multi-agency issues and of course experience working within the justice system.

### **Sonal Khade**

Sonal lives in Pwllheli and has a background in finance and contract management in the public sector. Now self-employed. She has worked at a high level within local government and health leading on audit projects and issues.

## **Community Committee Member**

### **Councillor Richard Parry Hughes (member since 2017)**

Richard was brought up on a farm in Llanaelhaearn and attended Pwllheli Grammar School, Glynllifon Agriculture College and Seale Hayne College (Plymouth University). He has a post-graduate degree in Farm Management. He worked for a veterinary partnership in Chwilog for three years and as a part-time lecturer in Coleg Glynllifon before purchasing Penfras Uchaf farm in Llwyndyrys where his family had been tenants for over three hundred years. He is married to Eleri and they have three sons. The former leader of Gwynedd Council, he continues to farm. He has extensive experience of committees and has held roles such as the chairman of the Wales Federation of Young Farmers' Clubs before being elected as member of public bodies. He was a member of Gwynedd County Council from 1992 to 1996 and a member of Gwynedd Council from 1996 to 2008. He led Gwynedd Council from 2003 to 2008 and was also a spokesperson for the Wales Local Government Association on the Environment and Planning during this time. He is a keen member of Cwmni Drama Llwyndyrys and supports many other local organisations such as Antur Aelhaearn and Friends of Carnguwch Church. He volunteers as a case worker for the Farm Community Network. He has been a member of Llannor Community Council since 1992.

## **Gwynedd Council Members**

### **Councillor Beth Lawton (member since 2017)**

Beth lives in Brynchrug and is the owner of a local factory. She is a County Councillor for the Dro Dysynni area which includes the villages of Brynchrug, Abergynolwyn and Llanegryn. She is also a Community Councillor and the chair of the Ysgol Craig y Deryn Governing Body. She is active on several committees in the community including Abergynolwyn Carnival, Brynchrug Rural Fair, Tywyn Hospital Appeal Committee and many others. She is a member of Merched y Wawr and leads at Abergynolwyn Eisteddfod. She is a member of Cyngor Gwynedd's Care and Housing Scrutiny Committee and Education and Economy Scrutiny Committee and has been Chair of both committees since becoming a member. She is also a director and Chair of the Byw'n Iach Leisure Company.

### **Councillor Anne Lloyd Jones (member since 2017)**

Anne lives and runs a farm tourism business in Tywyn, and she has represented Tywyn on Gwynedd Council since 1995 and was previously a member of the Meirionnydd District Council for eight years.

She was first elected member of Tywyn Town Council in 1985 and was Mayor in 1991 , and again in 2004 and was Chairman of Gwynedd Council in 2009. She is former Chairman of Gwynedd Council Planning committee and the Democracy Services Committee and founder member of Cartrefi Cymunedol Gwynedd.

She was a member of the Meirionnydd Community Health Council and is currently Chair of the Tywyn and District Hospital Appeal Fund. She is also the Treasurer of the local NSPCC branch since 1989.

She is a member and a former chair of Ysgol Penybryn Governing Body and is also a member of the Governing Body of Ysgol Uwchradd Tywyn. Anne was the Chair of Mid Wales Tourism between 2001 and 2016, a founding member and former president and treasurer for the Tywyn Inner Wheel Club.

Anne is married to John and they have three daughters and twin granddaughters.

### **Councillor Dewi Owen (member since 2022)**

Dewi farms in Aberdyfi, and has been a County Councillor for Aberdyfi and Pennal for fifteen years, and on Aberdyfi Community Council for twenty-five years. He was elected Chair of Gwynedd Council in 2014. Dewi has been Chair of several scrutiny committees, and is currently Chair of the Democracy Services Committee on Cyngor Gwynedd, and has joined the Standards Committee since 2022.

Dewi is Chair of Governors of Ysgol Uwchradd Tywyn, and a member of several local committees, such as the Meirion County Show, the Farmers' Union of Wales and 'Aberdyfi Advertising & Improvements Committee.

### **The Monitoring Officer**

The Council's Monitoring Officer, Iwan Evans, along with officers from the Legal Service and the Democratic Service support the Standards Committee in its work. The Monitoring Officer has a statutory role to ensure that the Council, its members and its officers act appropriately and lawfully.

### **Contact Details**

- Iwan Evans, Head of Legal Services and Monitoring Officer.  
E-mail: [IwanGDEvans@gwynedd.llyw.cymru](mailto:IwanGDEvans@gwynedd.llyw.cymru) Tel: (01286) 679015
- Sion Huws, Propriety and Elections Manager and Deputy Monitoring Officer.  
E-mail: [sionhuws@gwynedd.llyw.cymru](mailto:sionhuws@gwynedd.llyw.cymru) Tel: (01286) 679168

## THE COMMITTEE'S WORK DURING 2024 - 2025

The Committee's work over the year has included the following (the Committee's full work programme can be seen in **Appendix 1**):

### **Cases which appeared before the Standards Committee**

No complaints of a breach of the Code of Conduct were referred to the Committee by the Ombudsman during the year.

### **Other complaints**

The Committee is also notified of the Ombudsman's decisions on complaints that were not referred to the Committee for a decision, and a summary of these is provided in **Appendix 2**.

### **Dispensations**

The Code of Conduct for Members provides that a councillor cannot participate in a discussion if he/she has a 'prejudicial interest'. However, a member has the right to apply to the Committee for permission to participate despite having this interest, i.e. dispensation.

A application was received from a member of a Town Council asking for a dispensation to participate in a discussion on the future of a community building, although she had ties to some of the building's current occupants who could be affected by the council's decision. The request was granted in part, allowing the member to speak but not to vote on the issue. She would need to declare the existence of interest and of the dispensation in the meeting and leave the room following her contribution to the discussion. The application was granted as the Committee considered that the unique perspective that the member could offer in the particular circumstances of this case, would not otherwise be available to the council.

### **The National Standards Committees Forum for Wales**

The National Forum of Welsh Standards Committees has now been established, in order to share good practice co-ordinate events and create a support network for committee chairs. The meetings are attended by the chairs of all Welsh standards committees along with representation from the authorities' Monitoring Officers to

provide professional advice. The secretariat is provided by the Welsh Local Government Association.

## **Training for Gwynedd Council Members**

Two virtual training sessions on the Code of Conduct were undertaken by the Monitoring Officer, one in April and one in December. These were follow up courses to give members who had not attended previous training events an opportunity to attend. These are of course designated core training requirements. In addition, a recording of the December course is available online as a way of meeting the requirement. Unfortunately, it remains the case that a number of members have yet to undertake this training.

## **Support for Community, Town and City Council Members**

There are 3 elements of support that can be offered to members and clerks of community councils on matters relating to the Code of Conduct:

1. Advice on specific issues –by contacting the Monitoring Officer or the Deputy Monitoring Officer.
2. Gwynedd Council website - Standards Committee includes information and guidelines as well as links to other useful websites.
3. Training – the intention is to hold a virtual training session in the form of a webinar. This would create a resource that members could watch when it suits them rather than having to rely on sessions held in specific places and times.

A series of virtual training sessions was begun this year. Two sessions were held and clerks and members of community councils in the Arfon area were invited. The aims of the session are to enable members and clerks to gain an understanding of the basics of the Code of Conduct, to equip members to operate within the framework and highlight where further guidance and information can be obtained. It includes a presentation with slides and an opportunity for questions and a discussion afterwards.

The sessions were attended by a total of 44 members and clerks representing 9 different community councils.

Further sessions will be held during the coming year to include councils in the Dwyfor and Meirionnydd areas. The presentation will also be recorded so that it is available on Cyngor Gwynedd's website.

## The Duty of Political Group Leaders

Section 52A(1)(a) of the 2000 Act (as amended by the 2021 Act) requires that a leader of a political group consisting of members of a county council or county borough council in Wales, must take reasonable steps to promote and maintain high standards of conduct by the members of the group. A “group” for this purpose is defined as 2 or more members who give notice to the Proper Officer that they wish to be treated as a group for the purposes of political balance requirements and the allocation of seats on Council Committees

The guidance makes it clear that this duty does not make leaders of a political group accountable for the behaviour of their members, as conduct is a matter of individual responsibility. However, they do have a role in taking reasonable steps in maintaining standards, setting an example, using their influence to promote a positive culture, being proactive in promoting high standards of conduct in their group and addressing issues as soon as they arise. A leader of a political group who fails to comply with the new duty in a meaningful way, may potentially be regarded as bringing their office into disrepute, and likely to be in breach of the Code.

Section 62(3) of the 2021 Act amends section 54 of the 2000 Act to extend the specific functions of a Standards Committee to include monitoring compliance by leaders of political groups with the new duty to promote and maintain high standards of conduct by members of their group. Political group leaders and Standards Committee should agree on the form and frequency of a report from each group leader to the Committee, which would then consider each report and provide feedback to the group leaders. Standards Committee must also provide advice and training or arrange to train group leaders on the new duty. At the start of each Council term this should take place within six months of the election and be reviewed at least annually. The guidance also suggests that the Standards Committee may wish to meet with group leaders periodically to review arrangements.

In November 2023, the Standards Committee met with the leaders of the three political groups on the Council – Plaid Cymry, the Independents and Liberals/Labour Group to agree how this duty should be monitored and the nature and frequency of information that should be submitted to the Committee. This is now the basis for maintaining and monitoring the system.

During this year a meeting was held between the Group Leaders and the Monitoring Officer. A meeting was also held with the Standards Committee Charman and the Leader of the Cymru Party Group after her appointment to discuss the arrangements. The arrangements have been maintained this year although they have had to adapt to circumstances. A series of meetings have already been scheduled for the upcoming year. On the other hand, the working relationship with each Leader is positive and supportive. While the situation regarding attendance at training is disappointing, one can be confident that the Leaders appreciate and support resolving this situation. This positive relationship gives confidence that we can build on the benefits of the new arrangements,



**THE STANDARDS COMMITTEE'S WORK PROGRAMME 2024-2025**

**17 June 2024**

- Self Assessment of the Committee's work during 2023/24
- Approved the Work Programme for 2024/25
- Approved the Standards Committee's Annual report 2023/24
- Received the regular report of allegations against members

**4 November 2024**

- Received a report on the Register of Gifts and Hospitality
- Received a report on the Register of Members' Interests
- Received the report of the Independent Review of Code of Conduct Investigations undertaken by the Ombudsman
- Considered the Ombudsman's Annual Report 2023/24
- Minutes of the National Standards Committee Forum
- Received the regular report of allegations against members

**17 February 2025**

- Duty of Leaders of Political Groups and the Standards Committee. (Leaders of Political groups are invited to the Meeting)
- The Proposed Work Programme 2025 -2026
- Received a report on training for community councils



- Received regular report of allegations against members
- Considered the Annual Report of the Adjudication Panel for Wales 2023/24

**02307903**

**Complaint**

That a town council member failed to declare an interest and voted on a matter in which she was alleged to have a personal interest.

**Decision**

Not to investigate. One of the alleged links was suggestive of a personal interest in the matter being discussed. However, the member had previously declared the interest but considered that it was not relevant in on this particular occasion. The failure to declare was an isolated incident but the member was reminded of the need to consider and review her duties under the Code of Conduct. While the matter may have been a breach of the code an investigation would not be in the public interest.

---

**202307940**

**Complaint**

That a town council member failed to declare an interest and voted on a matter in which she was alleged to have a personal interest. She also allegedly made false statements during the meeting.

**Decision**

Not to investigate. No evidence had been presented to support the allegations.

---

**202310118**

**Complaint**

That a town council member failed to declare an interest and engaged in discussion and voted on a matter in which she was alleged to have a personal interest.

**Decision**

Not to investigate as the issues raised in this complaint were being considered within a separate investigation, and it would therefore not be in the public interest to investigate separately. The information provided by the complainant would be considered as part of the other investigation.

---

**202310119**

**Complaint**

That a town council member failed to declare an interest and engaged in discussion and voted on a matter in which she was alleged to have a personal interest.

**Decision**

Not to investigate as the issues raised in this complaint were being considered within a separate investigation, and it would therefore not be in the public interest to investigate separately. The information provided by the complainant would be considered as part of the other investigation.

---

#### **Complaint 202400306**

The conduct of a town council member at a Council meeting and in carrying out an allegedly unnecessary investigation into the conduct of officers who previously managed a business on behalf of the council.

#### **Decision**

Not to investigate. No sufficient evidence has been presented to support the allegations.

---

#### **Complaint 202401290**

That a town councillor failed to declare an interest at a meeting of the full council

#### **Decision**

Not to investigate. The issues raised in this complaint were already under investigation separately, and it would therefore not be in the public interest to investigate. The evidence will be considered as part of the existing investigation.

---

#### **Complaint 202401291**

That a town councillor failed to declare an interest and voted on a matter in which she was alleged to have a personal and prejudicial interest.

#### **Decision**

Not to investigate. The issues raised in this complaint were already under separate investigation, and would therefore not be in the public interest to investigate. The evidence will be considered as part of the existing investigation.

---

#### **Complaint 202401342**

Complaint that a town councillor disclosed confidential information during a council meeting by naming two council members under investigation by the Ombudsman.

#### **Decision**

While it was appreciated that the announcement may have caused concern and/or embarrassment to the members under investigation, in the Ombudsman's view, on balance, there was insufficient evidence to suggest that the Member shared private or confidential details of the complaints. The

conduct described was considered not technically contrary to any provision of the Local Government Act and therefore did not contravene the Code.

---

#### **Complaint 202403031**

That a town council member had failed to leave the room when during a discussion on a matter on which he had declared an interest.

#### **Decision**

Although the conduct was suggestive of a breach of the Code it was decided not to investigate as a complaint against the member in relation to the interest was already under separate investigation, and would therefore not be in the public interest to investigate. The evidence will be considered as part of the existing investigation.

---

#### **Complaint 202403620**

That a town council member failed to declare an interest and participated in the discussion and vote on the matter.

#### **Decision**

Not to investigate. The issues raised in this complaint were already under separate investigation, and it would therefore not be in the public interest to investigate. The evidence will be considered as part of the existing investigation.

---

#### **Complaint 202403617**

A community council member pushed the complainant's front door open as he tried to close it and threatened physical violence.

#### **Decision**

Not to investigate. Despite being asked, the complainant did not provide sufficient evidence about the incident or to show whether the member was acting as a councillor or as a private individual at the time

---

#### **Complaint 202404564**

It was alleged by a member of the public that a town council member had breached the Code of Conduct by posting an inappropriate post on Facebook, on a community group page, which the complainant said was controlled by the member.

#### **Decision**

No supporting evidence had been provided to establish that the Member was responsible for the community page, or the post complained about. Although further evidence could have been sought, the issue was considered in the context of Article 10 of the Human Rights Convention, which

protects freedom of expression. The Ombudsman did not condone the posting of controversial cartoon images of this nature, which appeared wholly out of place and inappropriate on a community group page and could cause offence to members of the public. However, the post would not be considered so serious, highly offensive or rude to amount to a breach of the Code or to warrant a sanction being imposed, as this would not be considered a proportionate interference with the Member's freedom of expression under Article 10.

---

## CYNGOR GWYNEDD



### Report to Full Council meeting

<b>Date of Meeting:</b>	<b>3 July 2025</b>
<b>Title of Item:</b>	<b>Annual report by the Head of Democracy Services in relation to support for Members.</b>
<b>Contact Officer:</b>	<b>Ian Jones, Head of Democracy Services</b>

#### 1. DECISION

The Full Council is asked to

- Accept the report
- Establish an 8<sup>th</sup> field of core training for Elected Members, being “Violence against Women, Domestic Abuse and Sexual Violence”, in accordance with the recommendation of the Democratic Services Committee

#### 2. What is the background and relevant considerations?

##### Part A – Report by the Head of Democracy Services

- 2.1 I am required to report to the full Council annually outlining the support available to Councillors.
- 2.2 In accordance with the requirements of the Local Government (Wales) Act 2011, the Democracy Services Committee is responsible for specific matters (under Section 11), as follows:
- Fulfilling the role of the local authority to appoint a Head of Democracy Services
  - Review the support available in relation to staff, buildings and other resources available to the Head of Democracy Services, to ensure they are adequate for the requirements of the role.
  - Produce a report, at least once a year, to be presented to the Full Council in relation to support for Members.



- 2.3 This year's annual report is concise and focuses on the developments made during the year rather than outlining all the support available to Members. It also outlines the top priorities for the year ahead.
- 2.4 I wish to express my thanks to the members of the Democratic Services Committee for all their constructive comments during our meetings over the year. A number of teams assist me in providing the best possible support to you. I want to thank everyone for their work, but I want to specifically thank the Democracy and Language Service officers, who are your main day-to-day contacts, the learning and development team, and all other officers who assist in supporting your role.
- 2.5 The Full Council is asked to accept the report.

### Part B – Training for Elected Members

- 2.6 The Democracy Services Committee has paid considerable attention to training for members during the past few years. Following comments regarding a rich programme of training, the principle of identifying areas of 'core training,' 'developmental training,' and 'personal skills' for members was developed several years ago.
- 2.7 You will recall that the purpose of the 'core training' is to ensure you have the minimum necessary knowledge to enable you to perform effectively and appropriately in your role. Every member is required to make every effort to attend the sessions each electoral term, as requirements and regulations can change. 'Developmental training' is obviously more progressive in nature, while 'personal skills' training focuses on your personal development (such as public speaking skills, etc.) and is optional for each Councillor. Regular updates on the developments of training have been presented to the Full Council through the Annual reports from the Head of Democracy Services.
- 2.8 On the recommendation of the Democracy Services Committee, the following seven core training areas were introduced during the 2017-2022 Council term, and it was required that all members complete all fields at the start of the Council term in May 2022.
- Safe Leadership
  - Code of Conduct
  - Information about People
  - Your Responsibility for Equality
  - Corporate Parenting
  - Safeguarding Children and Adults
  - Well-being of Future Generations Act
- 2.9 During the past three years Members of the Democracy Services Committee have paid considerable attention to trying to ensure the completion of the core



training, with the committee also supporting the principle of publishing data on which core training has been completed by each elected member on the Council's website since April 2025.

2.10 Following recent discussions by the Committee, they wish to recommend the establishment of an 8th core training area for Elected Members, namely "Violence Against Women, Domestic Abuse, and Sexual Violence." It is a statutory requirement for the Council to provide the above training, and due to its importance, the committee members agreed that it should be included in the list of core training. It should be noted that the training also refers to violence against men.

2.11 I am very grateful to the Democracy Services Committee for their support in driving forward developments in training over recent years, and I am keen to secure the Full Council's support for establishing the 8th core training area in order to formalize the arrangements further for the future.

2.12 It is requested that the Full Council establish the 8th core training area for Elected Members, namely "Violence Against Women, Domestic Abuse, and Sexual Violence," in accordance with the recommendation of the Democracy Services Committee.

### **3. Any consultations undertaken prior to recommending the decision.**

A draft of the Annual Report was presented to the meeting of the Democratic Services Committee on the 17th June and amended following their comments. The Democracy Services Committee recommended the establishment of the 8th core training area at its meeting on 18th February, 2025.

## **4. THE STATUTORY OFFICERS' OBSERVATIONS**

### **Monitoring Officer:**

I appreciate the close co-operation that exists between the Legal Services and the Democratic Services and welcome this report. I am also pleased to note the recommendation regarding the core training for members. I support the designation of these key courses and the opportunity for the Council to support them. It is a key element in promoting informed, effective, and appropriate governance.

### **Statutory Finance Officer:**

I believe that the report is a fair reflection of the activities in 2024/25. I have no further comments from the perspective of financial propriety.





Mi allwch ddarllen y ddogfen yma yn Gymraeg hefyd. Ewch nôl i'r dudalen we, a chliciwch ar y botwm iaith ar dop y dudalen.

# Annual Report by the Head of Democracy Services

2024/2025





## FOREWORD

I am pleased to present my annual report briefly outlining the support available for Gwynedd Councillors. It is hard to believe that I am reporting on what has been achieved during the third year of this Council. Once again, this year, the report focuses on the core work and improvements achieved over the year in an effort to support you.

I am eager to continue to support you in the most effective way – this would not be possible without your support as Councillors and the support of the various officers working in the background.

I look forward to working with you over the coming years. Thank you.

Regards,  
Ian



*Ian Jones,*

**Head of Democracy Services**

**Page 46**

PAGE 2

# SUPPORT FOR YOU AS COUNCILLORS

A number of teams across the Council provide support for you as Councillors. However, the main provision comes from the Democratic and Language Service. I am aware that there have been a number of changes during this last year, therefore, I have noted the updates below for your convenience. Hopefully the structure also provides you with an overview of the latest situation.

## Team Leader

Congratulations to Annes Siôn, Democracy Team Leader, on the birth of her son, and welcome back from her maternity leave.



Thanks to Sioned Mai Jones, who was acting Team Leader during Annes's maternity leave. Best wishes to Sioned, who has moved to another post at the Council since May 2025.

## Interim Team Leader



## 2024/25 Officers

Jasmine Jones was appointed as Democratic Services Officer in September 2024 and Iwan Edwards as temporary Democratic Services Officer until the end of July 2025.



We will welcome a new Democratic Services Officer, Gwen Roberts, to the team over the summer period.

## 2025 Officer



## Retirement

You will be aware that Eirian Roberts has retired after almost 40 years of service to the Council. Thank you, Eirian, for all your hard, skilled and quiet work. There will be a void after you.



Sian Ellis-Williams has also taken flexible retirement since January 2025, continuing to work two days a week supporting the Chair and civic duties for a period up until the end of July 2026.

## Flexible Retirement



## Democratic and Civic Officer

Courtney Jones will be starting as Democratic and Civic Officer with the team, leaving her current job as Plaid Cymru Group Assistant, a post to which she was appointed in July 2024.



Meleri Roberts joined the translation team in April 2025 as a professional translator able to provide simultaneous translation and written translation services.

## Translation Officer



## North Wales Corporate Joint Committee Officer

In addition, as the Council provides a service to support the North Wales Corporate Joint Committee, we will in due course appoint a Democratic Team Leader (CJC), and Sera Whitley will begin as the CJC democratic officer over the coming weeks.



You are also supported by the Learning and Development Team, and Mari Edwards was appointed as Manager of the Learning and Development Service in September 2024. Mari leads on all the team's work, and is the line manager for Cara Williams, who is responsible for training for Councillors.

## Learning and Development Team



*The latest structure of the service has been included at the end of the report.*

You will see that there have been many changes recently, and I wish to congratulate the service on continuing to provide a service to the highest standard alongside ensuring the induction of new staff in their roles. As shown, there will be further changes during 2025/26 and I am confident that the service can continue to deliver, and I thank everybody for their commitment throughout all the changes.

# REPORTING PROGRESS ON THE PRIORITIES FOR 2024/25

I identified four main priorities for 2024/25 which built on the existing firm foundations. The following shows the progress made against the four areas.

## What did we promise?

To continue to build on our safety and support arrangements for Councillors, within our ability.

## What has been achieved?

We have:

- Provided ongoing support to Councillors, supporting Members who are suffering from health conditions so that they can carry out their work.
- Been liaising with a specific police officer leading on the safeguarding of MPs, and who is eager to work with the Council to provide support for Gwynedd Councillors.
- Followed Health and Safety guidelines when reporting on matters of violence or threats to a councillor by using the appropriate HS11 form.
- Continued to monitor safety issues when reviewing our arrangements for holding virtual meetings over the year to ensure that we take every step to avoid disruption in meetings.
- Raise awareness and the responsibility of Councillors with regards to fire safety procedures when visiting Council buildings, particularly for political group meetings.

## What will be done in 2025/26?

- Promote the need for Councillors to report matters of violence or threat by following the appropriate procedure and completing and returning a HS11 form so that there is a record of the incident.
- Promote the briefing session with the designated police officer so that all Councillors are aware of the direct support available to them from the police. The Police will be running a briefing session on the 5th and 16th of June 2025. Any members who have missed these sessions can join the regional sessions for North Wales Councillors.

# SAFETY AND SUPPORT



## What did we promise?

**To rationalise the training programme and briefing programme for Councillors to ensure the best use of Councillors' time and the best use of Council resources.**

## What has been achieved?

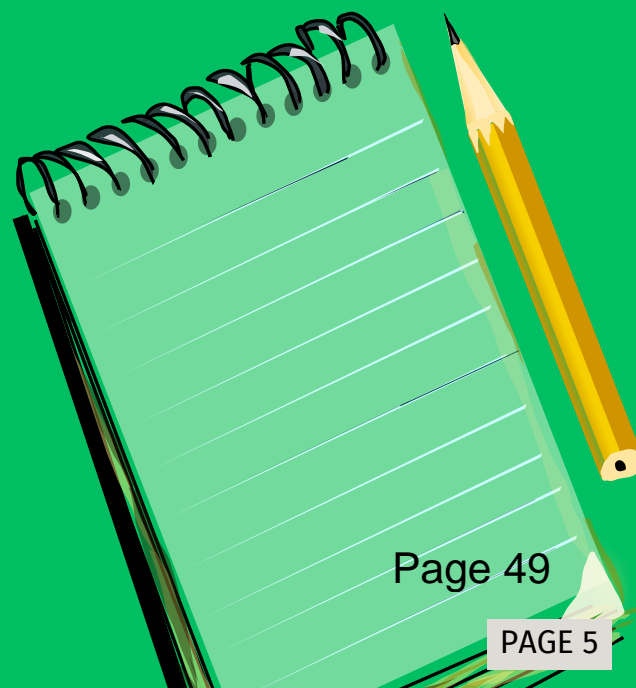
*We have:*

- Focused on delivering the core training. The last 'live' sessions of the core training areas were held over the year, with Councillors being asked to watch a recording of the sessions from now onwards. It is no longer possible to run sessions for a small number of attendees as this is a waste of resource.
- Established the principle of not running training if there are fewer than 5 present, in order to ensure the best use of resources (unless it is 1:1 training).
- Progressed to a more developmental programme for Councillors over the year.
- Established 'briefing session' arrangements for matters involving all Councillors, prioritising which sessions are held. Some matters have been directed for discussion in the Area Committees and other matters have been presented for information in the weekly Members' Bulletin.
- In trying to reduce the burden on Councillors, this has created more work in the background having to prioritise matters for the various sources and recording the various briefing sessions.
- Started publishing details for every Member regarding which core training has been completed and when, publicly on the website.
- "Violence against Women, Domestic Abuse and Sexual Violence" (which also refers to violence against men). I recommend to the Full Council that this area be established as the eighth core field.

## What will be done in 2025/26?

- We will be trialling a 'training day' and a 'briefing session day' over 25/26 to try and streamline Councillor's work programmes. The annual calendar has already been adopted by the Full Council with the above dates identified for each month. A pre-warning was given that the dates may change due to the availability of key officers to deliver on specific dates.
- Continue to develop the new arrangements, giving consideration to reviewing the changes at the end of 26/27, after 12 months of implementing the new calendar and 18 months of implementing the briefing sessions.
- It is recommended that 'Violence Against Women' training (also including violence against men) be added as an 8th core training area for Elected Members.

**RATIONALIZE THE  
TRAINING/BRIEFING  
PROGRAM**



# CHANGES TO SCRUTINY ARRANGEMENTS

# THE CHAIRMAN'S NEWSLETTER

## What did we promise?

To proceed with changes to Scrutiny arrangements to ensure that Scrutiny makes a difference.

To work with the Chair of the Democratic Services Committee to highlight the support available to Councillors – starting with the 'Chair's newsletter' as part of the Members' bulletin following every meeting of the Democratic Services Committee.

## What has been achieved?

*We have:*

- Delivered against all the recommendations of the Audit Wales report, driving improvements when forming recommendations, considering the impact of scrutiny etc.
- Emphasised the role of the Chair and Vice-chair, especially when forming clear recommendations for the Cabinet and acting as scrutiny champions in Gwynedd.
- A full report on all the matters and improvements delivered regarding scrutiny during 24/25 will be presented to the Full Council in October 2025.

*We have:*

- Reconsidered the above priority and decided, with the Chair of the Democratic Services Committee, not to reinstate the 'Chair's newsletter' following every meeting of the committee. This was in light of comments from Members that they are very busy and receive too many e-mails. It was felt that creating an additional e-mail would go against the Members' wishes.
- Continued to use the weekly Members' Bulletin to highlight important matters affecting you. Matters such as salaries for 25/26, information about training sessions and other support etc.

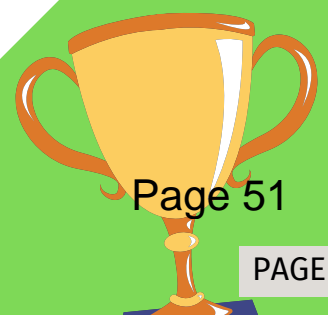
## What will be done in 2025/26?

- Implement the arrangements to present performance challenge reports to the scrutiny committees from June 2025 onwards.



## OTHER SUCCESSES IN 2024/25

- ✓ 97% of Gwynedd Councillors have reported that the service from the Democratic Team is good/very good, which is an increase from the 91% in 2023/24.
- ✓ 94% of decision notices were published within 5 working days. A reduction in performance level since 2024/25 following increasing pressure on the democratic team and other officers in the authority and beyond.
- ✓ Maintaining the committee programme for the year, over 150 meetings in total – virtual and hybrid meetings, ensuring webcasting in all relevant meetings.
- ✓ Holding an extraordinary meeting of the Full Council to ensure a decision on the Single Transferable Vote system.
- ✓ Providing a simultaneous translation service at all Council committees and informal meetings and providing a written translation service to all Council departments.
- ✓ Providing specific support for the Council's Chair and Vice-chair as well as Chairs and Vice-chairs of the Council's committees via specific training, answering enquiries during committees and preparing briefing notes for them.
- ✓ Specific support is offered for the Scrutiny Chairs and Vice Chairs through the Scrutiny Forum, in addition to the ongoing daily support for each committee meeting.
- ✓ Supported a Member with a visual impairment by providing alternative arrangements to enable them to carry out their work effectively.
- ✓ Welcoming two new Councillors during the year, ensuring they had access to IT provision and the latest information.
- ✓ Providing support, training and briefing to the Council's new Leader as well as the Deputy Leader and new Cabinet Members appointed during the year.
- ✓ Administration of Councillors' salaries and expenses and publishing the information in accordance with statutory requirements.
- ✓ Made arrangements to welcome a number of children and young people to visit Siambr Dafydd Orwig and understand more about the Council's democratic arrangements in three specific sessions over the past year.
- ✓ Administration of regional committees, particularly the North Wales Corporate Joint Committee and its sub-committees.
- ✓ Contributing vastly towards the developmental work of the North Wales Corporate Joint Committee. This has taken up a great deal of certain officers' time and will continue to take up the time of some officers over the coming years.







## PRIORITIES FOR 2025/26

I am comfortable that there are robust arrangements in place to support Elected Members in Gwynedd, and we will continue to build on these firm foundations over the next two years. It is time to start looking at and thinking about arrangements for May 2027 and onwards, and the following priorities are all linked to timely preparations:

- Start preparations for the Elections in May 2027. We will use the WLGA Framework as we continue to review the current support for Councillors and attempting to identify improvements and changes in preparation for the May 2027 elections.
- We will review the provision in the Chambers with regards to the equipment and the user experience. We will aim to develop a feasibility study and an improvement plan during the Autumn, 2025.
- We will look at:
  - pre-election arrangements,
  - election day arrangements,
  - welcome and induction arrangements,
  - arrangements for the first 6-12 months and an outline of arrangements for the second year,
  - general support for Councillors.

We will also continue to take forward some matters that have arisen over the past year, including:

- Making better use of both the time and support of the political group assistants, particularly so to ensure that Councillors receive key messages.
- Raising Councillors' awareness of the need to report any incident or threat by completing and returning the relevant forms (HS11).
- Asking the Full Council to adopt an 8th core training area for councillors, namely Violence against Women. The core training areas have been identified to equip Councillors to successfully and safely carry out their role.





## HEAD OF DEMOCRACY SERVICES

Ian Jones



### DEMOCRACY AND LANGUAGE MANAGER

Vera Jones



### ASSISTANT HEAD

Catrin Love



### DEMOCRACY TEAM LEADER

Annes Sion



### TRANSLATION TEAM LEADER

Bethan Evans



### SENIOR WELSH LANGUAGE AND SCRUTINY ADVISER

Llywela Owain

### CJC DEMOCRACY TEAM LEADER

To be confirmed



### LEARNING AND DEVELOPMENT MANAGER

Mari Edwards

#### Democracy Services Officers

Lowri Haf Evans

Rhodri Jones

Jasmine Jones

Gwen Roberts  
*(From July 2025 onwards)*

Mair Eirian Roberts  
*(Until the End of July 2025)*

Iwan Edwards  
*(Until the End of July 2025)*

#### Democracy and Civic Officer

Sian Ellis Williams  
*(Until the End of July 2026)*

Courtney Jones  
*(From July 2025 onwards)*

#### Translators

Rhiannon Ellis-Williams

Lowri Elin Evans

Glesni Foulkes

Delyth Mai Jones

Manon Gwyn Jones

Meleri Haf Roberts

Mererid Watt

Eleri Williams

Elin Wynne

#### Welsh Language and Scrutiny Team

Bethan Adams  
(Scrutiny Adviser)

Nia Haf Lewis  
(Scrutiny Adviser)

Ant Evans  
(Assistant Language Officer)  
*(Until the End of March 2026)*

Mei Mac  
(Project Officer)  
*(Until the End of March 2026)*

#### CJC Democracy Officer

Sera Whitley  
*(From August 2025 onwards)*

#### POLITICAL GROUP ASSISTANTS

Courtney Jones -  
Plaid Cymru Group  
*(Until the End of July 2025)*

Delyth Ross -  
Independent Group

Cara Williams  
(Member Development Officer)

Ken Richardson  
(E-learning and IT Support Officer for  
Members)



MEETING: **FULL COUNCIL**

DATE: **3 JULY 2025**

TITLE: **WALES PENSION PARTNERSHIP- IMPLEMENTING  
'FIT FOR THE FUTURE' BUSINESS PLAN**

RELEVANT OFFICER: **DEWI MORGAN, HEAD OF FINANCE**

MEMBER: **COUNCILLOR ELIN HYWEL, CHAIR OF PENSIONS  
COMMITTEE**

---

## **Decision Sought**

**The Council is asked to:**

- 1. Note the Wales Pension Partnership Fit for the Future Business Case (Appendix 3, Appendix 4 and section 4)**
  - 2. Approve the formation of a corporate entity wholly owned by the WPP Administering Authorities (AAs) to be the WPP Investment Management Company (IMCo.) and all other actions necessary to submit an application to the Financial Conduct Authority (FCA) for the authorisation of the company including but not limited to the selection and recruitment of Senior Management Function (SMF) roles as required by the FCA and the preparation and submission of the application to the FCA. (Section 5)**
  - 3. Approve the revised WPP Business Plan & budget 2025/28 which includes design/enabling costs for Project yr Wyddfa (Appendix 5 and Section 6)**
  - 4. Delegate the S151 Officer in consultation with the Chair of the Pensions Committee to progress Project yr Wyddfa alongside WPP Administering Authorities (AAs) in line with the Government timetable within the approved budget.**
  - 5. Delegate the final approval of the final formal documentation required for IMCo. to be operational, described as “Go Live Work” as outlined in Section 7, to The Pension Fund Committee to give effect to The WPP Fit for the Future Business Case.**
- 

## **1 Background**

- 1.1** The Local Government Pension Scheme is a defined benefit pension scheme operated for the benefit of its member workforce who work for local authorities and a range of scheduled and admitted employing bodies in England and Wales. The scheme is run separately by 87 Administering Authorities (AAs), in accordance with legislation laid down by Westminster Government.

- 1.2 The Gwynedd Pension Fund has £3.2 billion worth of assets and is projected to be over 150 % funded at the 2025 triennial valuation. It has over 53,000 members and has 46 employers in the scheme. More information can be found in its Annual Report here:

[Adroddiad Blynyddol 2024 Saesneg](#)

- 1.3 In 2015, the (then) Chancellor outlined his expectations that the 87 administering authorities form a smaller number of Asset Pools (for investment management purposes only) on a voluntary basis, with a view to improve cost efficiencies, drive out economies of scale, improve investment outcomes and encourage investment into UK infrastructure and concentrate assets in a smaller number of larger asset pools.

- 1.4 The resultant 8 Pools formed were largely derived from geographical proximity (with a couple of exceptions):

- London CIV – 33 London Borough funds
- Central – 8 funds based in the Midlands of England
- Access – 11 Home County funds
- Brunel – 10 West Country funds
- Northern – 3 Large funds in the North of England
- Border to Coast (B2C) – 11 funds based in North East England and the South West
- Local Pension Partnership (LPP) – LPFA, Lancashire and Berkshire
- Wales Pension Partnership (WPP), comprising of the following 8 Welsh funds:
  - Cardiff & Vale Pension Fund
  - City & County of Swansea Pension Fund
  - Clwyd Pension Fund
  - Dyfed Pension Fund
  - Gwynedd Pension Fund
  - Rhondda Cynon Taf Pension Fund
  - Powys Pension Fund
  - Torfaen Pension Fund

The above Pools were set up in various ways and adopted different methods of delivery, where some Pools opted to build their own FCA regulated investment management companies, others, like WPP chose to rent the infrastructure required to pool their partner funds' assets. WPP, having evaluated all options determined that the best choice was to engage key strategic partners to deliver the pooling infrastructure and compliance/regulatory framework with the support of an Investment Advisory Partner. It did not form an FCA regulated Investment Management Company.

- 1.5 The WPP is a geographic collaboration representing all 8 LGPS pension funds in Wales.
- 1.6 Collaboration across the 8 LGPS pension funds in Wales was not new, with a long and proven track record of collaborative working, having identified in its 2013 report “Welsh LGPS - Working Together” that a joint

approach delivers the economies of scale, operational efficiencies and improved investment outcomes that underlying funds want, whilst being the catalyst to identify local investments and establish responsible investment and other policies.

- 1.7 The strategic business case for the 8 Welsh LGPS to form an investment pool for Wales was built on the solid foundations laid in the existing close working relationships but also importantly offered an opportunity to establish an investment pool for Wales reflecting the unique cultural and national characteristics of a devolved nation with the chance to make a difference for the LGPS stakeholders in Wales. From a practical perspective, the distinct proposal addressed the regulatory obligations around The Welsh Language Act, The Future Generations of Wales Act and the distinct audit regime present in Wales.
- 1.8 The formal establishment and structuring of Wales Pension Partnership in 2017 was fully compliant with Government criteria at that time, whilst meeting the strategic requirements of the underlying 8 Welsh LGPS pension funds, reflected in the representative, open governance and operational framework established. The model was fully committed to leveraging the skills and expertise of the market, hiring both the underlying pool architecture and investment management capability whilst exercising its status as an investor of significant scale to deliver fee savings and operational benefits to the underlying funds.
- 1.9 There is a formal WPP corporate governance structure in place recognised in the Inter Authority Agreement (IAA) between all 8 AAs. Each underlying AA is represented on the decision making WPP Joint Governance Committee (JGC) by its respective Pension Fund Committee Chairman, supported and advised by an Officer Working Group (OWG) comprised of S151 Officers and Pension Fund Practitioners.
- 1.10 The efficient operation of WPP since, has been evidenced by the pragmatic and meaningful progress the Pool has delivered in the subsequent years, in terms of pace and scale of the pooling of assets, developing fund offering that underlying funds want to invest in and ensuring maximum participation from partner funds. WPP has also developed a whole host of investment policies and frameworks within which it can deliver these strategies, whilst latterly has carefully crafted its private market fund offerings to ensure maximum local and impact inward investment into Wales. The significant achievements to date include:
  - Over 74% of assets pooled
  - Robust governance and a highly aligned collaboration between the Administering Authorities in Wales
  - Delivered fee savings of (minimum) £40m
  - Dedicated pooled investment vehicles for WPP investors
  - Establishing a range of 10 multi-manager listed sub-funds with multiple investors
  - Establishing private market funds in Private Debt, Infrastructure, Private Equity and Real Estate

- Delegated Portfolio Management and Implementation Services across listed assets and private markets
- Responsible Investment Policy, Stewardship & Engagement Policy, Risk Management framework
- Establishing a stakeholder engagement group
- Local / national (Wales) impactful deployment of capital (by investing in renewable infrastructure, affordable housing, battery storage, natural capital (forestry)).

## 2 Executive Summary

- 2.1 The Government launched its Local Government Pension Scheme (LGPS) Fit for The Future Consultation on 14<sup>th</sup> November 2024:

[Local Government Pension Scheme \(England and Wales\): Fit for the future - GOV.UK](#)

outlining a range of proposals to strengthen the management of LGPS investments in 3 key areas:

- 1.Reforming the LGPS asset pools
- 2.Boosting LGPS investment in their localities and regions in the UK,
- 3.Strengthening the governance of both LGPS AAs and LGPS pools.

Alongside invited responses from all stakeholders to the consultation by 16<sup>th</sup> January 2025, each of the 8 nationally established LGPS Pools (7 in England and 1 in Wales) were asked to submit a Business Case outlining how they could meet Government's required criteria in respect of areas 1 and 2 above, deliverable in line with the stated deadline of 31<sup>st</sup> March 2026. The deadline for submission of these business cases was 28<sup>th</sup> February 2025. It has been indicated by Government civil servants that specific LGPS enabling legislation outlining the legal requirements resultant from the consultation exercise shall be included within the Pensions Bill due later this year (which may be supplemented further by regulations and statutory guidance).

- 2.2 WPP initiated what is now designated Project yr Wyddfa to formulate its Business Case submission (Appendix 3, Appendix 4, and Section 4 of this report) to address the fundamental question raised by the consultation, which was, to either:

- i) build its own WPP investment management company and retain its own independent Investment Management Pool?

or

- ii) merge with one of the other LGPS Pools in England?

- 2.3 WPP concluded that it was in the best interests of all the direct and wider stakeholders in Wales that WPP set out to build its own company and retain its independence as a Pool with all 8 Welsh LGPS as sole shareholders and clients. The formation of the Wales Pension Partnership IM Co. presents a once in a generation opportunity to create a stand-alone LGPS Investment Company for the benefit of all the stakeholders of the underlying 22 local authorities in Wales, 382 employers and 412,000 members. Not only can the WPP continue to



invest for, and safeguard the LGPS pensions of its members, it shall have the chance to continue in its role investing locally throughout Wales and the rest of the UK, working with Councils, Corporate Joint Committees, The Development Bank of Wales, British Business Bank and Welsh Government, promoting economic growth, providing employment, safeguarding clean energy and enhancing the wider infrastructure of the country, for the benefit of the people of Wales.

- 2.4
1. Gwynedd Pension Fund and WPP submitted their formal responses to the Westminster Government LGPS Fit For The Future consultation on Jan 16<sup>th</sup> 2025, attached at Appendix 1 and Appendix 2.
  2. WPP submitted its required business case submission on 28<sup>th</sup> February 2025 (Appendix 3 and summarised in Section 4 of this report). WPP Officers have also produced a Fit For the Future FAQ document at Appendix 4.
  3. WPP Joint Governance Committee (JGC) retrospectively approved the WPP business case submission on 12<sup>th</sup> March 2025.
  4. This Council's Constitution delegates all matters in relation to the strategic and operational management of the Gwynedd Pension Fund LGPS to its own Pension Fund Committee. The Gwynedd Pension Fund Committee has noted the WPP business case submission.

2.5 **Government Approval**

WPP have received the welcome news that Government have approved the WPP business case submission, in a letter (Appendix 6) received from The Minister for Local Government and The Minister for Pensions on 9<sup>th</sup> April 2025. Government officials have requested that WPP proceed to implement its communicated plans and to keep them appraised of progress. It should be noted that 2 of the Pools in England, Brunel and ACCESS have been unsuccessful in their business case submissions and the underlying AAs have now been invited to seek to join another Pool.

- 2.6
- In order to meet the challenging Government deadlines, the Financial Conduct Authority (FCA) application to establish the WPP IMCo needs to be submitted shortly. FCA requirements dictate that the entity applying for authorisation (i.e. WPP IMCo.) must be incorporated before submission of the FCA application and that the holders of certain identified Senior Management Function (SMF) roles, including the Chief Executive Officer need to be identified and included in the FCA application. (Section 5 of this report)
- 2.7
- The Annual WPP Business Plan & Budget 2025/28 has been revised (Appendix 5) to reflect the additional preparatory and enabling work required by Project yr Wyddfa e.g project consultancy costs, recruitment and selection costs, FCA application costs, IMCo. set up costs (Section 6 of this report) and was approved by the JGC on June 4<sup>th</sup> 2025 and by the Gwynedd Pension Committee on 12<sup>th</sup> June 2025.

- 2.8 A further report, outlining detailed plans, agreements and governance documentation (outlined in Section 7) and budget for the delivery of the proposals contained within the WPP Business case shall be submitted to the Pension Fund Committee for approval in due course following the Government's determination after the consultation exercise and subsequent enabling legislation contained in the forthcoming Pensions Bill due to be read in The House of Commons before the Summer Recess.

### 3 **LGPS Fit for the Future Government Consultation**

- 3.1 The Government launched its Local Government Pension Scheme (LGPS) Fit for the Future Consultation on 14<sup>th</sup> Nov 2024:

[Local Government Pension Scheme \(England and Wales\): Fit for the future - GOV.UK](#)

outlining a range of proposals to strengthen the management of LGPS investments in 3 areas:

**1.Reforming the LGPS asset pools** by mandating certain minimum standards deemed necessary for an optimal and consistent model in line with international best practice. The minimum standards proposed are:

- Administering Authorities (AAs) would be required to fully delegate the implementation of investment strategy to the pool, and to take their principal advice on their investment strategy from the pool.
- Pools would be required to be investment management companies authorised and regulated by the Financial Conduct Authority (FCA), with the expertise and capacity to implement investment strategies.
- Administering Authorities would be required to transfer legacy assets to the management of the pool by 31<sup>st</sup> March 2026

**2.Boosting LGPS investment in their localities and regions in the UK**, by requiring administering authorities to:

- set out their approach to local investment in their investment strategy including a target range for the allocation and having regard to local growth plans and priorities,
- to work with local authorities, Combined Authorities, Mayoral Combined Authorities, Combined County Authorities and the Greater London Authority to identify local investment opportunities; in Wales, AAs would work with relevant Corporate Joint Committees on their proposed economic development priorities and plans, and with local authorities more broadly to identify investment opportunities.
- to set out their local investment and its impact in their annual reports.
- Pools would be required to conduct suitable due diligence on potential investments and make the final decision on whether to invest.



**3.Strengthening the governance of both LGPS AAs and LGPS pools** in the following ways, building on the recommendations of the Scheme Advisory Board (SAB) in their 2021 Good Governance Review:

- committee members would be required to have the appropriate knowledge and skills.
- AAs would be required to publish a governance and training strategy (including a conflicts of interest policy) and an administration strategy, to appoint a senior LGPS officer, and to undertake independent biennial reviews to consider whether AAs are fully equipped to fulfil their responsibilities.
- pool boards would be required to include representatives of their shareholders and to improve transparency.

Alongside invited responses from all LGPS stakeholders to the consultation by 16<sup>th</sup> Jan 2025, each of the LGPS Pools as listed in 1.4 above were asked to submit a Business Case by 1<sup>st</sup> March 2025 outlining how it could meet Government's minimum required criteria in respect of areas 1 and 2 of the above criteria in line within the required timetable deadline of 31<sup>st</sup> March 2026.

3.2 WPP mobilised a project steering group to formulate its proposals and named the project, 'Project Yr Wyddfa'. It was a tight timescale to deliver such a comprehensive and detailed piece of work. The Project Steering Group endeavoured to keep all stakeholders apprised with briefings as the timetable has allowed with input from the JGC and stakeholder engagement group being incorporated into the final business case submission.

1. The Gwynedd Pension Fund submitted its own and supported the submission of The WPP Response to the LGPS Fit For The Future Consultation on January 16<sup>th</sup> 2025. These submissions were subsequently approved on January 27<sup>th</sup> 2025.
2. WPP submitted its business case submission on 28<sup>th</sup> Feb 2025 (Appendix 1 and summarised in Section 4 of this report).
3. WPP JGC approved the WPP business case submission on 12<sup>th</sup> March 2025.
4. This Council's Constitution delegates all matters in relation to the strategic and operational management of the Gwynedd Pension Fund LGPS to its own Pension Fund Committee.

#### **4 WPP Fit For The Future Business Case**

4.1 It is clear that WPP in its current form, does not meet the minimum criteria outlined, in that it is NOT an FCA regulated Investment Management Company (IMCo). Therefore, the main content of WPP's formulated business case concentrates on how it can attain those minimum criteria by answering a fundamental question raised by the consultation, does WPP either:

- i) build its own WPP IMCo. and retain its own independent Pool?

- or
- ii) merge with one of the other LGPS Pools in England?

WPP concurs with the Government conclusions in paragraph 62 of the consultation:

*“62..... In particular, the Wales Pension Partnership operates within a devolved nation and has separate partnerships with the Welsh Corporate Joint Committees. It may therefore make sense for Welsh LGPS funds to continue in a separate pool.”*

- 4.2 Having undertaken a thorough consideration of other options, it is clear that merger or becoming a client of another pool would NOT be a “more cost effective or otherwise preferable approach to achieving compliance” and therefore the business case sets out how WPP shall build its own IMCo. with each of the 8 Welsh LGPS AAs as shareholders and clients of the newly established company. (The full business case and FAQ are attached at Appendix 3 and Appendix 4)
- 4.3 The submission sets out the compelling business case for the WPP to retain a stand-alone investment pool for Wales and proceed with building the additional proposed new Government requirements for the pool operating model. This builds on the success of WPP to date and delivers across the range of objectives that the Government has set out in its ambitions for the progress of the LGPS, and specifically the LGPS in Wales. The submission demonstrates WPP’s ability to deliver across all fronts as a standalone investment pool.
- 4.4 WPP proposes to establish a stand-alone Financial Conduct Authority (“FCA”) authorised investment management company (“IM Co”) in line with Government criteria and to move all WPP assets into IM Co management in line with the timescales outlined. This submission also demonstrates the objective evaluation of our plans against the Government’s identified criteria (Benefits of Scale, Resilience, Value for Money, Viability against timeline) and how this is optimal compared with other options. The decision to build a WPP IM Co offers a unique opportunity to establish a material centre of excellence in LGPS investment in Wales creating valuable career opportunities whilst enhancing the financial services sector in Wales.
- 4.5 The proposed target operating model builds on the success, positive experience and professional strategic relationships established and developed in the WPP journey to date. This approach is also adopted to expedite the ‘transition’ to the new operating model by the specified date of March 2026 and shall continue to leverage the benefits of the scale that our partners have in the market, whilst building capability to identify and undertake due diligence on local investments, provide investment advisory services and manage out legacy assets.
- 4.6 In time WPP IM Co plans to deliver additional benefits to Administering Authority investors by extending the range of in-house investment management capabilities.

- 4.7 The strategic relationships established with our existing service delivery partners enables a logical evolution of the current WPP model into a standalone FCA regulated IM Co. The model harnesses the experience and resourcing of these already FCA regulated partners, which will greatly assist on the process to form an FCA regulated IM Co. and satisfy the rigorous application criteria, advising and assisting re. the appointment of the key senior management personnel required by the FCA upon authorisation whilst providing the resourcing to deliver IM Co. investment advisory services in the first instance.
- 4.8 When appraising other pool options, avoiding the need to transition WPP assets into another LGPS pool was a significant factor given the considerable transition costs involved, which have been conservatively modelled at approximately £45m on listed actively managed assets alone. (Source: Russell Investment Management). There would be further additional transition costs on passive listed and private market assets.
- 4.9 Under merger, there would be dilution of WPP's voice in governance as a shareholder or client compared to the preferred alternative. This could limit our ability to direct local investment to communities in Wales for example. Merger also requires partner fund agreement, FCA authorisation, asset transition and would take several years, diverting resources from delivery without obvious compensating benefits.
- 4.10 Establishing the WPP IM Co ensures the retention of the corporate memory of Administering Authorities in Wales to enable the continued efficient management of the portfolio of legacy assets, which would be lost, if forced to transition to another Pool. The submission shows that on balance, for all the reasons identified here, other pool options have been discounted. At the same time, we shall continue to seek opportunities for collaboration across pools, including co-investment opportunities that support UK growth.
- 4.11 The formation of WPP IM Co. presents a once in a generation opportunity to create a stand-alone LGPS Investment Company for the benefit of all the stakeholders of the underlying 22 local authorities in Wales, 382 employers and 412,000 members. Not only can the WPP continue to invest for, and safeguard the LGPS pensions of its members, it shall have the chance to continue in its role investing locally throughout Wales and the rest of the UK, working with Councils, Corporate Joint Committees, The Development Bank of Wales, British Business Bank and Welsh Government, promoting economic growth, providing employment, safeguarding clean energy and enhancing the wider infrastructure of the country, for the benefit of the people of Wales.
- 4.12 **UK Government Approval**  
On the 9<sup>th</sup> April 2025, WPP received a letter (Appendix 6) from Government on behalf of the Minister for Local Government and the Pensions Minister in the UK Government approving the WPP Business case and encouraging progress to meet the March 2026 deadline date. It should be noted that 2 of the Pools in England, Brunel and ACCESS

have been unsuccessful in their business case submissions and the underlying AAs have now been invited to join another Pool.

## **5 WPP Investment Management Company (WPP IMCo)**

- 5.1 At the heart of WPP's business case submission to government is its intention to build its own IMCo. wholly owned by the existing 8 Welsh AAs as shareholders and clients of the newly formed IMCo., to continue delivering investment management services to the 8 AAs whilst developing the additional required service requirements with the help of the existing strategic partners over time.
- 5.2 In order to adhere to Government timelines, the implementation plan (at section 6 of the business case) identifies the submission of the IMCo's FCA application as a key task in the critical path for success.
- 5.3 The FCA application requires that the entity applying for authorisation (i.e. WPP IMCo.) must be incorporated before submission of the FCA application and that the holders of certain Senior Management Function (SMF) roles, including the Chief Executive Officer, have to be explicitly named within the formal FCA application in order to be suitably vetted and assessed for their role by the FCA.
- 5.4 Therefore, in order to adhere to the implementation plan it shall be required to set up a corporate entity wholly owned by the WPP Administering Authorities (AAs), progress the recruitment and selection process required to fill the SMF roles as an integral part of the FCA application process, and undertake such other actions as are necessary to prepare and submit the application to the FCA.

## **6 WPP Annual Business Plan 2025/28**

- 6.1 In line with best practice, WPP currently produces an Annual Business Plan and budget for the forthcoming year and formally approved the same for 2025/28 at its JGC meeting of 12<sup>th</sup> March 2025. All expenditure in respect of running and managing the LGPS comes from each AA's pension fund account **not** the Council's General Fund.
- 6.2 The WPP Business Plan and budget 2025/28 has now been revised to incorporate enabling and preparatory work for Project yr Wyddfa. The revised WPP Annual Business Plan and budget 2025/28 including Project yr Wyddfa enabling and preparatory work is attached at Appendix 5 for approval. WPP JGC approved this revised business plan 2025/28 on the 4<sup>th</sup> June 2025 and the Gwynedd Pensions Committee on June 12<sup>th</sup> 2025.

## **7 “Go Live” Approvals and Documentation**

- 7.1 In addition to the preparatory work required to seek FCA authorisation, it is recognised that each of the following key items (which is a non-exhaustive list) will require the approval of the pension committee for each WPP AA ahead of the proposed “go live” date in March 2026:
- (i) approval of final articles of association and the shareholder agreement for IMCo.;
  - (ii) approval of termination of the operator contract with a new contract to be put in place between the current operator and IMCo.;
  - (iii) approval of a new contract between other providers and IMCo. (to the extent required and subject to further structuring decisions);
  - (iv) approval of a new Inter Authority Agreement (to ensure consistency with the IMCo. shareholder agreement / new shareholder board arrangements) (subject to final decisions of governance structures);
  - (v) investment management agreements between IMCo. and the constituent authorities (in respect of legacy assets);
  - (vi) agreement of IMCo.’s regulatory capital and the relevant injection of that capital into IMCo.;
  - (vii) ancillary arrangements in respect of IMCo. and the FCA authorisation process;
  - (viii) approval of contractual arrangements between IMCo and the WPP administering authorities in respect of strategy implementation services and investment advice (subject to further structuring discussions)

## **8 Legal Implications**

- 8.1 The current legislative framework for the pension fund investments carried out by Administering Authorities is set by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The law governing pensions is a complex and specialist area. Government guidance indicates that the pooling of LGPS assets is permissible under current law.
- 8.2 The Pension Fund Committee Terms of Reference and Scheme of Delegation sets out the Committee’s responsibility for the strategic and operational governance of the Pension Fund.

## **9 Financial Implications**

- 9.1 The financial implications directly outlined by this report are included in the attached WPP Annual Business Plan & Budget 2025/28 (Appendix

5) and are wholly recharged as a 1/8<sup>th</sup> share to the Gwynedd Pension Fund budget and does not impact Cyngor Gwynedd's Funds.

## **10 Risks and Issues Assessment**

- 10.1 The proposals outlined are as a direct result of UK Government direction and Government have confirmed their support for the WPP proposals outlined. As identified in Section 4.12 of this report, 2 pools in England have NOT been successful in convincing Government of their ability to deliver the same. Therefore, the robust business case and detailed plan and timetable approved by UK Government goes some way to mitigate those existential risks.
- 10.2 The WPP target operating model outlined in the business case is an evolution of the current model adopted and seeks to implement the additionally required FCA registration, service deliveries and capabilities going forward, therefore the operational risks of moving from WPP to WPP IMCo. are materially mitigated without the necessity to transition assets.

## **11 Equity Impact Assessment**

- 11.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure.
- 11.2 An Equity Impact Assessment screening has been undertaken, and no adverse implications have been noted.

## **Views of Statutory Officers**

### **Monitoring Officer:**

This report represents an initial step in establishing new investment arrangements for Local Government Pension Funds in Wales. It is positive that the Business Plan has been supported which gives assurance as to the direction. I can confirm that the report and content are led by specialist lawyers which provides further assurance as to the direction. As this issue is about the Pension Fund it is a matter for the Full Council and the Pensions Committee to deal with after. I am satisfied with the propriety of the decision sought and the delegation which is being proposed.

### **Head of Finance:**

I have worked with the Chair of the Pensions Committee to prepare this report and confirm the contents.

## **APPENDICES**

**Appendix 1** Individual Fund's Fit For The Future Consultation Response

**Appendix 2** WPP Fit For The Future Consultation Response

**Appendix 3** WPP Fit For The Future Business Case

**Appendix 4** FAQ WPP Fit For The Future Business Case

**Appendix 5** WPP Business Plan 2025/28

**Appendix 6** Ministerial Letter 9<sup>th</sup> April 2025

## **Local Government Pension Scheme (England and Wales): Fit for the future**

### **Consultation response by Gwynedd Pension Fund**

#### **Question 1**

**Do you agree that all pools should be required to meet the minimum standards of pooling set out above?**

The context to the changes appears to suggest that the LGPS is not operating effectively. At Gwynedd Pension Fund we believe that the fund and Wales Pension Partnership has been operating effectively with a very-strong funding level, an extremely engaged committee and excellent relationship between the fund and pool.

The minimum standards set out for the pool is a significant development from its current role for the Wales Pension Partnership, and yet are expected to provide these services in just over a year's time. We see this as a significant risk to the investment outcomes of the LGPS and therefore the public finances of local government and taxpayer.

We believe the purpose and driver of the proposals should be readdressed, a significantly longer timeframe given to pools to develop any new services, with a prioritisation timetable developed based on developments which create most value and improve outcomes.

#### **Question 2**

**Do you agree that the investment strategy set by the administering authority should include high-level investment objectives, and optionally, a high-level strategic asset allocation, with all implementation activity delegated to the pool?**

Yes.

The administering authority must retain the ability to set high level investment objectives and high level asset allocation in order for the risk and return trade-off to be aligned with each administering authority's management of liabilities. If the pool company is to take more responsibility for implementing investment strategy (for example, allocation within equities) then there needs to be closer working between the pool company and the administering authority. In addition the administering authority must be able to ensure that it is able to set its ESG/climate objectives and risk management objectives (as this is linked to the funding strategy which is bespoke to an LGPS fund).

#### **Question 3**

**Do you agree that an investment strategy on this basis would be sufficient to meet the administering authority's fiduciary duty?**

No, there are additional considerations for administering authority in meeting their fiduciary duty.

To meet its fiduciary duty the administering authority needs to be assured that the investment strategy targets an appropriate level of risk and return to meet its funding objectives. Therefore the administering authority needs to retain sufficient influence over the investment strategy to ensure this is the case. In practice this will require a different relationship with the pool company, working more in partnership to ensure the objectives of the client fund are met.



#### Question 4

**What are your views on the proposed template for strategic asset allocation in the investment strategy statement?**

As drafted it is too simplistic. Most LGPS funds have the largest allocation to equities. At a minimum, the preference between active and passive should be included in the template, as this has a significant impact on the management costs.

#### Question 5

**Do you agree that the pool should provide principal investment advice on the investment strategies of its partner AAs? Do you see that further advice or input would be necessary to be able to consider advice provided by the pool – if so, what form do you envisage this taking?**

No- we have concerns on the proposal for AAs to take investments advice from pool companies.

Conflicts of interest may arise if pool companies both provide strategic advice and implement the strategy. Therefore LGPS funds should not be required to take strategic advice from the pool company. Whilst administering authorities may wish to obtain strategic advice from the pool company, they must be able to access independent high-level strategic advice and ultimately it is their decision which advice to accept, and if necessary explore other options with the pool company. Considering both pool advice and independent advice would invariably increase costs for the LGPS fund.

We envisage the administering authority would still need to receive advice from an investment consultant to receive assurance, to challenge the pool and ensure consistency with their funding strategy, with the scope of the advice limited to high level strategic objectives.

The Investment Strategy Statement will need to clarify where the strategic responsibility lies between the pool company and the administering authority to ensure the administering authority discharges its fiduciary duty.

#### Question 6

**Do you agree that all pools should be established as investment management companies authorised by the FCA, and authorised to provide relevant advice?**

Wales Pension Partnership is committed to putting in place an FCA regulated investment management company if required to do so, however we do not believe this is a necessary requirement to meet the stated objectives of pooling.

We understand the reasons for wanting the standards of professionalism required to become authorised by the FCA however the Wales Pension Partnership has developed an approach to benefit from the FCA authorisation of outsourced investment managers. This means any additional benefits of becoming FCA authorised themselves will be limited. Instead, it will incur greater costs of both the adaptation to the new model, and then the operating costs of the additional internal staff that will need to be recruited. It may be particularly difficult and costly to recruit the required staff in such a short time span.

#### **Question 7**

**Do you agree that AAs should be required to transfer all listed assets into pooled vehicles managed by their pool company?**

Not necessarily. We believe that all assets should be pooled where it is in the best interest of funds. Wales Pension Partnership have passive listed investments in pooled vehicles not managed by pool companies. This current arrangement is highly cost effective. If transfer of passive investments to a pool company managed vehicle is mandated, AAs will incur additional costs without compensating benefits.

#### **Question 8**

**Do you agree that administering authorities should be required to transfer legacy illiquid investments to the management of the pool?**

Not necessarily. Again, we believe that funds should pool their assets as far as possible, where it is in the fund's best interest.

We would support a requirement that no new illiquid investments should be made outside the pool.

#### **Question 9**

**What capacity and expertise would the pools need to develop to take on management of legacy assets of the partner funds?**

Significant additional resource will be needed as legacy assets are quite diverse.

#### **Question 10**

**Do you have views on the indicative timeline for implementation, with pools adopting the proposed characteristics and pooling being complete by March 2026?**

Even for the pools with a head start, it is likely to be a challenge to meet all government requirements. A number of pools, including the Wales Pension Partnership will be required to undertake a significant amount of work to meet the requirements for FCA regulation, which may have excessive costs and the unintended consequence of delaying further pooling and UK investment as they work through these challenges.

For all or most pools, changes requiring AA approval (by full Council and/or S101 committees) are likely. WPP is governed by a legally binding Inter Authority Agreement (IAA) which contains certain reserved matters that require local agreement. This will need to be unwound and replaced.

It may be difficult or impossible for AAs to approve implementation steps with material costs (such as hiring personnel for pool companies) in the absence of regulations (in draft form at least). It is critical that any changes in regulation that government makes based on this consultation are published as soon as practical to prevent local authority approval delays which could make it impossible to meet the government's demanding timeline. It may also be difficult for the FCA to facilitate the work within this deadline.

#### **Question 11**

**What scope is there to increase collaboration between pools, including the sharing of specialisms or specific local expertise? Are there any barriers to such collaboration?**

If collaboration between pools benefits the client funds in terms of lower costs or access to greater range of specialist portfolios, then increasing collaboration would be beneficial. It could be potentially a decision for the pool company to drive collaboration and demonstrate it is in the interest of its

clients. Furthermore, the pool company should be able to decide whether to invest via another pool if that is also in the clients' best interests.

#### **Question 12**

**What potential is there for collaboration between partner funds in the same pool on issues such as administration and training? Are there other areas where greater collaboration could be beneficial?**

We are not supportive of mandated collaboration on issues such as administration. In contrast to investments, the potential to generate significant economies are lower but risk of transferring data etc. far higher. Much time and resource is spent on working with employers to ensure clean and accurate data, so developing relationships is crucial. No evidence has been provided to demonstrate that increasing scale will make this more efficient.

WPP already has an annual training plan for AAs.

#### **Question 13**

**What are your views on the appropriate definition of 'local investment' for reporting purposes?**

WPP recognises the government expectation that "local" should be considered UK wide, using LGPS assets to support UK growth. At the same time, given its unique position and motivation to support investment in Wales, which is where WPP will prioritise its local investment efforts, building on work done to date.

However, Gwynedd Pension Fund is of the view that the definition of "local" should also address the region served by the administering authority. As a result, we suggest that reporting address local investment at three levels: fund area, pool area and country. This would facilitate more informed reporting, allowing administering authorities and pools to demonstrate impact in different ways.

#### **Question 14**

**Do you agree that administering authorities should work with their Combined Authority, Mayoral Combined Authority, Combined County Authority, Corporate Joint Committee or with local authorities in areas where these do not exist, to identify suitable local investment opportunities, and to have regard to local growth plans and local growth priorities in setting their investment strategy? How would you envisage your pool would seek to achieve this?**

Yes.

There are clearly opportunities to work with other parties to identify potential local investment opportunities, but clarity is needed on the expected route to implementation.

Currently, the Government is expecting each fund to identify potential opportunities that will be proposed to the pool for consideration, including due diligence and underwriting. This creates a need for internal resource with appropriate skill sets at both the Fund level and the pool level, and the division of responsibility between pool and funds to be clarified, in particular:

- Funds need to be able to identify what may or may not be appropriate forms of local investment and will, in turn, need appropriate investment guidelines covering what is acceptable to be clearly established.
- The pool acts as an aggregate of capital across all funds and thus is required to evaluate the relative merits of different opportunities from the member funds.

For example, will funds be required to pass through all opportunities to the pool, or undertake some form of assessment themselves on what should be passed through? The former will place a large workload on the pools but they should be better placed to provide this assessment than the funds.

#### **Question 15**

**Do you agree that administering authorities should set out their objectives on local investment, including a target range in their investment strategy statement?**

Yes.

The consultation suggests that funds should set out their objectives on local investments, including a target allocation range and we would be supportive of this. Strategic asset allocation should remain a local investment decision, given that funding objectives and investment policy decisions with otherwise remain with the administering authorities. Clarification is required of how local investment overlaps with the proposed framing of strategic asset allocation. e.g. would local investment be an asset class in its own right?

#### **Question 16**

**Do you agree that pools should be required to develop the capability to carry out due diligence on local investment opportunities and to manage such investments?**

Yes.

It is appropriate that there is a clear mechanism through which due diligence on local investment opportunities can be undertaken, and investments made and subsequently managed on an ongoing basis. However, we also recognise that this requires access to considerable expertise and different skillset. Before progressing this requirement, it should be made clear on how it expects local investments to be implemented. e.g. different skillsets will be required if the investments are made directly or if they are made through a pooled vehicle.

#### **Question 17**

**Do you agree that administering authorities should report on their local investments and their impact in their annual reports? What should be included in this reporting?**

Yes.

However, the consultation document suggests that reporting serves to make the funds accountable, yet the proposals for local investment to be made via the pool, and therefore some clarity is required.

Reporting is certainly helpful, however there should be clear principles for reporting on local investments to ensure clear and fair description of the funds' assets.

The reporting should serve a clear purpose for administering authorities and be undertaken to meet the needs of stakeholders. While the Annual Report may be an appropriate forum for reporting, it might not be appropriate as a communication vehicle for members. The reporting should not duplicate reporting undertaken elsewhere. For example, if reporting on local investments is being provided by pools (as they are responsible for implementation), then it would be more appropriate for such reporting to be provided at pool level. Funds could then reference pool reporting as necessary.

The reporting should not create unnecessary cost and/ or governance burdens on funds. Impact report is generally less well developed than other forms of stewardship reporting, and the mechanism for calculating impact are likely to be more subjective than performance reporting.

### **Question 18**

**Do you agree with the overall approach to governance, which builds on the SAB's Good Governance recommendations?**

Yes.

We are supportive of the Government taking steps to implement the SAB's Good Governance so there is greater consistency across the scheme. In particular, we're supportive of the proposal that the Government works with the SAB on developing and issuing new statutory guidance on governance. Guidance will help to achieve consistency across the LGPS and will give greater clarity on the Government's expectations for how the new requirements should be implemented.

### **Question 19**

**Do you agree that administering authorities should be required to prepare and publish a governance and training strategy, including a conflict of interest policy?**

Yes.

We agree that funds should publish a governance strategy, a training strategy and a conflict of interest policy although these should not all form part of the same document. These should be standalone documents for practicality, ease of reference and flexibility, although there is no reason why they can't reference or link to each other where relevant. The current governance compliance statement guidance dates back to December 2008 and predates investment pools and local pension boards and therefore new guidance would be useful for funds in this area.

### **Question 20**

**Do you agree with the proposals regarding the appointment of a senior LGPS officer?**

Yes.

The requirement to have a senior LGPS officer in each LGPS fund would be a welcome development, and would potentially have several benefits:

- Sufficient recognition of the LGPS function – whilst the pensions provision within a council is not a frontline service, it is an important part of the local government system, and there are potentially significant financial and reputational risks of weak governance at the local level. A senior LGPS officer should help to ensure that LGPS issues are given appropriate consideration and prominence within the local authority, and that LGPS issues are duly represented.
- Sufficient senior resource – the LGPS has become increasingly complex in recent years and the creation of a senior LGPS officer position should help ensure that there is sufficient senior resource supporting the wider pensions team.
- Consistency across the scheme – local authorities can differ from each other significantly in size, culture, functions and resource, and these differences can lead to differences in how the LGPS function is delivered. Having a requirement for there to be a senior LGPS officer in each fund will ensure that, in spite of the differences in the local landscape, there is a designated officer in each administering authority who has responsibility for the LGPS.

#### **Question 21**

**Do you agree that administering authorities should be required to prepare and publish an administration strategy?**

Yes.

Gwynedd Pension Fund currently do prepare and publish an administration strategy and therefore agree with this requirements to ensure consistency across all funds.

#### **Question 22**

**Do you agree with the proposal to change the way in which strategies on governance and training, funding, administration and investments are published?**

Yes.

Whilst it's important that all stakeholders in the LGPS can easily access a fund's policy documents, we agree that it's not helpful for the full texts of these often-lengthy documents to be included in the annual report. We support the suggestion that the Government work with the SAB to consider this further and update guidance.

#### **Question 23**

**Do you agree with the proposals regarding biennial independent governance reviews? What are your views on the format and assessment criteria?**

Yes.

We support the principle of an independent governance review, since this provides an objective assessment of how well funds are meeting the required standards of governance. It's important that the process is designed in such a way as to focus on enhancing governance, sharing best practice and supporting funds. A biennial approach could be hard to support nationally, a possible option would be a review on a triennial basis.

#### **Question 24**

**Do you agree with the proposal to require pension committee members to have appropriate knowledge and understanding?**

Yes.

Pensions committees have overall responsibility for decisions in the LGPS and it's vital for the effective governance of the scheme that they have an appropriate level of knowledge and understanding of the scheme's rules. Gwynedd Pension Fund does place high value on the training of their committee members to ensure that committees are capable of providing valuable scrutiny and oversight of the running of the fund. However, formalising this through a statutory requirement will ensure that the Government's expectations are clear and help to support greater consistency across the scheme.

As the consultation notes, local pension board members have had a requirement to have knowledge and understanding of the scheme since the establishment of local pension boards in April 2015 and we believe it is important to address the anomaly that the same requirement does not yet apply to pensions committees.

#### **Question 25**

**Do you agree with the proposal to require AAs to set out in their governance and training strategy how they will ensure that the new requirements on knowledge and understanding are met?**

Yes.

We agree with this proposal. Gwynedd Pension Fund does have a training policy but this provides an opportunity to bring together various training requirements such as The Pension Regulator's General Code of Practice, CIPFA's knowledge and skills framework and MiFID II into consistent guidance.

#### **Question 26**

**What are your views on whether to require administering authorities to appoint an independent person as adviser or member of the pension committee, or other ways to achieve the aim?**

Whilst we support the Government's consideration to how LGPS governance can be developed and how administering authorities can obtain greater support on the scheme's complex investments, governance and administration landscape, we are uncertain whether a requirement for an independent adviser is the right approach.

The consultation appears to envisage that the independent adviser would be an individual pensions professional who would support the pensions committee on investment strategy, governance and administration. Given each of these areas are very complex in their own right, an independent adviser would need significant research capacity to adequately fulfil this function.

It appears that the Government may believe that there is a need for an independent adviser at the fund level in order to ensure that administering authorities have sufficient investment expertise to be able to challenge pools on investments matters and to provide committees with support on setting the investment strategy. This appears to be a recognition that the proposal that pools provide partner funds with the principal advice on strategic asset allocation would leave an important gap in the LGPS's governance. We are unsure whether the addition of a complex new element in the LGPS governance landscape, with an undeveloped and untested market, would be better than the current position, where authorities can take their own decisions on who to obtain their investment advice from. On balance, we believe that LGPS funds should be able to procure advice from a range of advisors according to their needs and in line with any regulatory and professional requirements.

#### **Question 27**

**Do you agree that pool company boards should include one or two shareholder representatives?**

It is essential that the AAs who are joint shareholders of the pool company and clients / investors should have representation on the pool company board.

Ideally the number of shareholder reps would not be stipulated. The FCA will require to see the proposed constitution and remit of the pool company Board as part of the process for authorisation of the pool co. It should be the arbiter of the appropriate mix and skills of Board member reps.

#### **Question 28**

**What are your views on the best way to ensure that members' views and interests are taken into account by the pools?**

It has long been a challenge for funds to gain truly representative views of their members. Funds should engage with their membership to understand their views and then feed this into the pool. Considering the challenge of engaging members, they are even less likely to engage with a pool they are unfamiliar with, compared to their local pension fund, of which they are already aware and know they are a member of.

This will also help funds to ensure that their members' views are being represented, compared to the survey being undertaken by the pool, as they will have seen the information directly to then communicate to the pools and challenge them on. Appropriate governance mechanisms will need to put in place to allow the voice of the members to be heard, without giving undue influence to any group of the membership. The principal needs to be recognised that, unlike trust-based arrangements, the ultimate owner of LGPS assets remains the administering authority.

#### **Question 29**

**Do you agree that pools should report consistently and with greater transparency including on performance and costs? What metrics do you think would be beneficial to include in this reporting?**

Yes.

Administering authorities will continue to need reporting on investment performance, climate and other ESG metrics as well as costs. We receive these annually either from the pool or legacy managers and service providers, in line with the Cost Transparency Initiative for investment costs. Any additional delegation of responsibilities to the pool company should not reduce the level of reporting to administering authorities.

#### **Question 30**

**Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so, please provide relevant data or evidence.**

No.

We note that Gwynedd Pension Fund and WPP will require to be able to provide all communication in Welsh language as well as English.





## Local Government Pension Scheme (England and Wales): Fit for the Future

This response to the LGPS “Fit for the Future” consultation has been prepared by the Wales Pension Partnership (WPP).

We support the direction of the proposals, to conclude the transfer of all remaining assets to pool management quickly and the intention to further increase the benefits of LGPS investment pooling, including increasing the focus on local investment and supporting UK growth.

We welcome the opportunity to provide input to the consultation. In our response we have stated where we fully support proposals and where we have concerns on the benefits, practicalities and timing. On timing, it will be important for government to (a) allow time for local authority governance approval of changes to existing Inter-Authority Agreements which, in some cases, require full Council approval; and (b) confirm final proposals as soon as possible after the consultation stops since without this it may be difficult for local authorities to approve implementation steps and allocation of additional financial resources to support implementation including hiring suitably qualified personnel for the FCA regulated pool company.

WPP is committed to further developing its pool operating model to fully comply with government requirements once confirmed. We are developing plans for the WPP to continue as a standalone pool, uniquely placed to deliver benefits to LGPS scheme members in Wales and bring wider benefits through local investment in Wales. Work is already underway.

Cllr. Elwyn Williams, Chair of the WPP Joint Governance Committee

For and on behalf of WPP

	Question	Response
LGPS Pooling		
1	Do you agree that all pools should be required to meet the minimum standards of pooling set out above?	<p>Somewhat agree.</p> <p>Looking at each of the minimum standards in turn:</p> <p>1) Pool company<sup>1</sup> – “pools ... <i>required to be established as investment management companies authorised &amp; regulated by the FCA</i>”</p> <p>We believe that the benefits of pooling can be achieved using WPP’s current pool operating model. Adding the pool company to the structure adds another significant layer of cost and operating complexity.</p> <p>2) Strategy Implementation – “AAs ... <i>required to fully delegate the implementation of that strategy to the pool</i>”</p> <p>Yes. WPP currently operates on this basis via the Fund operators for listed and unlisted assets and through the appointment of Russell Investment and unlisted fund allocators.</p> <p>3) Strategy advice - “AAs ... <i>required to take principal advice on their investment strategy from the pool.</i>”</p> <p>WPP shares the SAB view that administering authorities should retain the option of taking independent advice and be able to review any advice provided by pool companies. This would help allay concerns around the potential for actual or perceived conflicts for the Pool Company. See our response to Q5 for more detail.</p> <p>4) Legacy assets - “<i>transfer legacy assets to management of the pool.</i>”</p> <p>We have concerns on potential risks in requiring all AAs to transfer all legacy illiquid assets to pool company management immediately. There may be little or no economic benefit in doing so and we believe that in some cases it may be safer to continue to manage the run-off to maturity of legacy unlisted assets locally since local AA officers and their advisors have historic knowledge of the specific investments (e.g. various vintages of private market closed ended investments) and established processes for managing them (including for example management of capital calls). If the government does require transfer of management of legacy assets to the pool companies, it will be necessary to ensure that pool</p>

		<p>companies steward legacy assets on behalf of owners in a way that avoids economic detriment to the owning Funds e.g. by avoiding forced sale of unlisted assets at an inappropriate time. Pool companies should consult AAs on appropriate timing and approach to transferring legacy assets to pool vehicles. Please see our response to Q8.</p> <p>5) Local investments – <i>“Pools ... required to develop the capability to carry out due diligence on local investments and to manage such investments.”</i></p> <p>WPP already assesses local investments on behalf of the AAs using its unlisted asset managers and other external advisors. Setting up a permanent in-house team may be a disproportionate cost given the frequency and variety of such investment opportunities. WPP will continue its current approach (via the new pool company) and look for opportunities to collaborate with other pools in respect of local / impact investment opportunities.</p>
2	Do you agree that the investment strategy set by the administering authority should include high-level investment objectives, and optionally, a high-level strategic asset allocation, with all implementation activity delegated to the pool?	<p>Yes, but it is not sufficient for AAs to set only the high level investment objectives high level strategic asset allocation (SAA).</p> <p>Investment strategy set by AA should include</p> <ol style="list-style-type: none"> <li>1) High level objectives</li> <li>2) High level strategic asset allocation</li> <li>3) Additional details including for example <ol style="list-style-type: none"> <li>(i) risk-return preferences (there can be large variations between different mandate types within the same asset class);</li> <li>(ii) preferences* for passive and active investment;</li> <li>(iii) strategic needs in respect of cashflow (some individual funds will be cashflow negative);</li> <li>(iv) employer specific investment strategies where these form part of the fund’s Funding Strategy Statement;</li> <li>(v) net zero targets for its investments.</li> </ol> </li> </ol>

		<p>*In figure 1 of the consultation, under “investment objectives” which are a decision for administering authorities, the government references “investment preferences” explicitly.</p> <p>We agree that pool companies should undertake the activity required to implement the investment strategy specified by each Administering Authority in the pool. WPP already operates on this basis.</p>
3	Do you agree that an investment strategy on this basis would be sufficient to meet the administering authority’s fiduciary duty?	<p>No, there are additional considerations for AAs in meeting their fiduciary duty.</p> <p>The AA’s core fiduciary duty is to meet pension payments when due. A critical aspect of this is being able to meet cashflow requirements, ideally avoiding forced asset sale. So, specification of cashflow requirements is essential to meet fiduciary responsibilities.</p> <p>Other important aspects of fiduciary duty include:</p> <ul style="list-style-type: none"> <li>- decisions on net zero ambitions (which may differ from fund to fund);</li> <li>- maximising returns subject to the risk tolerance agreed as part of the Funding Strategy Statement; and</li> <li>- local preferences for active vs passive investment (also related to locally decided risk tolerance).</li> </ul>
4	What are your views on the proposed template for strategic asset allocation in the investment strategy statement?	<p>There is not sufficient granularity in the proposed template.</p> <p>Missing elements of the template include AA choices in respect of:</p> <ul style="list-style-type: none"> <li>(i) risk return preferences (there can be large variations between mandate types within an investment class);</li> <li>(ii) active v passive investment;</li> <li>(iii) net zero ambitions;</li> <li>(iv) liability matching; and</li> <li>(v) specifying local investment allocation.</li> </ul>

Do you agree that the pool should provide investment advice on the investment strategies of its partner AAs? Do you see that further advice or input would be necessary to be able to consider advice provided by the pool – if so, what form do you envisage this taking?

WPP shares the SAB view\* that administering authorities should retain the option of taking independent advice and be able to review any advice provided by pool companies. This would help allay concerns around the potential for actual or perceived conflicts for the Pool Company. (\*SAB consultation response: *“the Board has some concerns about funds being required to (as opposed to choosing to) take investment advice from the pool ... Where a fund takes its principal advice from the pool and separate, independent advice from another source, then there should be no suggestion that it is required to follow the pool’s advice where they differ.”*)

There is merit in investment strategy advice being provided independently from the provider of investment solutions (the pool company). There is potential for actual or perceived conflict for the pool companies in the approach proposed by government. An example would be advice restricted to asset classes and investment solutions currently available to the pool where the pool has not developed the investment solution required by the AAs in order to meet their liabilities when due and their fiduciary responsibility e.g. lack of appropriate income generating assets required by AAs which are in a cashflow negative position.

Use of investment advisors independent from the pool company also enables periodic review and replacement by competitive procurement, encouraging market competition and innovation that delivers better outcomes for LGPS funds and their members.

The government must allow AAs to critique any investment advice they receive from pool companies, supported by independent advisors if required.

Government should allow AAs freedom in choice of who provides advisory support to critique and challenge to advice provided by pool companies. Using independent “individuals” may not be sufficient. AAs should be free to take advice from consulting firms which can provide a full range of subject matter experts, up-to-date and comprehensive research capabilities, FCA regulated advice where required and peer reviewed advice with appropriate professional indemnity insurance and liability coverage.

AAs need to be satisfied that pool companies are capable of delivering the required range and quality of advice and that the pool company advice teams have the appropriate experience, knowledge and understanding of LGPS liabilities. As the government notes in the consultation, this capability will not be in place by March 2026 and will need to be developed over time. In the meantime, the government should allow pool companies to outsource the work to experienced LGPS investment consultants.

6	Do you agree that all pools should be established as investment management companies authorised by the FCA, and authorised to provide relevant advice?	<p>We are committed to putting in place an FCA regulated investment management company (the “pool company”) if required to do so.</p> <p>That said, WPP’s current operating model currently achieves government pooling objectives without the significant additional cost and complexity of a pool company owned by AAs. It is not clear that this will provide any immediate financial benefits to offset additional costs.</p> <p>Independent investment advice has advantages compared to advice provided by pool companies due to (i) potential for actual or perceived conflicts for pool companies; (ii) the ability to periodically review and replace independent advisors; (iii) competition driving best practice, innovation and efficiency that benefits LGPS funds; and (iv) the difficulty for pool companies in developing the full range of capabilities and LGPS experience (including understanding of local liabilities and projected cashflow needs) provided by consulting firms currently.</p> <p>There is merit in having some work centralised and done collectively at pool level e.g. manager review and replacement, developing policies and processes in respect of responsible investment and voting and engagement. Under the current WPP pool model, all of these activities are already undertaken collectively at pool level with the support of external service providers.</p>
7	Do you agree that administering authorities should be required to transfer all listed assets into pooled vehicles managed by their pool company?	<p>Yes for <b>actively managed</b> listed assets.</p> <p>WPP and other LGPS pools already have <b>passive</b> investments in pooled vehicles not managed by pool companies (such as life policies). For listed passive investments, current arrangements for WPP and other pools are highly cost effective (“crossing benefits” and other scale benefits achieved by passive managers that are greater than those that could be delivered in respect of a single pool’s passive investments alone). If transfer of passive investments to pool company managed vehicles is mandated, AAs will suffer additional costs (including significant asset transition costs) without compensating benefits.</p>
8	Do you agree that administering authorities should be required to transfer legacy illiquid investments to the management of the pool?	<p>There should be no new investment in unlisted / illiquid assets in non-pool vehicles going forward.</p> <p>There are potential risks in requiring all AAs to transfer all legacy illiquid assets to pool company management immediately in March 2026. There is potentially little or no economic benefit in doing so and in some cases it may be safer to continue to manage the run off to maturity of legacy unlisted assets locally since local AA officers have historic knowledge of the specific investments (e.g. various vintages of private market closed ended investments) and established processes for managing them (including for example monitoring and management of capital calls). To address this potential risk, it may be preferable to</p>

		<p>allow AAs and their advisors to manage such investments to maturity or ensure that pool companies continue to draw on local knowledge and experience of the specific assets.</p> <p>If the government does require transfer of management of legacy assets to pool companies, it will be essential to ensure that pool companies exercise the appropriate level of due care. Specifically, it will be necessary to ensure that pools steward legacy assets on behalf of owners in a way that avoids economic detriment to the owning Funds e.g. by avoiding forced sale of unlisted assets at an inappropriate time. Pool companies should consult AAs on appropriate timing and approach to transferring legacy assets to pool vehicles.</p>
9	<p>What capacity and expertise would the pools need to develop to take on management of legacy assets of the partner funds and when could this be delivered?</p>	<p>Please see response to Q8. The necessary knowledge of specific unlisted legacy assets and established processes for managing them currently reside with the AAs that own these legacy assets. Moving management to pool companies that lack this historic knowledge of these investments and established processes for managing them may add risk and cost.</p> <p>If government does compel the transfer of management of legacy assets to pool companies, WPP will appoint a pool officer with responsibility for legacy assets. Each WPP AA would have an Investment Management Agreement with the WPP pool company in respect of its own legacy assets. The IMA will empower the WPP pool company to manage those assets with appropriate care and diligence on behalf of the AA to which they belong. Legacy assets will remain allocated to that AA until such times as they mature and are transferred to pool solutions.</p> <p>This pool officer responsible for legacy assets would be assisted by WPP's listed and unlisted investment managers in considering appropriate timing and means of disposal of legacy assets and appropriate pool vehicles for investment of sale proceeds. Support would also be obtained from appropriate specialist consultants.</p> <p>The pool officer responsible would engage with and consult asset owners on proposed timing and means of disposal of legacy assets, and proposed pool vehicle to take sale proceeds, consistent with the AA's locally decided investment strategy. It is important to note that it will take a number of years to transition all legacy assets. For example, existing private equity holdings would likely be held until their natural maturity rather than having an earlier disposal in secondary markets at discounted valuations which would destroy value for the asset owner.</p>
10	<p>Do you have views on the indicative timeline for implementation, with pools adopting the proposed characteristics and pooling being complete by March 2026?</p>	<p>Although WPP is committed to meeting government timelines, we do think the timescales are very challenging. In particular, the suggested timeline disadvantages pools that currently have different operating models from that which is now preferred by government. A timeline that is excessively short could also lead to sub-optimal or compromise implementation approaches that could, with more time, be avoided.</p>

		<p>It is important that the timeline for implementation should accommodate local authority governance approval timescales.</p> <p>For all or most pools, changes requiring AA approval (by full Council and/or S101 committees) are likely. WPP is governed by a legally binding Inter Authority Agreement (IAA) which contains certain reserved matters that require local agreement. This will need to be unwound and replaced.</p> <p>It may be difficult or impossible for AAs to approve implementation steps with material costs (such as hiring personnel for pool companies) in the absence of regulations (in draft form at least). It is critical that any changes in regulation that government makes based on this consultation are published as soon as practical to prevent local authority approval delays which could make it impossible to meet the government's timeline.</p>
11	What scope is there to increase collaboration between pools, including the sharing of specialisms or specific local expertise? Are there any barriers to such collaboration?	<p>WPP is open to opportunities to collaborate on specific asset class solutions and will continue dialogue with other pools that may identify areas of mutual benefit.</p> <p>A longer implementation timeline would allow proper exploration of such possibilities. Short timescales for implementation will cause pools to prioritise steps required to ensure their own pool is compliant with new requirements by whatever means the timeline allows.</p>
12	What potential is there for collaboration between partner funds in the same pool on issues such as administration and training? Are there other areas where greater collaboration could be beneficial?	<p>We believe that there is potential for collaboration between partner funds in the same pool in areas such as member administration and training. Implementing collaboration on member administration is a non-trivial exercise and it is unlikely that it could be progressed in parallel with the next phase of pooling.</p> <p>WPP already has an annual training plan for AAs.</p>
Local Investment		
13	What are your views on the appropriate definition of 'local investment' for reporting purposes ?	<p>WPP recognises the government expectation that "local" should be considered UK wide, using LGPS assets to support UK growth. At the same time, given its unique position and motivation to support investment in Wales, which is where WPP will prioritise its local investment efforts, building on work done to date.</p> <p>We would expect "local" investments to focus on unlisted investments (infrastructure, private equity, etc), including some smaller investment opportunities with potential to have high impact and value locally.</p>



		<p>We would therefore expect reporting to exclude investments in UK listed equities, bonds and credit (but include real estate – the WPP Impact Fund will have a Wales target).</p> <p>WPP will report local investment in Wales and, separately, local investments in the rest of the UK.</p>
14	<p>Do you agree that administering authorities should work with their Combined Authority, Mayoral Combined Authority, Combined County Authority, Corporate Joint Committee or with local authorities in areas where these do not exist, to identify suitable local investment opportunities, and to have regard to local growth plans and local growth priorities in setting their investment strategy? How would you envisage your pool would seek to achieve this?</p>	<p>Yes.</p> <p>WPP plans to appoint an officer with responsibility for local investment opportunities. Their responsibilities will include liaising with local authorities, Corporate Joint Committees and other public bodies in Wales to identify potential investment opportunities that support local growth priorities.</p> <p>WPP's head of local investment will have assistance from WPP's unlisted investment managers who will support DD for relevant opportunities in various asset classes (infrastructure, private debt, private credit, etc).</p> <p>Specialist external advisors will also be used for DD on specific local opportunities that do not fit with the mandates of the pool's unlisted managers.</p>
15	<p>Do you agree that administering authorities should set out their objectives on local investment, including a target range in their investment strategy statement?</p>	<p>Yes.</p> <p>As noted earlier, the proposed template for AAs to specify locally decided investment strategy should be changed to include specification of the target range for local investment.</p>
16	<p>Do you agree that pools should be required to develop the capability to carry out due diligence on local investment opportunities and to manage such investments?</p>	<p>Yes. WPP plans to appoint an officer with specific responsibility for local investment opportunities (see Q14)</p> <p>Given the likely modest numbers of such opportunities it may not make sense to have all of the necessary skills as hired internal roles (investment, due diligence, and legal expertise and experience across a wide range) of local / impact investment types). Instead, pool companies should be able to draw on relevant experienced external specialists to assess opportunities and carry out DD before proceeding.</p>

		In theory this is an area where collaboration between pool companies may be helpful (e.g. shared DD for co-investment by different pool companies). In practice, this may not be workable for WPP given its objective of focusing on local investment in Wales.
17	Do you agree that administering authorities should report on their local investments and their impact in their annual reports? What should be included in this reporting?	Yes.  As well as normal investment performance reporting, reporting on local investment should include the benefits realised by the investment (economic, environmental and social).
<b>Fund governance</b>		
18	Do you agree with the overall approach to governance, which builds on the SAB's Good Governance recommendations?	N/A. Please refer to responses from individual LGPS administering authorities in Wales.
19	Do you agree that administering authorities should be required to prepare and publish a governance and training strategy, including a conflict of interest policy?	N/A. Please refer to responses from individual LGPS administering authorities in Wales.
20	Do you agree with the proposals regarding the appointment of a senior LGPS officer?	N/A. Please refer to responses from individual LGPS administering authorities in Wales.
21	Do you agree that administering authorities should be required to prepare and publish an administration strategy?	N/A. Please refer to responses from individual LGPS administering authorities in Wales.
	Do you agree with the proposal to change the way in which strategies on	N/A. Please refer to responses from individual LGPS administering authorities in Wales.

	governance and training, funding, administration and investments are published?	
23	Do you agree with the proposals regarding biennial independent governance reviews? What are your views on the format and assessment criteria?	N/A. Please refer to responses from individual LGPS administering authorities in Wales.
24	Do you agree with the proposal to require pension committee members to have appropriate knowledge and understanding?	N/A. Please refer to responses from individual LGPS administering authorities in Wales.
25	Do you agree with the proposal to require AAs to set out in their governance and training strategy how they will ensure that the new requirements on knowledge and understanding are met?	N/A. Please refer to responses from individual LGPS administering authorities in Wales.
26	What are your views on whether to require administering authorities to appoint an independent person as adviser or member of the pension committee, or other ways to achieve the aim?	<p>Our views on this are similar to those on Q5.</p> <p>Yes, administering authorities should appoint an independent advisor / advice firm (not necessarily an individual) to provide advice to the pensions committee (not to be appointed as a member of the committee).</p> <p>Given their fiduciary responsibilities, it is important that AAs are free to take independent advice. Part of this role should be to critique and challenge to any advice provided by pool companies.</p> <p>AAs should be free to select independent advisory support from individuals or consulting firms. However, using independent “individuals” may not be sufficient. AAs should be free to take advice from consulting firms which can provide a full range of</p>

subject matter experts, up-to-date and comprehensive research capabilities, FCA regulated advice where required and peer reviewed advice with appropriate professional indemnity insurance and liability coverage.

## Pool governance

27	Do you agree that pool company boards should include one or two shareholder representatives?	<p>It is essential that the AAs who are joint shareholders of the pool company and clients / investors should have representation on the pool company board.</p> <p>Ideally the number of shareholder reps would not be stipulated. The FCA will require to see the proposed constitution and remit of the pool company Board as part of the process for authorisation of the pool co. It should be the arbiter of the appropriate mix and skills of Board member reps.</p>
28	What are your views on the best way to ensure that members' views and interests are taken into account by the pools?	<p>This should be via client-side pool governance. Each pool has a number of client-side governance groups, often including a Joint Committee of Chairpersons of the AAs' S101 committees. In many or most pools, there is already scheme member representation. This provides a channel for scheme member voice and representation in the oversight of the pool co and the investment vehicles in aspects relevant to scheme members (e.g. performance, RI policies, etc)</p>
29	Do you agree that pools should report consistently and with greater transparency including on performance and costs? What metrics do you think would be beneficial to include in this reporting?	<p>Yes, we agree there should be transparent and consistent reporting on performance and costs.</p> <p>Most pools already have reasonably well-developed investment performance reporting for investors (investments returns, costs) and some pools with also have service delivery KPIs that are monitored regularly. Further development of these should continue.</p> <p>Cost reporting should include not only investment management costs, but full transparency of pool co management costs and the costs of all third-party services (outsourced functions, consultants, depositary, custody and all other service provider costs). This should be in £ and percentage of asset terms.</p> <p>Cost data should be published showing breakdown between pool company costs, investment management costs (internal and external) and other costs in a way that enables fair comparisons.</p> <p>Investment performance should be benchmarked against appropriate mandate objectives and against peer group investment managers. Investment cost benchmark comparisons should also be undertaken periodically. We acknowledge that peer group</p>

comparisons require care to ensure fair, like-for-like comparisons. Professional benchmark service providers can provide such analysis periodically to identify any areas of concern.

## Equality Impacts

30

Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so please provide relevant data or evidence.

No.

We note that WPP will require to be able to provide all communications in Welsh language as well as English.



# LGPS “Fit for the Future”

## Wales Pension Partnership Submission to Government:

### A standalone LGPS pool for Wales

February 2025

# Wales Pension Partnership Submission to Government: a standalone LGPS pool for Wales

This submission has been prepared by the Wales Pensions Partnership (WPP) and is in response to the Government's request for proposals that meet the requirements of the LGPS "Fit for the Future" consultation (November 2024) and "guidance for pool submissions" set out in the Ministers' letter to WPP dated 2 December 2024.

WPP is committed and aligned to the Government's objectives, including the transfer of all remaining assets to pool management quickly and the intention to further increase the benefits of LGPS investment pooling, including increasing the focus on local investment and supporting UK growth.

We appreciate the Government's acknowledgement in the consultation (para 62) that there are unique considerations in respect of Wales supporting the continuation of a separate investment pool for the 8 LGPS Administering Authorities in Wales as a devolved nation. We propose adaptations to our operating model, including the establishment of an FCA-regulated investment management company ("IM Co"), to meet all of the Government's requirements.

Details of our plans for the WPP to continue as a separate pool, uniquely placed to deliver benefits to LGPS scheme members in Wales, and to continue to bring wider benefits through local investment in Wales and the rest of the UK are set out in this submission and are aligned with Government criteria – scale, resilience, value for money and viability against deadline.

We look forward to any feedback you may have on our submission. In the meantime, we will continue with the implementation work that is already underway.

Cllr. Elin Hywel	Cyngor Gwynedd (Gwynedd Pension Fund)
Cllr. Mike Lewis	Swansea Council (City and County of Swansea Pension Fund)
Cllr. Peter Lewis	Powys County Council (Powys Pension Fund)
Cllr. Mark Norris	Rhondda Cynon Taf County Borough Council (RCT Pension Fund)
Cllr. Dan Rose	Flintshire County Council (Clwyd Pension Fund)
Cllr. Chris Weaver	City of Cardiff Council (Cardiff and Vale of Glamorgan Pension Fund)
Cllr. Elwyn Williams (Chair)	Carmarthenshire County Council (Dyfed Pension Fund)
Cllr. Nathan Yeowell	Torfaen County Borough Council (Greater Gwent (Torfaen) Pension Fund)

Members of the WPP Joint Governance Committee

For and on behalf of WPP

# Contents

1. Introduction: WPP Today and Building for the Future
2. Executive Summary
3. Consideration of other options and decision to build
4. Build proposal: meeting the Government's new pooling requirements
  - 4.1 Current Pool Operating Model
  - 4.2 Government's proposed new pool operating model requirements
  - 4.3 New Target Operating Model
  - 4.4 Services provided and how they will be delivered
  - 4.5 Organisation chart – senior management and functional units
  - 4.6 Governance
5. Implementation
  - 5.1 Approach to establishment of new IM Co
  - 5.2 Senior Managers (SMF roles)
  - 5.3 Service delivery partners
  - 5.4 WPP IM Co personnel
  - 5.5 Technology
  - 5.6 Costs and benefits
6. Implementation plan
  - 6.1 Plan overview, project team and project governance
  - 6.2 Critical path milestones
  - 6.3 Administering authority approval steps
  - 6.4 Hiring and procurement plan
  - 6.5 Plan for transition of legacy assets including private markets and passive investments
7. Government assessment criteria
8. Longer term aspirations – 2030 and beyond
9. Conclusion

## Appendices

Appendix 1 – Investment Transition Cost in Event of Merger

Appendix 2 – Day 1 and Day 2 Hires and Payroll

Appendix 3 – Project Plan and Workstreams

Appendix 4 – WPP Portfolio Managers



## 1. Introduction: WPP today and Building for the Future

### The WPP to date

The WPP is a geographic collaboration representing all LGPS pension funds in Wales.

Collaboration across the 8 LGPS pension funds in Wales is not new – these funds have a long and proven track record of working together. The 2013 report “Welsh LGPS – Working Together” identified that a joint approach delivers the economies of scale, operational efficiencies and improved investment outcomes that underlying funds want, while being the catalyst to identify local investments and establish responsible investment and other policies.

The strategic business case for the 8 Welsh LGPS funds to form an investment pool for Wales was built on the solid foundations laid in the existing close working relationships. It also, importantly, offered an opportunity to establish an investment pool for Wales reflecting the unique cultural and national characteristics of a devolved nation, with the chance to make a difference for the LGPS stakeholders in Wales. From a practical perspective, the proposal addressed the regulatory obligations around The Welsh Language Act, The Well-being of Future Generations (Wales) Act and the distinct audit regime present in Wales.

The formal establishment and structuring of the WPP in 2015 was fully compliant with Government criteria at that time, while meeting the strategic requirements of the underlying 8 Welsh LGPS pension funds, reflected in the representative, open governance and operational framework established. The model was fully committed to leveraging the skills and expertise of the market, hiring both the underlying pool architecture and investment management capability while exercising its status as an investor of significant scale to deliver fee savings and operational benefits to the underlying funds.

Successes of WPP to date include:

- 70% of assets pooled
- Robust governance and a highly aligned collaboration between the administering authorities in Wales
- Delivered fee savings of £40m
- Dedicated pooled investment vehicles for WPP investors
- Establishing a range of 10 multi-manager listed asset sub-funds to meet investment strategy needs of administering authorities
- Establishing private market funds in Private Debt, Infrastructure, Private Equity and Real Estate
- Delegated Portfolio Management and Implementation Services across listed assets and private markets
- Responsible Investment Policy, Stewardship & Engagement Policy, Risk Management framework
- Voting and Engagement provider appointed to implement pool policies
- Pool stock lending programme to add value to administering authority investments
- Pool training programme established for JGC, administering authority S101 committees and local Pension Board members to support good governance
- Establishing a stakeholder engagement group
- Local/national (Wales) impactful deployment of capital (by investing in renewable infrastructure, affordable housing, battery storage, natural capital)

### The WPP – Fit for the Future

WPP welcomes the Government review launched on 14 November 2024, and the formal WPP response to that consultation has been submitted in accordance with the timetable. It concurs with the Government conclusions in paragraph 62 of the consultation:

*“62. .... In particular, the Wales Pension Partnership operates within a devolved nation and has separate partnerships with the Welsh Corporate Joint Committees. It may therefore make sense for Welsh LGPS funds to continue in a separate pool.”*

Having undertaken a thorough consideration of other options, it is clear that merger or becoming a client of another pool would not be a “more cost effective or otherwise preferable approach to achieving compliance”.

This submission sets out the compelling business case for the WPP to remain a standalone investment pool for Wales, building the additional requirements for the pool operating model set out by Government in the consultation. This builds on the success of WPP to date and delivers across the range of objectives that the Government has set out in its ambitions for the progress of the LGPS – specifically, the LGPS in Wales. This submission demonstrates WPP’s ability to deliver across all fronts as a standalone investment pool.

WPP proposes to establish a standalone Financial Conduct Authority (“**FCA**”) authorised investment management company (“**IM Co**”) in line with Government criteria and to move all WPP assets into IM Co management in line with the timescales outlined. This submission also demonstrates the objective evaluation of our plans against the Government’s identified criteria (Benefits of Scale, Resilience, Value for Money, Viability against timeline) and how this is optimal compared with other options.

The decision to build a WPP IM Co offers a unique opportunity to establish a material centre of excellence in LGPS investment in Wales, creating valuable career opportunities while enhancing the financial services sector in Wales.

The proposed target operating model builds on the success, positive experience and professional strategic relationships established and developed in the WPP journey to date. This approach is also adopted to expedite the ‘transition’ to the new operating model by the specified date of March 2026 and shall continue to leverage the benefits of the scale that our partners have in the market, while building capability to identify and undertake due diligence on local investments, provide investment advisory services and manage legacy assets.

In time, WPP IM Co plans to deliver additional benefits to administering authority investors by extending the range of in-house investment management capabilities.

The strategic relationships established with our existing service delivery partners enable a logical evolution of the current WPP model into a standalone FCA-regulated IM Co. Subject to appropriate steps to ensure compliance with public procurement law, we intend to transfer these relationships into the new IM Co and day 1 operating model. The model harnesses the experience and resourcing of these already FCA-regulated partners, which will greatly assist the process to form an FCA-regulated IM Co and satisfy the rigorous application criteria, advising and assisting on the appointment of the key senior management personnel required by the FCA upon authorisation while providing the resourcing to deliver IM Co investment advisory services.

When appraising other pool options, avoiding the need to transition WPP assets into another LGPS pool was a significant factor given the considerable transition costs involved, which have been conservatively modelled at approximately £45m on listed actively managed assets alone. (Source: Russell Investment Management) There would be further additional transition costs on passive listed and private market assets.

Under merger, there would be dilution of WPP’s voice in governance as a shareholder or client compared to the preferred alternative. This could limit our ability to direct local investment to communities in Wales, for example. Merger requires partner fund agreement, FCA authorisation and asset transition. It would also take several years, diverting resources from delivery without obvious compensating benefits.

Establishing the WPP IM Co ensures the retention of the corporate memory of administering authorities in Wales to enable the continued efficient management of the portfolio of legacy assets, which would be lost if forced to transition to another pool. This submission shows that on balance, for all the reasons identified here, other pool options have been discounted. At the same time, we will continue to seek opportunities for collaboration across pools, including co-investment opportunities that support UK growth.

The formation of WPP IM Co presents a once-in-a-generation opportunity to create a standalone LGPS Investment Company for the benefit of all the stakeholders of the underlying 22 local authorities in Wales, 382 employers and 412,000 members. Not only can the WPP continue to invest for, and safeguard the LGPS pensions of, its members, it shall have the chance to continue in its role investing locally throughout Wales and the rest of the UK, working with Councils, Corporate Joint Committees, The Development Bank of Wales, British Business Bank and Welsh Government, promoting economic growth, providing employment, safeguarding clean energy and enhancing the wider infrastructure of the country, for the benefit of the people of Wales.

## 2. Executive Summary

### Options analysis and decision to build

- 2.1 The WPP administering authorities strongly agree with the Government's view in the "Fit for the Future" consultation (paragraph 62) that there are unique considerations in respect of Wales supporting the continuation of a separate investment pool for the 8 LGPS funds in Wales.
- 2.2 Continuation of a separate investment pool for Wales is necessary to reflect the unique cultural and national characteristics of a devolved nation.
- 2.3 We believe it is the only option that will ensure the WPP is able to effectively direct local investment to promote economic growth and support communities in Wales (a key goal for a standalone pool for Wales) and can also effectively and cost-efficiently deliver the specific responsible investment goals of LGPS stakeholders in Wales. (An example is the forthcoming launch of passive mandates specifically aligned to WPP's responsible investment policies.)
- 2.4 This approach offers a unique opportunity to establish a centre of excellence in LGPS investment in Wales, creating career opportunities and enhancing the financial services sector in Wales, building on the success of Development Bank of Wales. From a practical perspective, it is the most credible approach that enables us to comply with regulatory obligations around The Welsh Language Act, The Future Generations of Wales Act and the distinct audit regime in Wales.
- 2.5 Options to merge or become a client of another pool were given thorough consideration by WPP. Those options do not address the unique considerations in respect of Wales, would result in diluted influence as clients and shareholders to shape LGPS investment services to meet the needs of stakeholders in Wales, would be ineffectual in directing local investment to the Welsh economy and communities and would potentially incur £50m or more costs for LGPS stakeholders (investment transition costs on listed assets, legal and other advisor costs and costs of winding up current pooling arrangements) without any material offsetting cost savings.
- 2.6 We therefore plan to continue as a separate investment pool and adapt our operating model to meet all Government requirements, including establishment of an FCA-regulated investment management company ("IM Co").

### Build proposal: meeting Government's new pool operating model requirements

- 2.7 WPP starts with many of the key elements of the required operating model in place – pooling vehicles including dedicated Authorised Contractual Schemes (ACSs) for WPP actively managed and passive investments, delegated implementation services and delegated discretionary investment management via FCA-regulated fund "operators" and portfolio managers across listed and private market assets and collective client-side governance and oversight of WPP pool service providers.
- 2.8 We will add to our operating model an FCA-regulated IM Co with both advisory and investment management permissions. It will be staffed by experienced industry professionals. The IM Co will provide implementation services (transferring any remaining local implementation work to the IM Co and over time developing in-house portfolio management capabilities), investment advice, local investment capability (sourcing, assessing and managing local investments) and legacy asset management (i.e. it is expected all legacy assets will be under pool management from day 1).
- 2.9 With the support from and validation by existing service providers and advisors (including specialists in compliance and FCA authorisation) we have completed the high-level design work on the new target operating model for the new FCA-regulated IM Co and client-side governance.
- 2.10 WPP IM Co will continue to use existing and new third party delegates to support delivery of services (e.g. fund operators, discretionary managers for listed and unlisted assets and investment advisors). This gives WPP access to scale benefits of service partners, provides resilience in the operating model, reduces implementation risk (reducing hiring and build requirements for day 1) and enables a gradual transition to increased capabilities in respect of in-house portfolio management and advisory services. This approach also buys time for the new-hire CEO and their team to shape the WPP IM Co's future development and growth in service provision.

- 2.11 We plan additional new elements in the governance framework, including a client-side Shareholder Board with representatives of all administering authorities. The role of the Shareholder Board is to agree shareholder “reserved matters” in respect of the WPP IM Co (wholly owned by the administering authorities), including approval of business plans and budgets proposed by the IM Co and its senior hires.

### IM Co implementation and running costs

- 2.12 Based on the target operating model, we have fully assessed day 1 and day 2 in-house resource requirements, technology requirements and costs (including external service partner costs).
- 2.13 The estimated additional annual running costs of the new operating model on day 1 are £5–5.5m annual after deducting administering authority cost savings (including transfer of advisory services to WPP IM Co, centralised production of reporting across all assets for each administering authority by the IM Co and a further reduction in any remaining local involvement in investment implementation). IM Co costs will rise as it increases its in-house management capability over time and external spend on investment management and other services will reduce.
- 2.14 In the medium and long term, WPP is aiming to deliver financial benefits that exceed the additional costs of the new operating model e.g. by bringing “in-house” an increasing range of portfolio management activities on listed and unlisted assets over time. In addition, WPP believes the standalone investment pool will have governance benefits that will add significant value over time.
- 2.15 WPP administering authorities will provide Regulatory Capital (estimated to be £5–10m, with this estimate to be finalised as part of the risk-based assessment required when the authorisation application is submitted to the FCA this summer).
- 2.16 The WPP has established a project budget for the delivery of the reforms set out in this submission, which is estimated to be circa £1.6m (legal advisors, specialist compliance support, investment consultants and project managers). In addition, there will be salary costs for personnel onboarded before March 2026 to assist in setting up and testing systems, processes and controls before going live.
- 2.17 There are no investment transition costs. This is a key difference from a merger and one of the reasons that option was discounted. Merger also has project implementation costs (legal, transition management advice, project management). We estimate investment transition and other implementation costs for a merger to be potentially c£50m or more.

### Implementation Plan

- 2.18 Our project delivery team including programme management was mobilised in December 2024. A project team composed of officers, our strategic delivery partners, legal advisors and programme management support reports weekly to a Steering Group (S151 officers). The JGC members (Chairs of S101 committees) are briefed regularly and provide sign-off at key points, including approval of this submission to Government.
- 2.19 Implementation is underway. We set out our detailed implementation plans in section 6. Critical path elements of the implementation plan include the “governance pathway” (obtaining necessary individual administering authority governance approvals including budget sign-off), commencing search and selection for senior roles in March 2026 and preparing to submit in summer an application to the FCA for authorisation of the WPP IM Co.
- 2.20 We have no concerns on FCA authorisation. Our specialist advisors will support the FCA application process and ensure our application is “approval ready”. The FCA assigned a case team in January and regular touch-points are scheduled from now through to submission of our authorisation application. Our initial discussions with the FCA case team have been positive and constructive.

### Benefits delivery

- 2.21 Continuation of a standalone LGPS investment pool for Wales and the planned further development of WPP’s pool operating model and investment capabilities will deliver significant benefits for LGPS stakeholders and the people of Wales including:
- building on a long history and success of collaboration of the partnership

- a pooling model where success will be defined and measured by its ability to deliver for Wales and the UK
- local investment to promote economic growth and support communities in Wales, building on the success of Development Bank of Wales and initiatives such as Cardiff Capital Region/Corporate Joint Committees
- additional financial savings from bringing an increasing range of portfolio management and advisory services in-house over time
- further reducing local administering authority costs (reporting, managing local/legacy investments, etc)
- delivering the specific responsible investment goals of LGPS stakeholders
- continuing to benefit from the global scale and purchasing power of our strategic delivery partners
- the ability to review service providers periodically to ensure best-in-market service delivery and value for money.

### Government assessment criteria

- 2.22 Benefits of Scale: WPP's current pooling model already delivers scale benefits, offering access to a wider range of asset classes and cost savings from global scale and purchasing power of service delivery partners. This has been validated by independent cost and performance bench-marking specialists CEM. On actively managed listed assets alone, WPP saved administering authorities £10.3m net of pooling operating costs. Our planned further development of WPP's operating model and investment capabilities will, over time, deliver additional scale benefits including material additional financial savings and local investment capability.
- 2.23 Resilience: a robust governance framework supported by a pool oversight advisor oversees current delegated implementation services. Delegates have the high standards of operational resilience required to meet FCA regulatory requirements. Additional new elements of the governance framework will include a client-side Shareholder Board with representatives of all Welsh administering authorities. As an FCA-regulated entity, the WPP IM Co will be subject to regulatory requirements in terms of conduct, systems, processes and controls that provide additional resilience and assurance to administering authorities as clients and investors. Senior Management Functions will be supported by capable and experienced professionals to provide additional resilience to WPP IM Co. In addition, strategic delivery partners have access to deep and broad resource pools (global in some cases) and can be more easily replaced than an underperforming in-house function.
- 2.24 Value for Money: see points above on cost savings from global scale and purchasing power of service partners. In future, WPP IM Co will take on more in-house management, delivering further cost savings. The new operating model will also reduce administering authorities' local costs (advice, reporting and any remaining investment implementation activities that will move to the IM Co).
- 2.25 Viability against deadline: please see implementation plan above. WPP and its advisors are confident that the additional new requirements for the pool operating model can be put in place by March 2026. This is subject to the Government confirming its proposed requirements as soon as possible to enable local authority governance approvals to proceed. The FCA has put in place a case team and is in regular scheduled contact. The cost and complexity of the build is significantly reduced because many of the key elements of the required day 1 operating model are already in place (pooling vehicles, delegated implementation services and delegated discretionary investment management via FCA-regulated fund "operators" and portfolio managers across listed and private market assets and collective client-side governance and oversight of WPP pool service providers).

### Longer term aspirations – 2030 and beyond

- 2.26 WPP aspires to create a centre of excellence for investment management in Wales, building on the successes of organisations such as the Development Bank of Wales, and recognises the opportunity to become a best-in-class LGPS pool serving its scheme employers and members.
- 2.27 Beyond March 2026, work will continue to further enhance the IM Co's operating model, developing in-house capabilities aligned with the long-term aspirations of Government and delivering benefits to the LGPS and wider communities of Wales.
- 2.28 Our five-year ambition will see opportunities for adding significant value from more in-house portfolio management of listed sub-funds (including "manager of managers" mandates) and private market allocator roles. We have ambitions to become a leader in local and impact investment and will actively engage and collaborate with other LGPS investment pools where there are opportunities to identify and participate in UK investments. Over the same timeframe, we expect to reduce use of strategic investment partners in investment implementation and investment advice services as we build in-house capacity and resilience.

- 2.29 To develop these in-house capabilities, we will need to increase the size and capabilities of the WPP IM Co team. We expect to double IM Co personnel within the first 2–3 years, increasing in-house capacity and capabilities including additional portfolio manager resource and a Head of Responsible Investment to deliver WPP's ambitious responsible investment goals. Our strategic delivery partners will work with us to develop in-house capabilities through knowledge transfer and upskilling WPP IM Co personnel.
- 2.30 Once WPP IM Co is established, the senior management team will prepare a more detailed 5-year plan to the Shareholder Board, prioritising development of the operating model where greatest value can be achieved.
- 2.31 With the above in mind, WPP are mindful of the need to preserve business as usual activity and to minimise disruption to the delivery of existing objectives and priorities while undertaking the reform measures noted. The plans set out in this submission focus on day 1 delivery (Government's "minimum" requirements for March 2026).

#### Next steps

- 2.32 We look forward to discussing any comments or questions MHCLG and HMT may have on this submission. It will assist WPP and other pools greatly if the Government can confirm its intentions and requirements following the "Fit for Future" consultation. This will help administering authorities with internal governance approvals including expenditure on implementation and hiring. In the meantime, work on implementation will continue.



### 3. Consideration of other options and decision to build

Having undertaken a thorough consideration of other options, it is clear that merger or becoming a client of another pool would not be a “more cost effective or otherwise preferable approach to achieving compliance”.

#### 3.1 Why build and continue a separate investment pool for Wales?

The Government acknowledges in its consultation (primarily in paragraph 62) that there are unique considerations in respect of Wales supporting the continuation of a separate investment pool for the 8 LGPS funds in Wales.

This is the only option that can effectively ensure the continuation of local investment in Wales to promote economic growth and support communities. Evidence of our work to date in facilitating investments in local investment opportunities in Wales includes:

- 1) Windfarms (Capital Dynamics): c£70m investment by WPP to develop windfarms across Wales. The project is expected to invest in up to 16 onshore wind projects totalling 2.1GW located across Wales, supporting enhancements to existing grid infrastructure;
- 2) Forestry (Gresham House): WPP is currently exploring the potential to invest in a fund that plans to acquire c7,000 hectares of existing productive forestry land to grow and harvest commercial timber across the UK, with a number of forests in Wales;
- 3) Battery storage infrastructure (Quinbrook Infrastructure Partners): c£55m net investment into two projects based in Wales (Rassau, Ebbw Vale and Uskmouth, Newport). 619 jobs created to support the development and construction of these two key Welsh assets, with permanent long-term jobs retained for maintenance and security of assets. 115 megawatts of new (and therefore additional) capacity generated from Uskmouth asset to National Grid (supporting wider Government objectives).

Continuation of a separate investment pool for Wales is also the only option that can effectively and cost-efficiently deliver the specific responsible investment goals of LGPS stakeholders in Wales. An example is the development by Blackrock of a passive investment ACS vehicle for WPP with a bespoke passive mandate specifically aligned to WPP's responsible investment policies.

Building on our existing operating model leverages the scale benefits of our service partners and their global operations platforms and buying power (Russell Investments, Blackrock, non-listed managers and Waystone) enables WPP to deliver the scale benefits of pooling that are greater than those achievable with WPP assets alone.

This has been validated by independent analysis by CEM Benchmarking, global leaders in cost and performance benchmarking for institutional pension fund asset owners. An example of their analysis is shown below. On actively managed listed assets alone, WPP saved Welsh administering authorities £10.3m (circa 7bps on £14bn assets in the WPP ACS) in the year to end March 2024, relative to what their funds would have expected to pay as individual investors. This saving is net of the costs of the current pool operating model for listed managed assets in the WPP ACS. WPP has also made substantial fee savings by pooling passively managed listed and private market investments.

**WPP saved the Partner Funds £10.3 million in the year to March 31, 2024 relative to what those Partner Funds might have expected to pay independently, based on the experience of similar funds outside the pool.**

All products and Partner Funds  
Distribution of cost savings by sub-fund and Partner Fund: 1 Year to 31st March 2024

	SWA £m	CAR £m	TOR £m	RCT £m	GWY £m	CLY £m	DYF £m	POW £m	Total £m	
UK Opportunities	-	0.1	0.1	-	-	-	-	-	0.1	• The product generating the most savings was the Global Opportunities fund.
Global Opportunities	-2.5	-1.1	-1.0	-0.8	-1.0	-0.1	-	-	-6.5	
Global Growth	-	-0.3	-	-1.9	-0.6	-	-1.5	-0.2	-4.3	
Emerging Markets	-	-0.4	-0.2	-	-0.2	-0.2	-	0.0	-0.9	• 8 out of 9 (89%) of products/sleeves delivered savings in the past year to Partner Funds.
Multi-Asset Credit	0.0	-0.1	-	0.0	-	-0.1	-	0.0	-0.3	
Global Credit	-	-0.2	-0.3	-	-	-	-0.3	-0.1	-0.9	
Absolute Return	-0.1	-	-	-	-0.7	-	-	-0.1	-0.9	• 8 out of 8 (100%) of Partner Funds saved by investing through the pool.
Global Government	-	-0.1	-0.1	-	-	-	-	-	-0.3	
UK Credit	-	-	-	-0.9	-	-	-	-	-0.9	
<b>Total</b>	<b>-2.7</b>	<b>-2.0</b>	<b>-1.6</b>	<b>-3.6</b>	<b>-2.4</b>	<b>-0.5</b>	<b>-1.8</b>	<b>-0.4</b>	<b>-14.9</b>	
Invoiced 23/24 pool fees*	0.6	0.8	0.8	0.9	0.6	0.3	0.5	0.1	4.6	
<b>Total (less invoiced pool fees)</b>	<b>-2.1</b>	<b>-1.2</b>	<b>-0.8</b>	<b>-2.7</b>	<b>-1.7</b>	<b>-0.1</b>	<b>-1.3</b>	<b>-0.3</b>	<b>-10.3</b>	

Once WPP's FCA-regulated IM Co with advisory and investment management permissions is established, we expect IM Co to take on an increasing number of portfolio management responsibilities over time, further removing some external partner costs and delivering additional cost savings to offset against the additional costs of running the WPP IM Co. IM Co management will assess the business cases that will determine the priority order for taking on additional in-house portfolio management activities over time.

### 3.2 Reasons for ruling out merger and becoming a client of other pools

WPP has had informal discussions with a number of other LGPS pools and has considered options for merger or becoming a client of another pool.

Merger or becoming a client of another pool would weaken the voice of Wales in investment pool governance, reducing or removing our ability to effectively direct LGPS investments to local investment for economic growth in Wales and deliver the responsible investment objectives of Wales. These will form key strategic requirements of the WPP IM Co, which the 8 Welsh funds will oversee and hold to account as its shareholders.

Merger or moving assets to another pool is likely to result in the costly unwinding of WPP's existing pooled investments. Russell Investment Management's asset transition experts have carried out a detailed assessment of the cost of transitioning to comparable mandates in other pools and have concluded that the cost of transition on actively managed listed assets alone could be c£45m. [See Appendix 1]

Additional costs for a merger, including legal costs and winding up existing arrangements, could take the total cost to more than £50m. Future net-of-fees performance in any pool is obviously an unknown and could not be relied upon to recoup this additional cost. This is, therefore, an unacceptable cost for LGPS stakeholders in Wales.

### Benefits of a standalone pool for Wales

Merger or becoming a client of another pool would deprive Wales of many of the benefits of a standalone LGPS investment pool and planned further development of WPP's pool operating model and investment capabilities. The benefits include:

- 1) Dedicated resource working with public bodies and agencies in Wales to source, assess and manage local and impact investments, promoting economic growth and supporting communities in Wales.
- 2) In time, additional financial and governance benefits that are expected to exceed the additional costs of the new operating model. For example, we would expect an increasing range of portfolio management activities on listed and private market assets to be brought under in-house management over time, in line with Government expectations.
- 3) Immediate savings for administering authorities from transferring remaining investment implementation functions to the WPP IM Co, centralising reporting and centralising provision of strategic investment advice in



the WPP Pool Co (initially through competitive procurement of an external partner by the Pool Co) and, in the longer term, greater savings by building an in-house advisory team.

- 4) Transferring components of the existing WPP pooling model to the new operating model (including existing pooled vehicle structures), continuing to benefit from the global scale and purchasing power of service delivery partners (currently including Russell, Blackrock, CBRE, Schrodgers and Waystone) and an ability to review and replace service providers and obtain competitive fees through competitive procurement (in future a responsibility of the WPP IM Co).
- 5) Delivering the specific responsible investment goals of LGPS stakeholders in Wales. An example is the development by Blackrock of a passive investment ACS vehicle for WPP with a range of passive mandates specifically aligned to WPP's responsible investment policies.
- 6) A unique opportunity to establish a centre of excellence in LGPS investment in Wales, creating career opportunities and enhancing the financial services sector in Wales.

From a practical perspective, continuing a standalone pool for Wales enables us to comply with regulatory obligations around The Welsh Language Act, The Well-being of Future Generations (Wales) Act and the distinct audit regime present in Wales.

## 4. Build proposal: meeting the Government's new pooling requirements

### 4.1 Current Pool Operating Model

WPP's current pool operating model complies fully with existing Government requirements introduced in 2016 including:

- Pooled investment vehicles for listed and unlisted assets
- FCA-regulated fund operators for listed and unlisted assets (Authorised Fund Managers "AFMs" and Alternative Investment Fund Managers "AIFMs", respectively)
- Delegated "strategy implementation services" provided by fund operators and investment managers appointed by fund operators
- Delivering cost savings

The pooled vehicles include WPP's dedicated FCA-regulated ACS operated by Waystone (the operator/AFM). Waystone appointed Russell Investments, who provide investment implementation services and portfolio management services for a range of multi-manager sub-funds across various listed asset classes. Manager selection is delegated to Russell. Similar arrangements are in place (or, in the case of real estate, being put in place) for unlisted assets with specialist investment managers and fund operators for vehicles holding unlisted assets (private equity, private credit, infrastructure and real estate).

WPP plans to build on the existing pool operating model. Components of the existing model will continue, including the existing pooling vehicles and third party FCA-regulated fund operators (AFMs and AIFMs).

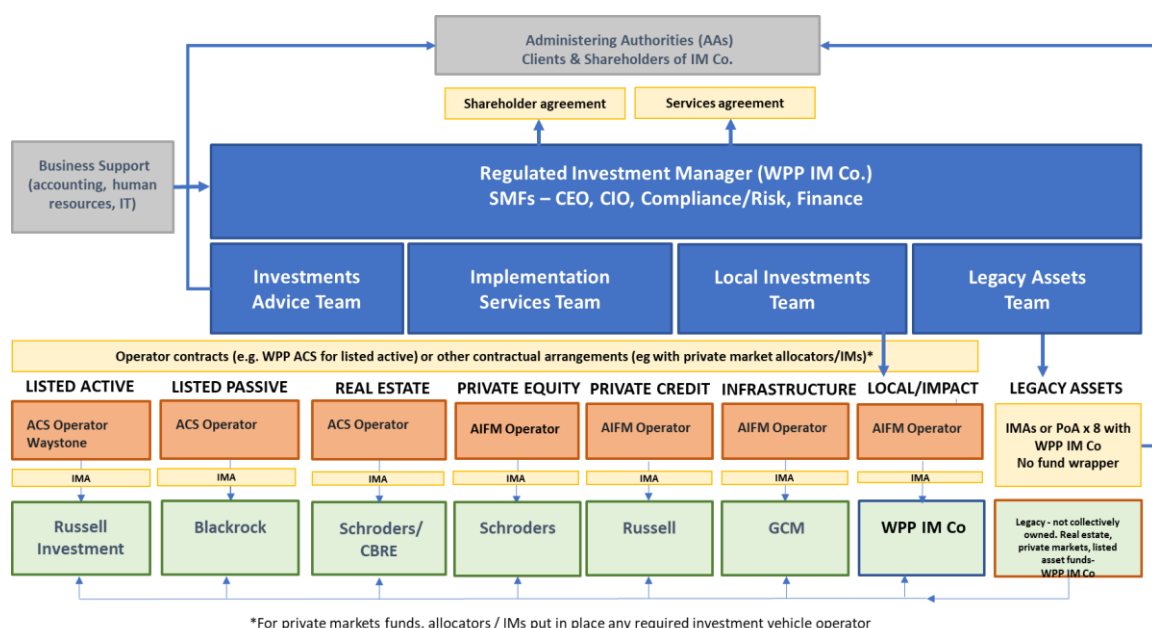
### 4.2 Government's proposed new Pool Operating Model requirements

WPP will add necessary components to the current pool operating model to ensure it complies fully with additional new requirements specified by the Government in its "Fit for the Future" consultation. Those components and how they will be delivered by WPP are described below.

Government Requirement	Function in WPP Target Operating Model
1) FCA Regulated IM Co	<ul style="list-style-type: none"><li>• WPP IM Co</li><li>• Makes available investment vehicles required to meet AA strategy needs</li><li>• Provision of Investment Management to AAs (e.g. Portfolio Mgt Local)</li><li>• Provision of Investment Advice to AAs</li><li>• Regulatory permissions required for above (advisory and investment management)</li><li>• Reporting</li></ul>
2) Implementation delegated to IM Co	<ul style="list-style-type: none"><li>• WPP IM Co CIO and team oversee delegated implementation services (manager selection, tactical asset allocation, rebalancing, transitions, fund switches, etc)</li></ul>
3) Investment Advice provided by IM Co	<ul style="list-style-type: none"><li>• WPP IM Co Advice Team</li><li>• SAA recommendations for AA decision etc</li></ul>
4) Local Investment capability	<ul style="list-style-type: none"><li>• Set up collective investment fund wrapper</li><li>• WPP IM Co Local Investment Team</li><li>• Source and assess opportunities</li><li>• Manage investments selected for WPP pool</li></ul>
5) All legacy assets under pool management	<ul style="list-style-type: none"><li>• WPP Legacy Assets Team</li><li>• Manage legacy assets of each AA and transition over time to pool vehicles</li></ul>

### 4.3 New Target Operating Model

The new Target Operating Model to deliver Government requirements is shown below.



Key features of the new operating model are as follows:

- 1) **Regulated Investment Management Co (WPP “IM Co”)**: An FCA-regulated investment management company (WPP “IM Co” or “Pool Co”) wholly owned by the 8 LGPS administering authorities (AAs) in Wales and run by a senior management team approved by the FCA. The IM Co will have investment advisory and investment management permissions.
- 2) **Dedicated functions for Implementation, Advice, Legacy and Local**: The IM Co will have dedicated teams responsible for:
  - (a) Strategy Implementation Services (providing vehicle building blocks for the asset classes needed by AAs to meet their investment strategy requirements and carrying out all implementation services delegated to it by the AAs including manager selection, rebalancing, etc);
  - (b) Investment Advice (providing strategic investment advice to the AAs);
  - (c) Legacy Assets (so that all WPP investments will be under pool management and current non-pooled assets will be transitioned into appropriate pool vehicles under management of the WPP IM Co; each AA will have an IMA and / or Power of Attorney with the IM Co in respect of its own legacy assets);
  - (d) Local Investments (to source and assess local investment opportunities, decide which should become pool investments and the manage those investments; we envisage establishing a collective investment vehicle for local and impact investments, with a third-party operator and WPP IM Co as delegated investment manager).
- 3) **Existing pooled investment vehicles continue under new operating model**: Existing dedicated pooled investment vehicles for listed assets (including the WPP ACS operated by Waystone) and for private market assets (e.g. dedicated Scottish Limited Partnerships (SLPs) for private equity and private credit assets) will continue under the new operating model.
- 4) **Third party FCA regulated operators of investment vehicles**: The IM Co will continue to use FCA-regulated third party “operators” of pooled investment vehicles where required. This approach is commonly used by investment management companies for reasons of resilience (regulated fund operators can be replaced) and cost efficiency (tapping into the scale benefits of global entities serving multiple investment management companies). The current fund operator (an AFM) for the WPP ACS (investment vehicle for listed, actively managed assets) is Waystone. It currently has an “operator contract” with the 8 administering authorities. These will be replaced by a single operator contract with the WPP IM Co. Waystone selected and appointed

Russell Investments to run the multi-manager sub-funds of the ACS under an Investment Management Agreement. That arrangement is undisturbed by the creation of the WPP IM Co. Where required, fund operator arrangements are expected to remain in place for private markets pooled vehicles (eg SLPs put in place by third party private market allocators appointed by WPP).

- 5) **Passive investments** with Blackrock are already in a pooled vehicle (an ACS) and investment contracts are currently between Blackrock and (individually) the 8 LGPS administering authorities in Wales. Contractual arrangements in respect of these assets will also transfer to the WPP IM Co.

#### 4.4 Services provided by WPP IM Co and how they will be delivered

In this section, we set out the services to be provided by the WPP IM Co to clients (Administering Authorities) and how they will be delivered.

##### 4.4.1 WPP Strategy Implementation Services

All strategy implementation will be delegated by AAs to the IM Co. The IM Co will make decisions on actions to be taken and implement these (similar to the role of a “discretionary” or “fiduciary” manager of private sector defined benefit schemes). In a few limited cases, the IM Co will consult with AAs, e.g. on the pooled investment vehicles required to implement AA strategy decisions and on each of the AA’s specific cashflow needs and the options for meeting these. The implementation services are listed below. The “decide” and “implement” role of the WPP IM Co is consistent with the Government’s proposal in para 32 of the “Fit for the Future” consultation.

	Implementation service	Comments
1	Make available and monitor pooled vehicles with investment and RI objectives to meet client strategy needs	• IM Co agrees new / changed mandates and vehicles from time to time with clients. Covers listed, non-listed, active, passive. Includes ongoing monitoring of Investment Manager performance and risk.
2	For each authority separately manage to asset allocation ranges and rebalance (scheduled regular & exceptional/one-off)	• Agreed and documented policy. Formulaic / automatic when hit tolerances, quarterly/annually or more leeway for IM Co? Common policy for all AAs?
3	Portfolio Manager for sub-funds including review of 3 <sup>rd</sup> party investment managers and implementation of changes from time to time	• Expect consultative, transparent approach – communicate rationale for change and choice.
4	Portfolio Manager for local investments	• Source opportunities in consultation with local authorities in Wales. Assessment and DD carried out by IM Co (with external support as appropriate eg specialist DD advisors or existing unlisted IMs). Decision on investment for pooled vehicle rests with IM Co.
5	For each authority separately, investment management of legacy assets	• Consult asset owners on proposed / recommended strategy as to how and when transfer to pooled vehicles and on destination (eg wait until natural maturity for PE etc). Duty of care requirements in IMAs. Could be discretionary once approach agreed.
6	Transition implementation (i) within same vehicle and (ii) between / into/out of pool vehicles)	• (i) Implementation decided and overseen by vehicle Operator • (ii) implementation decided and overseen by WPP IM Co. Expect consultation on latter? IM Co selects and appoints any specialist TM and oversees
7	Cashflow: (i) Allocating net new money to pool (ii) Redemptions to meet cashflow needs (eg if negative c/flow or one-offs)	• New money in: allocation as per SAA or specific instructions? • Money out for cashflow needs: Consult and agree approach with client fund and its advisors (eg waterfall specified). Execution “discretionary” (i.e. IM Co decides appropriate actions and timing consistent with client agreement).
8	Selection and appointment of all suppliers of services and advisers to IM Co	• Appointment of Fund operators / AFMs / AIFMs/ custodian. Investment managers and allocators. Third party advisors eg for manager selection, local investment DD, RI, etc.

Under the new operating model, services that may previously have been delivered by local advisors and consultants historically will be provided by WPP IM Co under “WPP Investment Implementation Services”, including:

- Advice on investment opportunities
- Advice on legacy assets
- Advice on asset transitions
- Research and recommendations on asset classes and investment managers

##### 4.4.2 How WPP Strategy Implementation Services will be delivered

###### March 2026

An IM Co “Implementation Services Team” will be in place, reporting to the CIO. WPP IM Co will be fully responsible for all implementation services, including those delegated to third parties. WPP IM Co will be portfolio manager for local and legacy mandates and there will be external delegate portfolio managers for other mandates.

External strategic delivery partners will support some implementation services on day 1. These may include:

- rebalancing (scheduled and one-off/tactical) of each AA’s assets between pooled vehicles to ensure ongoing alignment to their agreed strategic asset allocation (“SAA”)

- oversight of legacy assets
- implementing approach for delivering income for cashflow needs agreed with clients.

This may be provided by extending scope of Russell Investments services or a new procurement for additional delegated investment implementation services (there is an established market for these services). The approach will be finalised ahead of application for FCA authorisation.

The WPP IM Co will have regulatory and contractual obligations and liabilities in respect of the services provided.

Legal contracts will set out IM Co obligations and liability to administering authorities as clients, including variations in liability limits between different implementation service and fees for services provided.

The IM Co will have professional indemnity insurance (PII) to protect administering authorities as shareholders and clients in the event of errors requiring redress.

#### How WPP Implementation Services will evolve over time

We expect WPP IM Co to take on the portfolio manager role on a growing number of listed and unlisted mandates potentially including current “manager of managers” listed asset mandates run by Russell Investments.

Over time, WPP IM Co will build in-house portfolio management capabilities in respect of private markets investments.

#### 4.4.3 WPP Investment Advice Services

The main services to be provided are listed below.

Investment Advice Services provided by IM Co
1) Recommendations on investment objectives, return objectives, risk appetites and risk budgets
2) Recommendations on Strategic Asset Allocation ( <i>we are assuming more granular than government template with clear definitions of asset categories</i> )
3) Recommend on common investment policies eg RI/ESG
4) Provide “suitability reports” for specific investments
5) Advice on how to meet cashflow requirements
6) Advice on approach to overlays (eg currency hedging)
7) Training as required

#### How will WPP Investment Advice Services be provided?

##### March 2026

The WPP IM Co “Head of Investment Advice” will be appointed ahead of day 1. The Head of Investment Advice will procure and direct work of external consultancy firm(s). They may use more than one consultancy e.g. one firm for SAA modelling and advice, other firms for one-off exercises (e.g. further development of RI policy).

WPP IM Co will be responsible for advice given to CAs and will have FCA permissions for the provision of regulated advice.

Client services agreements will cover the various services provided (including any optional services), the obligations and liability of the IM Co and fees.

## How service delivery will evolve over time

The core service is modelling and advice on SAAs. To develop in-house capability over time, WPP IM Co will make it a condition of initial procurement of external investment advisors for day 1 that the successful candidates will commit to a programme of upskilling the in-house team, which can be built up over time.

### 4.4.4 WPP Local Investment Services

A dedicated team within IM Co will oversee local investment services, sourcing and appraising opportunities and making recommendations on those considered suitable for WPP investors. The approach to delivering the services is as follows:

How WPP Local Investment Services will be provided
1) WPP IM Co will appoint a Head of Local Investments
2) They will source local investment opportunities in Wales working with Councils, Corporate Joint Committees (CJCs), The Development Bank of Wales and Welsh Government
3) The WPP IM Co will appoint a third party operator (AIFM) to run a pooling vehicle to collectivise local investments ("WPP Local / Impact Investment Fund"). WPP IM Co will act as Portfolio Manager.
4) The Head of Local Investments will assess investment opportunities with WPP IM Co unlisted investment managers / allocators and use external advisors for full DD as necessary.
5) The WPP IM Co Decides which opportunities are suitable assets for the "WPP Local / Impact Investment Fund" (or WPP unlisted investment funds).
6) Some of the investible opportunities may be taken into WPP's unlisted asset vehicles by the unlisted investment managers and allocators.
7) Others may not be a good fit with their investment objectives and mandates and will instead be held in the "WPP Local / Impact Investment Fund". WPP IM Co will invest and manage these investments as Portfolio Manager.

### 4.4.5 WPP Legacy Asset Services

All legacy assets will be under WPP IM Co management from day 1. Our intended approach is set out below.

How WPP IM Co will deliver Legacy Asset Services
1) WPP IM Co will appoint a Head of Legacy Assets
2) Legacy assets will be under WPP IM Co management from day 1 via an Investment Management Agreement (IMA) with the asset owner and/or Power of Attorney (PoA).
3) Each Administering Authority remains the owner of its own legacy assets and the IMA/PoA will include Duty of Care provisions to protect the AA from actions that might otherwise cause economic detriment (e.g. premature sale of Private Market investments in secondary markets before maturity).
4) The WPP IM Co will consult Administering Authorities on when and how legacy assets will be transferred to pool vehicles and which pool vehicles are most appropriate given the AA's agreed Strategic Asset Allocation. The IM Co would be expected to consult further with the AA asset owner in the event of any reconsideration of agreed approach (e.g. changes in outlook for particular asset classes, changes in the SAA decided by the AA from time to time).
5) Once the approach is agreed, WPP IM Co may act on a "discretionary" basis, i.e. the WPP Pool Co decides appropriate actions and timing consistent with client agreement including oversight and management of legacy assets and eventual transfer to appropriate pooled vehicle.



Later in this submission, under “Implementation”, we provide more detail. Work has already been undertaken by WPP to identify all non-pooled assets, consult AAs to agree outline plans for their future management by the WPP IM Co and the likely pooled vehicle home at the appropriate time. These plans include potential for a small number of new pooled vehicles where scale and AA strategic needs support this.

#### 4.4.6 Other WPP IM Co Services for Administering Authorities

There are a number of other important services that WPP IM Co will provide. Much of this will be overseen by the WPP IM Co Chief Operating Officer (COO) and their team.

Services provided	How WPP IM Co will deliver these services
Client relationships / engagement	<ul style="list-style-type: none"> <li>A Head of Client Relationships will be appointed</li> <li>They will engage with AA officers, S101 committees and client-side governance groups</li> <li>They will be the channel for communication and action on service delivery matters and client requirements including training needs</li> </ul>
Investor reporting (performance, RI/Climate metrics)	<ul style="list-style-type: none"> <li>The IM Co will provide reporting across all asset classes and mandates (valuations, performance, investment manager commentary, sub-fund fact-sheets, etc)</li> <li>Each AA will receive reports showing their own holdings and their aggregate performance (this aggregation is currently done by each AA locally)</li> <li>Current RI and Climate metric reporting will be extended in future with the goal of enabling each AA to report across all of its investments in the pool</li> <li>Underlying data comes from different sources but will be collated. We aim to put in place reporting dashboard for use by the internal team and with access for individual AAs</li> </ul>
Voting and Engagement	<ul style="list-style-type: none"> <li>The WPP IM Co Investment team will consult AAs to agree any changes to V&amp;E policy</li> <li>The WPP IM Co Operations team will procure and oversee third party V&amp;E providers</li> <li>Existing contract between Robeco and the AAs will transfer to WPP IM Co</li> </ul>
Stock lending	<ul style="list-style-type: none"> <li>The WPP IM Co Investment Team will consult AAs on Stock Lending policy and advise on changes</li> <li>The WPP IM Co Operations team will select and oversee service providers</li> <li><i>Currently Northern Trust is the service provider and the Stock-lending Agreement is between NT, the ACS Fund Operator (Waystone) and the ACS Fund.</i></li> </ul>
Training	<ul style="list-style-type: none"> <li>The WPP IM Co Head of Client Relationships responsible for responding to client needs, establishing a rolling programme of training for S101 committees and officers, ensuring high quality delivery by IM Co personnel or other third parties.</li> <li>The current training plan will form the basis of training programme.</li> </ul>

## 4.5 Organisation chart – senior management and functional units

To deliver these services, the WPP IM Co will be organised as 5 functional units:

- 1) Investments (including dedicated teams or Implementation Services, Advice, Local and Legacy)
- 2) Risk (incorporating Compliance and Legal)
- 3) Operations
- 4) Finance
- 5) Client Relationships.

The main roles of each team are set out in the functional org chart immediately below.

CEO (SMF 1)				
Chief Investment Officer (SMF 3)	Chief Risk Officer (SMF 3, SMF 16/17)	Chief Operations Officer (SMF 3)	Finance Director (SMF 3 TBC)	Head of Client Relationships (SMF TBC)
Investments	Risk	Operations	Finance & Business Support	Client Services
Investment Implementation Services (see above)	Risk monitoring and reporting (investments)	Risk monitoring and reporting (operational)	Financial management	Client relationships
Investment Advice Services (see above)	Compliance monitoring and reporting	Supplier procurement, DD and contract management	Management of regulatory capital	Other stakeholder engagement (S101, JGC, etc)
Legacy Asset Management	Legal	inc. pooled vehicle Operators, stock lending, V&A, IMs, etc	Financial reporting (including statutory and regulatory)	Training
Local Investments	Data protection	Investor Reporting (production)	Business Support (property, human resources, payroll)	Investment reporting (delivery)
Development of investment policies (eg RI, V&E, rebalance)		Business Continuity and cyber security	Company Secretariat	
		Data, technology / IT services (enterprise and investment operations)		

\*Investment manager oversight, monitoring, performance measurement, manager search and selection is in Investment Implementation Services. External investment advice partners also overseen in Investments. Other suppliers overseen by COO.

The functional team will be led by a senior management/executive team consisting of:

- Chief Executive Officer
- Chief Risk Officer
- Chief Investments Officer
- Chief Operating Officer
- Finance Director or Head of Finance
- Head of Client Relationships

Most of these are likely to be FCA Senior Management Functions (SMFs) approved by the FCA as part of the authorisation process and subject to ongoing “fit and proper” review (annual checks, sign-off and attestations). Clearly the SMF roles will require WPP IM Co to hire individuals with significant industry experience in similar regulated investment management roles.

Personnel requirements are covered in more detail in section 5.



## 4.6 Governance

### 4.6.1 WPP IM Co

Governance, controls and people are key areas of focus for the FCA authorisation process. The main governance group is the WPP IM Co Board chaired by an external director with significant industry experience.

The Board will have sub-committees likely to cover investments policy, audit and risk, and remuneration. There will also be an Executive Management Team chaired by the CEO.

The application for authorisation will include:

- full details of the WPP IM Co proposed governance structure, policies, systems and controls
- terms of reference for the WPP IM Co Board
- the proposed Board Chairperson (SMF 9)
- proposed external independent directors
- any proposed shareholder representatives (likely to be one or two only)

### 4.6.2 Administering Authorities as Shareholders

The AAs jointly will wholly own the WPP IM Co and will be its shareholders. Under the Shareholder Agreement between the AAs and the WPP IM Co there will be “Reserved Matters” that only the shareholders can decide, including:

- approving the Business Plan, Business Plan activities and Budget
- remuneration policy
- senior appointments (hiring and dismissal)

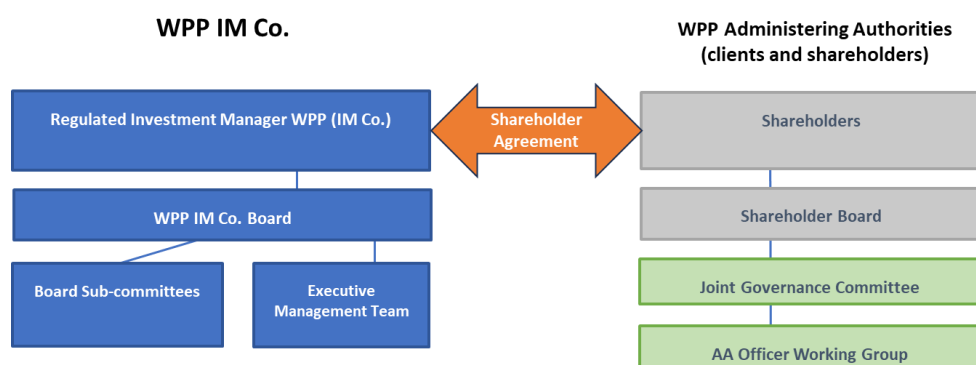
We intend to establish a “Shareholder Board” (elected councillors and S151 officers) to make decisions in respect of “Reserved Matters” under the Shareholder Agreement.

The shareholders are not permitted to have undue influence or control over decisions that should only be made by an FCA-regulated entity (the WPP IM Co).

### 4.6.3 Administering Authorities as Clients

There will be a client services agreement governing the services WPP IM Co provides to the AAs as clients. There may also be other legal documents such as “Investment Management Agreements” and/or “Power of Attorney” in respect of particular assets owned by AAs (e.g. legacy assets).

AAs will have collective oversight of the WPP IM Co service delivery through client-side governance groups (currently the JGC, S151s and Officer Working Group). In this oversight task, the AAs will most likely continue to be supported by an oversight advisor with experience in oversight of delegated “fiduciary” or “discretionary” investment managers. Under the new pool operating model proposed by the Government where all implementation decisions and actions are delegated to the IM Co, this will look more like oversight of fiduciary investment management in private sector defined benefit schemes.



## 5. Implementation

### 5.1 Approach to establishment of new IM Co

To de-risk implementation, WPP will work with third party partners, leveraging their global scale and resilience rather than trying to internalise all functions on day 1. This will also allow the senior management team time to shape and grow the WPP IM Co with their own hires.

Our approach, therefore, is:

- 1) hire industry experience into key SMF roles, starting with the CEO and CRO
- 2) determine which services can be supported most efficiently, robustly and cost effectively by existing and new service providers
- 3) work back to the initial WPP IM Co personnel requirements to deliver remaining internal functions and effectively oversee third party service providers.

### 5.2 Senior Managers (SMF roles)

WPP IM Co expects to have the following SMF functions as a minimum on day 1:

- Chief Executive Officer (SMF 1)
- Chief Investment Officer (Executive Director) (SMF 3)
- Chief Risk Officer (SMF 3), Compliance Oversight (SMF 16) & MLRO (SMF 17)
- Chief Operations Officer (SMF 3)
- Chair of WPP IM Co Board (Independent non-exec) (SMF 9)

The Finance Director role may or may not be an SMF function on day 1. The head of the Finance function could report to the CRO or COO depending on whether these individuals have appropriate credentials and experience. We expect the Head of Client Relationships to be on the Executive Management Team but may not be required to be an SMF.

Other combinations are possible depending on the experience and credentials of senior hires. For example, SMF 16/17 responsibilities could lie with the Finance Director or COO. A final decision will be made during the search and selection process.

Role descriptions for SMFs and other key personnel are being prepared. Search and selection ahead of application for authorisation will begin shortly, starting with CEO and CRO roles, following approval of the appropriate budgets by the administering authorities.

### 5.3 Strategic delivery partners

In the table below, we set out our plans for use of strategic delivery partners on day 1. Appropriate market testing and procurement processes will be followed before confirming service providers. This will be done ahead of applying to the FCA for authorisation.

Support	Oversight – IM Co accountable person	Example third party suppliers (subject to appropriate procurement)
Compliance monitoring and reporting (including independent compliance report to Board and MLRO) + compliance advice	CRO	• Waystone Compliance Solutions
Production of regulatory returns	FD	• Waystone Compliance Solutions
Risk monitoring and reporting (Investments)	CRO	• Waystone as ACS operator currently provide this function for assets in WPP ACS. Similar approach for non-listed i.e. via vehicle operators.
Legal	CRO	• Burges Salmon LLP or another legal advisor if there is conflict of interest
Company Secretarial (“Co Sec”)	FD or COO	• Waystone Company Secretarial Services
Business Support: Human Resources (Reward, Benefits, Hiring etc)	FD or COO	• An Administering Authority
Business Support: Procurement Services	COO	• An Administering Authority
Business Support: Payroll	FD	• An Administering Authority
Business Support: Financial Management / Financial Reporting	FD	• An Administering Authority
Property / facilities management	FD	• An Administering Authority
IT / devices / cyber security	COO	• An Administering Authority
Investment Advice	CIO	• Mercer, Aon, Russell, Hymans Robertson
Portfolio Management (listed / non-listed) : ACS Investment Managers and non-listed “allocators”	CIO	• Transfer existing appointments: Russell, Schroders, GCM, etc. Future appts made by IM Co
Investment Implementation Services support including (1) rebalancing each CA to its SAA*, (2) management of legacy assets and existing private market commitments, (3) CA cashflow needs; (4) consolidated quantitative** reporting at individual CA level across listed and unlisted	CIO	• Russell  *Rebalancing within sub-fund done by operator. **Qualitative commentary from IMs as now

There are very few new procurements required since much of the operating model and supporting technology is already in place (ACSs for active, ACS for passive, ACS service providers including custody, fund and pooled vehicle operators, delegated investment management across listed and private markets). This will be kept under review through the development phase and on an ongoing basis thereafter.

The main new procurements required are:

- investment advice delivery partners
- compliancy monitoring and reporting services
- additional delegated investment implementation services (last row above).

New procurements will be run under the Procurement Act 2023 and appropriate advice will be taken when developing the procurement strategies and throughout the running of the procurements.

## 5.4 WPP IM Co personnel requirements

Having determined which functions can be delivered efficiently, robustly and cost effectively by service partners, we have assessed day 1 WPP IM Co resourcing requirements. This assessment has been externally validated by advisors and current strategic delivery partners.

We have also estimated day 2 resource requirements as the WPP IM Co becomes established and takes on greater in-house responsibility.

We expect to have in place around 16 WPP IM Co personnel on day 1, growing to around 32 over a period of years as the WPP Pool Co performs an increasing number of functions internally

### Day 1 personnel

		CEO (SMF 1)	Personal Assistant x 1 Admin x 1	Some delegation of tasks to 3 <sup>rd</sup> party service partners
Chief Investment Officer (SMF 3)	Chief Risk Officer (SMF 3, SMF 16/17)	Chief Operations Officer (SMF 3)	Head of Finance	Head of Client Relationships
Investments	Risk	Operations	Finance & Business Support	Client Services
Implementation Services (Head of / Deputy CIO + 1)	Risk monitoring and reporting (investments)	Risk monitoring and reporting (operational)	Financial management	Client relationships
Investment Advice Services (see above) (Head of)	Compliance monitoring and reporting	Supplier procurement, DD and contract management	Management of regulatory capital	Other stakeholder engagement (S101, JC, etc)
Legacy Asset Management (Head of*)	Legal	inc. pooled vehicle Operators, stock-lending, V&A, IMs, etc	Financial reporting (including statutory and regulatory)	Training
Local Investments (Head of*)	Data protection	Investor Reporting (production)	Business Support (property, human resources, payroll)	Investment reporting (delivery)
Development of investment policy (eg V&E, rebalance)		Business Continuity and cyber security	Company Secretariat	
RI (advice, policy dev, implementation, reporting)		Data, technology / IT services		
CIO, Deputy, Head of Advice, 1 x analyst / support Total 4 *Role covered by Deputy CIO on D1	CRO, Assistant Mgr Total 2	COO, Ops Mgr (Asst COO), Contract Mgr, 1 x support Total 4	HoF, Asst Finance Mgr Total 2	HoCR Total 1

## 5.5 Technology

We have carried out an assessment of the technology and data required to support WPP IM Co on day 1.

On day 1, minimal technology will have to be procured directly by WPP IM Co, since the service partners it appoints and oversees will have the technology required to deliver the required functions (portfolio management, rebalancing, risk monitoring and reporting, client reporting, business support, etc).

Details are shown below.

	Day 1 WPP IM Co technology and data requirements
Enterprise IT (network, hardware, cloud licences, cyber security)	Not required – third party service
Device provision (PCs, laptops, phones)	Not required – third party service
Investments (risk): risk monitoring and reporting (liquidity, concentration, compliance with mandate guidelines)	Not required - Fund Operators have systems and can report to Investments and Risk team
Investments (monitoring): performance monitoring	ACS Operator and Depositary provide as now
Investments (reporting): delivery of reporting at individual client level (performance)	Existing IM reporting + future consolidated reporting at CA level from Russell
Investments (reporting): delivery of reporting to clients (RI / climate metrics)	CA level climate reporting is a day 2 development
Investments (portfolio management): for role as portfolio manager on investment mandates, systems for portfolio construction and data feeds for portfolio management	Needed when take on Portfolio Management of any existing/new mandates– on day 1 delegated to Russell
Investment (advice): asset liability modelling software for SAA advice	Not required – third party service
Data and index licences (eg for performance reporting)?	Not required – third party service providers licence data/indices as required
Cost benchmarking services	Not required - third party service provider
Management accounts systems	Not required – third party service
Payroll system	Not required – third party service
Human Resources system	Not required - third party service
CRM (client relationship management system)	Licencing of appropriate system required

## 5.6 Costs

### 5.6.1 Additional annual running costs

Additional annual running costs of the new operating model include:

- IM Co staff costs
- compliance monitoring and reporting services
- additional delegated implementation services (over and above those provided currently)
- investment advice services
- business support costs (Human Resources, procurement, payroll, IT) and
- miscellaneous other costs (e.g. professional indemnity insurance costs for the IM Co)

The total additional annual running costs of the new operating model on day 1 are estimated to be £7m. The breakdown of these costs is shown below. These additional costs are partially offset by savings at administering authorities, which could total circa £1.5 to £2.0m (e.g. reduction in spend on investment advisors, reporting costs and any remaining investment strategy implementation costs transferred to the WPP IM Co). The net additional costs of new operating are therefore around £5m to £5.5m.

Over time, we expect WPP IM Co staff costs to increase as it takes on additional functions including extended portfolio management services. This will result in additional savings including reductions in current third-party costs for portfolio management of listed and private market mandates and reductions in externally delegated implementation services.

Running costs	Estimated Initial Annual Costs	Comments
WPP IM Co Staff Costs	£2.9m	Expected to rise to c£4.5m as WPP IM Co takes on more functions over time
Additional Delegated Implementation Services and client level reporting	£1.0m	Includes (1) rebalancing each Administering Authority (AA) to its Strategic Asset Allocation (SAA), (2) management of legacy assets and existing private market commitments, (3) managing AA cashflow needs; (4) consolidated quantitative reporting at individual CA level across listed and unlisted
Investment Advice	£1.5m	Based on current total annual spend across Administering Authorities. There will be corresponding savings at AAs.
Business Support (HR, procurement, payroll, IT, etc)	£0.9m	Provided by one or more local authorities. Assume 30% of payroll costs TBC
Compliance Monitoring and Reporting Services	£0.05m	Third party support.
Property and facilities management	-	Included in Business Support
Technology (hardware, licences, etc)	-	Included in service provider costs except CRM
Other (insurance, company secretarial, etc)	£0.65m	Assume 10% loading until confirmed
Total	£7.0m	

### 5.6.2 Set-up costs

The additional external\* advisor and project management costs for Project Snowdon are estimated to be c£1.6m. (c£420k for the financial year ending 31 March 2025 and a further £1.14m in the new financial year ending 31 March 2026.) In addition, there will be salary costs for personnel onboarded before March 2026 to assist in hiring and in setting up and testing systems, processes and controls before going live. There are no investment transition costs.

For comparison, if WPP were to merge with or become the client of another LGPS investment pool, the total set up costs could potentially exceed £50m (£45m investment transition costs plus project implementation costs, legal costs, advisor costs, costs of winding up existing WPP pooling arrangements including termination of existing service provider contracts).

\* External advisors include compliance consultants who specialise in supporting applications for FCA authorisation, legal advisors, professional project managers and investment oversight consultants

## 6. Implementation plan

### 6.1 Plan overview, project team and project governance

A project team consisting of administering authority officers and external advisors has been established along with a robust governance structure.

To ensure WPP can meet government timescales, design a best-in-class operating model and governance and derisk implementation, WPP has assembled a project team with experienced industry practitioners to support officers.

Support is being provided by existing strategic delivery partners (Waystone and Russell), compliance consultants who specialise in supporting applications for FCA authorisation, legal advisors, professional project managers and investment oversight consultants.

The project team reports to a Steering Group (composed of S151 officers from all of the administering authorities), which meets weekly or more often. There are regular briefings and approval steps with the Joint Governance Committee (“JGC”) (Chairs of administering authority S101 pension fund committees).

The Programme Manager has created a comprehensive project plan to ensure WPP delivers all aspects of the Government’s requirements in the required timescales. The plan has been split into 5 workstreams:

- 1) submission of this business case to Government
- 2) governance and stakeholder engagement
- 3) FCA authorisation
- 4) IM Co set up
- 5) transition of assets.

Each workstream is progressing with detailed planning and specific tasks.

In establishing the critical path for the project, we have identified specific areas that require greater focus. For example, dependencies between workstreams, the risks identified throughout the lifetime of this project and how these are managed and the requirements of local governance processes for each administering authority.

Appendix 3 shows the current project plan at the date of submission. This can be subject to change as the project moves through its lifecycle.

### 6.2 Critical Path

There are a number of key milestones critical to project delivery in the required timescales. These include:

- 1) Government confirmation of the outcome of the “Fit for the Future” consultation – to assist administering authority governance approvals.
- 2) Recruitment – search and selection will start in March ahead of the application for FCA authorisation.
- 3) Administering Authority Approvals – each administering authority will need to approve certain aspects of the new operating model. In addition, local approval processes and timescales differ and will need to be co-ordinated to avoid delay in implementation (there is a dependency on Government confirming its intentions following the consultation and the timetable for legislation).
- 4) Application for FCA authorisation – we aim to submit an application for authorisation in summer. There is a dependency on 1) since the FCA will expect the application to name proposed holders of SMF roles.

### 6.3 Administering Authority Approval steps ("Governance Pathway")

To progress implementation, we need to be cognisant of Local Authority governance steps and approval requirements, and the timescales associated with such approvals. This is particularly important at critical sign off points, where it is expected that full Council approval will be required. For example, committing funds to establish the IM Co, including hiring and set up costs; commitment of Regulatory Capital; signing the shareholder agreement; amending the Inter Authority Agreement; and submitting the application for FCA approval. We are undertaking the following activities to ensure requirements are detailed in the project plan:

- Working with our legal advisers to identify changes required to the current Inter Authority Agreement (IAA).
- Working with the Monitoring Officers to identify local approval processes for each administering authority (including what is permissible in the absence of primary legislation).
- Synchronising key approvals and project milestone dates with existing meeting cycles.
- Identifying risk and putting mitigating actions in place.

### 6.4 Hiring and procurement plan

#### 6.4.1 Recruitment

The process of hiring for senior day 1 roles for the WPP IM Co will begin in March ahead of the application for authorisation. Appendix [2] shows the roles both SMF and "Head of" roles that will be required on day 1. We will prioritise CEO and CRO roles. In our search we will specify a requirement for extensive experience in senior SMF positions to oversee current longstanding relationships with strategic delivery partners that are continuing and to build WPP capabilities over time.

We are currently finalising role descriptions for SMF roles, engaging with search consultants, developing remuneration policy and designing the selection process. We plan to start search and selection in March. Subject to confirmation of the outcome of the Government consultation, our aim is to identify preferred candidates for senior roles and confirm acceptances by June or July to enable our application for FCA authorisation to be finalised and submitted.

Further hiring for less senior roles will progress in parallel with FCA authorisation, with onboarding of the first wave of recruits later in 2025 to set up and test systems, processes and controls and be ready for gaining authorisation and going live.

Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
<ul style="list-style-type: none"><li>• Identify all required roles</li><li>• Agree priority hires (CEO, CRO)</li><li>• Prepare role descriptions</li><li>• Engage search agency</li><li>• Design selection process</li><li>• Start search</li></ul>	<ul style="list-style-type: none"><li>• Identify candidates for SMF roles (start with CEO/CRO)</li><li>• Offer and confirmation of acceptance</li></ul>	<ul style="list-style-type: none"><li>• Other hires progress in parallel with FCA authorisation</li></ul>	<ul style="list-style-type: none"><li>• Onboarding first wave of staff</li><li>• Working on set up and testing of systems, controls and processes</li></ul>	<ul style="list-style-type: none"><li>• Complete onboarding of day 1 personnel</li></ul>

This timetable is subject to individual administering authority approvals (see "governance pathway" above").



## 6.4.2 Procurement

### Existing arrangements

Where existing contracts are in place with WPP, these will need to be transferred to IM Co. Public procurement law does not operate to prevent such a transfer where the terms of the contract that is being transferred are not otherwise materially varied. WPP/IM Co currently envisage that existing contracts will be transferred without there being any material changes, such that the public procurement law issues in adopting this approach are likely to be minimal. This position is to be kept under review on an ongoing basis.

### New arrangements

There are very few new procurements required since much of the operating model and supporting technology is already in place (ACSS for active, ACS for passive, ACS service providers including custody, fund and pooled vehicle operators, delegated investment management across listed and private markets). This will be kept under review on an ongoing basis.

The main new procurements are shown below.

Procurement	Approach	Comments
Investment advice delivery partner	Potentially using LGPS National Procurement Framework	Advice on Strategic Asset Allocation etc. WPP administering authorities are accustomed to specifying requirements and selecting advisors. Selected provider will be required to assist WPP IM Co in development of internal capability over time.
Additional delegated implementation services	TBC. Market test or extension of role of existing delegated investment implementation provider (Russell)	Includes (1) rebalancing each CA to its SAA; (2) management of legacy assets and existing private market commitments; (3) CA cashflow needs; and (4) consolidated quantitative reporting at individual CA level across listed and private markets
Compliance monitoring and reporting support	Procurement process proportionate to contract size. Potentially extend scope of work of existing advisors.	

For each of these new procurements we are specifying detailed requirements and identifying appropriate procurement processes. New procurements will be run under the Procurement Act 2023 and appropriate advice will be taken when developing the procurement strategies and throughout the running of the procurements.

Existing and new delegates and strategic delivery partners have the technology required to deliver their services. As a result, we expect little or no technology procurement to be required. IT infrastructure, devices and cyber security will be provided under business support services delivered by a host local authority.

## 6.5 Plan for transition of legacy assets including private markets and passive investments-

WPP has carried out a full analysis of assets not currently within the WPP ACS or WPP private markets investment vehicles. This can be summarised as follows

- On 31 March 2024, WPP held 74% in the WPP ACS, private markets and passive mandates on behalf of the 8 Welsh Administering Authorities
- A further 8% of liquid holdings are expected to transition into WPP solutions by March 2026
- Private markets mandates that are planned to run off into WPP solutions over time amount to 8%
- Work has commenced in exploring a WPP solution for LDI and cash holdings (7%)
- The remaining assets (3%) will either be transferred into pool oversight or run-off with proceeds to flow into future pool solutions.

The decision of WPP to build its own IM Co will ensure we are able to meet the Government's requirement for all assets to be in pooled investment solutions or under pool management by March 2026.

## 7. Government assessment criteria

We have reviewed our submission against the guidance and Government assessment criteria set out by Ministers in their letter dated 2 December 2024. We note that Government assessment criteria does not reference local investment to drive UK growth explicitly in the same way as the consultation proposals. We consider this an important feature of the consultation and an important part of plans for the standalone pool for Wales.

Government Guidance/Assessment Criteria
<b>Benefits of Scale – Government considerations</b> <ul style="list-style-type: none"> <li><b>Government considerations include access to a wider range assets including private markets, in-house management over time, ability to negotiate lower fees and collaboration across LGPS.</b></li> </ul>
<b>Benefits of Scale – WPP standalone pool</b> <ul style="list-style-type: none"> <li>WPP's current pooling model already delivers scale benefits. It offers cost effective access to a wider range of asset classes to enable implementation of locally decided investment strategies.</li> <li>WPP already achieves scale benefits greater than its own size might otherwise achieve by accessing the global scale and purchasing power of its service delivery partners (Investment Managers and pooled vehicle "operators"). Even under a full implementation model by the IM Co, it would be difficult to replicate these benefits.</li> <li>This has been validated by independent cost and performance benchmarking specialists CEM. On actively managed listed assets alone, WPP saved administering authorities £10.3m [c7bps annual on £14bn assets in the WPP ACS] in the year to end March 2024 relative to what their funds would have expected to pay as individual investors. This saving is net of the costs of the current pool operating model for listed managed assets in the WPP ACS.</li> <li>WPP believes there are possible unintended consequences of scale in respect of private markets whereby access to investable opportunities, particularly local or impact, will require modest capital commitments in LGPS terms. Pursuit of scale by any means could inhibit the ability of LGPS pools, particularly WPP, in deploying capital into innovative opportunities that provide long-term benefits to Wales and the UK.</li> <li>Our planned further development of WPP's operating model and investment capabilities to meet proposed Government requirements will, over time, deliver additional scale benefits including material additional financial savings and local investment capability.</li> <li>For example, we would expect an increasing range of portfolio management activities on listed and private market assets to be brought under in-house management over time, in line with Government expectations.</li> <li>From day 1 we will have in-house resource working with public bodies and agencies in Wales to source, assess and manage local investment opportunities.</li> <li>WPP will also continue to consider opportunities to collaborate more widely across the LGPS.</li> </ul>
<b>Resilience – Government considerations</b> <ul style="list-style-type: none"> <li><b>Government considerations include governance framework, internal controls, accountability, in-house management over time, in-house regulated advisory over time, current and proposed corporate governance and roadmaps towards delivery of all key functions over time (shared service or internal capability)</b></li> </ul>
<b>Resilience – WPP standalone pool</b> <ul style="list-style-type: none"> <li>A robust governance framework has been put in place to oversee the delegated implementation services including the "pool oversight advisor" role, which WPP put in place in 2019. Our current pool oversight advisor advises officers and elected councillors on the existing Joint Governance Committee, assisting the pool in effective oversight and challenge on the performance and delivery of the pool's service providers (Investment Managers and operators of fund vehicles).</li> </ul>

- WPP delegates investment implementation to the WPP ACS Operator for listed assets and its appointed investment manager (Russell Investments). Similar delegated implementation is in place across the private market pooled vehicles. These delegates are FCA-regulated businesses with high standards of operational resilience required to meet regulatory requirements. The ability of portfolio managers and private market allocators to replace underperforming investment managers with the choice of best in market, strengthens the resilience of the WPP operating model.
- The culture of the WPP is highly collaborative, with strong collective buy-in across the administering authorities. We believe that this adds resilience and helps ensure the success of investment pooling for the LGPS in Wales. It is important that this culture is retained in future, between administering authorities as clients and shareholders of the new IM Co.
- As part of the planned further development of the WPP operating model to meet new Government requirements, we will retain effective features of the current governance structure including the Officer Working Group, for collective oversight of the performance of the new WPP Pool Co/IM Co, and a “pool oversight advisor” role advising the administering authorities collectively on the Pool Co performance and service delivery.
- We plan additional new elements in the governance framework, including a client-side Shareholder Board with representatives of all 8 administering authorities. The role of the Shareholder Board is to agree shareholder “reserved matters” in respect of WPP IM Co (which is wholly owned by the administering authorities), including approval of business plans and budgets proposed by the IM Co and senior hires. (This is wholly separate from the Board of the WPP IM Co, which will be chaired by an independent non-exec and whose members will include IM Co senior management, independent directors and only 1–2 shareholder representatives to avoid inappropriate influence in matters for which the IM Co is decision-maker as an FCA-regulated entity.)
- As an FCA-regulated entity, the WPP IM Co will be subject to strict regulatory requirements in terms of conduct, systems, processes and controls that provide additional resilience and assurance to administering authorities as clients and investors. These regulatory requirements include the regulatory accountabilities of management personnel under the Senior Management Function (SMFs) and Certified Person regimes.
- WPP will work towards bringing more functions under in-house management over time where this can result in material costs savings without detriment to investment performance or access to investments available to external service providers because of their global scale. While internal functions may reduce supplier dependency risks, use of third-party service providers can in many cases strengthen resilience of the IM Co operations on account of their deeper and broader resource pools (global in some cases) and on account of the fact that they are more easily replaced than an underperforming in-house function. We therefore anticipate continued use of external service partners for reasons of resilience and cost effectiveness from scale across multiple clients.
- In-house functions for business support functions like IT services are also likely to be more resilient and cost-effectively delivered by third party service partners. We plan to use host local authorities for a number of business support functions, including IT and payroll.

#### **Value for money – Government considerations**

- **Government considerations include reducing duplication, spreading fixed costs over more assets, encouraging greater collaboration, set up and running costs of build vs merge, breakdown of costs by service, savings at administering authorities.**

#### **Value for Money – WPP standalone pool**

- WPP’s current and future operating models deliver value for money.
- External service partners give access to their global scale (spreading fixed cost over more assets) and purchasing power (for example, the investment manager fees savings achieved by Russell in its role as portfolio manager on all but one of the WPP listed investment ACS sub-funds. This is evidenced by CEM analysis, which shows savings in year ending March 2024 of circa 3 x the costs of current pool operating model (c£10m net investment manager fee savings after allowing for pool operating costs).
- WPP aims to deliver additional financial and governance benefits that exceed the additional costs of the new operating model. For example, we would expect an increasing range of portfolio management activities on

listed and private market assets to be brought under in-house management over time, where this can result in material costs savings without detriment to investment performance or access to investments available to external service providers because of their global scale.

- The current operating model has removed duplication of work at administering authority level. Pre-pooling, individual authorities would have run individual investment manager search and selection and due diligence processes. This is now done once, centrally and is wholly delegated to WPP service partners including pooled vehicle operators, Russell Investments as portfolio manager on listed asset sub-funds and private market “allocators”.
- Under the new operating model there will be additional savings at administering authority level by delegating all strategy implementation activities to the IM Co (e.g. periodic rebalancing of each administering authority’s pooled assets to the agreed SAA, managing distributions to meet each authority’s cashflow requirements to ensure payment of pensions when due, managing asset transitions, management of legacy assets, assessment and management of local investment opportunities, etc). The IM Co will also provide consolidated reporting to each administering authority across all of its investments (currently administering authorities consolidate reporting locally using data from multiple sources). It is difficult to quantify savings, but we expect this to materially reduce resource requirements at each administering authority.
- Transferring provision of strategic advice to the IM Co will result in some administering authority savings from day-to-day liaison with consultants and period re-procurement. Administering Authorities will no longer be paying locally appointed consultants for their principal investment strategy advice. Based on current costs this may save administering authorities circa £1.5m annually. There are potentially some immediate savings from centralising provision of strategic investment advice in the WPP IM Co (initially through competitive procurement of an external partner by the IM Co) and, in the longer term, greater savings by building an in-house advisory team. Our short-term cost projections for WPP IM Co running costs include the costs of procuring third party partners for provision of strategic investment advice to administering authorities

#### **Viability against deadline – Government considerations**

- **Government considerations include any critical obstacles, extent of “evolution” of pool operating model required, timeline for achieving compliance with minimum standards by March 2026 and milestones for delivery of key features**

#### **Viability against deadline – WPP standalone pool**

- There are no critical obstacles to the delivery of Government’s new requirements by March 2026.
- WPP is focused on the critical steps in delivery including planning and executing the “governance pathway” (all necessary local governance approvals) and progressing key hires ahead of the application for authorisation of the WPP IM Co in summer. As we said in our January letter to MHCLG and HMT, Government could assist the governance pathway by providing draft regulation (as may be required) as soon as possible and, in the meantime, providing in March any feedback on the WPP build project that is currently in train.
- The WPP build is less complex than the original build project in 2017 for other LGPS pools, since we have most of the critical pool infrastructure in place – listed asset Authorised Contractual Scheme and appropriate pooling vehicles for private market assets, fund operators (AFMs and AIFMs) for listed and private markets assets, third party service partners for delegated implementation services (Russell Investments and Blackrock as portfolio managers on listed assets and similar arrangements with “allocators” on private market assets. This will significantly reduce the scope of “evolution” required and the cost and timescales of building the new operating model. Through our informal engagement with other LGPS pools, we have also been able to learn from their experience of building IM Co operating models. Those learnings are reflected in this submission and project plan.
- We have no concerns on FCA approval, having engaged with the FCA since January. The FCA case team is in place and is committed to regular touch-points in the run up to the authorisation application. Our specialist compliance advisors have extensive experience of similar applications for authorisation and will ensure that our authorisation application for advisory and investment management permissions is “approval ready”.
- The programme team including existing service provision partners, legal advisors, regulatory compliance advisors and other advisors were all appointed and mobilised in January and the build project is underway.

- Our project plan, timelines and critical path deliverables (including governance approvals, recruitment plan and application for authorisation) are set out in the “Implementation” section of this business case submission to Government.
- WPP, its service delivery partners and advisors are confident that the additional new requirements for the pool operating model can be put in place by March 2026 provided Government confirms its proposed requirements as soon as possible to enable local authority governance approvals.

## 8. Longer-term aspirations – 2030 and beyond

- 8.1 The plans set out in this submission focus on day 1 delivery (Government's "minimum" requirements for March 2026).
- 8.2 Beyond March 2026, work will continue to further enhance the IM Co's operating model, developing in-house capabilities aligned with the long-term aspirations of Government and delivering benefits to the LGPS and wider communities of Wales.

### Building in-house capability – 5-year ambition

- 8.3 On a 5-year view, we see opportunities for adding significant value from more in-house portfolio management of listed sub-funds (including "manager of managers" mandates currently run by our strategic delivery partners) and private market allocator roles.
- 8.4 A full list of current portfolio managers is shown in Appendix 4. We will prioritise transfer to in-house management according to value, taking account of potential scale and cost savings while continuing to work with strategic partners where their global scale enables access to a wider set of opportunities, particularly in private markets. We will also actively engage with other LGPS investment pools where there are opportunities for collaboration in the UK on local and impact investments.
- 8.5 In the same timeframe, we expect to reduce use of strategic investment partners in investment implementation and investment advice services as we build in-house capacity.
- 8.6 Over time, by adding additional experienced specialist resources to the IM Co, we expect to be able to be more ambitious in driving forward and delivering our responsible and local investment aims.

### How this will be achieved

- 8.7 To develop these in-house capabilities, we will need to increase the size and capabilities of the WPP IM Co team. We expect to double IM Co personnel within the first 2–3 years, increasing in-house capacity and capabilities.
- 8.8 In the Investment team, we will need to hire additional portfolio managers and would expect to appoint a Head of Responsible Investment to deliver WPP's long-term responsible investment goals.
- 8.9 As well as increasing the size the Implementation Services team there will be corresponding increases in the size of the Risk, Compliance and Operations teams and increasing spend on technology licences for systems needed to perform additional functions (e.g. portfolio monitoring systems to support additional portfolio management activities beyond day 1 legacy and local investments).
- 8.10 The expected WPP IM Co resources on a 2-to-3-year view are shown below.

		CEO (SMF 1)	Personal Assistant x 1 Admin x 2	
Chief Investment Officer (SMF 3)	Chief Risk Officer (SMF 3, SMF 16/17)	Chief Operations Officer (SMF 3)	Finance Director (SMF 3 TBC)	Head of Client Relationships (SMF TBC)
<b>Investments</b>	<b>Risk</b>	<b>Operations</b>	<b>Finance &amp; Business Support</b>	<b>Client Services</b>
Investment Implementation Services ( <b>Head of + 2</b> )	Risk monitoring and reporting (Investments)	Risk monitoring and reporting (operational)	Financial management	Client relationships
Investment Advice Services (see above) ( <b>Head of + 1</b> )	Compliance monitoring and reporting	Supplier procurement, DD and contract management	Management of regulatory capital	Other stakeholder engagement (S101, JC, etc)
Legacy Asset Management ( <b>Head of + 1</b> )	Legal	inc. pooled vehicle Operators, stock-lending, V&A, IMs, etc	Financial reporting (including statutory and regulatory)	Training
Local Investments ( <b>Head of</b> )	Data protection	Investor Reporting (production)	Business Support (property, human resources, payroll)	Investment reporting (delivery)
Development of investment policy (eg RI, V&E, rebalance)		Business Continuity and cyber security	Company Secretariat	
Head of RI (advice, policy dev, implementation, reporting)		Data, technology / IT services		
CIO, 5 x Heads, 4 x analyst / support Total 10	CRO, Asst Mgr, Head of Legal, 1 x trainee / support Total 4	COO, Ops Mgr, Contract Mgr, Investor Reporting Mgr, Head of IT, PM, 3 x support Total 9	FD, Asst Finance Mgr, 1 x support Total 3	HoCR, 1 support Total 2

### Expected growth in WPP IM Co resources

Function	Day 1	Additional resources on a 2-3 year view	2-3 year plan
CEO	1		1
Investments Team	4	Add Head of Responsible Investment, Portfolio Mgrs, more Local Investment resource, support	10
Risk and Compliance	2	Add Head of Legal and support	4
Operations	4	Add Investor Reporting resource, Head of IT, Project / Change Manager, support	9
Finance Team	2	Add support	3
Client Services	1	Add support	2
Admin support	2	Add admin to support larger team	3
<b>Total People</b>	16		32
<b>Est cost</b>	£2.9m		£4.5m

- 8.11 While it makes economic sense or adds resilience (compared to a sub-scale in-house function), we will continue to use strategic delivery partners for longer (e.g. some business support functions).
- 8.12 Our strategic delivery partners will work with us to develop in-house capabilities through knowledge transfer and upskilling WPP IM Co personnel. This will be a requirement in the selection process for WPP IM Co investment advice delivery partners.

### Developing our long-term strategy

- 8.13 Once WPP IM Co is established, the senior management team will be charged with delivering a more detailed 5-year plan to the Shareholder Board, prioritising development of the operating model where greatest value can be achieved.



## 8. Conclusions and next steps

Having undertaken a thorough consideration of all options, it is clear that merger or becoming a client of another pool would not be a “more cost effective or otherwise preferable approach to achieving compliance” with the objectives of Government.

For reasons demonstrated within this submission, WPP plan to continue as a separate pool and adapt our operating model to meet all Government requirements, including establishment of an FCA-regulated investment management company (“IM Co”).

The WPP has long-term aspirations for the future evolution of its operating model and will utilise its strong history of collaborative working to put in place these ambitions over the medium term.

The plans set out in this submission focus on day 1 delivery of new Government requirements. Beyond March 2026, work will continue to further enhance the operating model, developing in-house capabilities aligned with the long-term aspirations of Government.

We look forward to discussing any comments or questions MHCLG and HMT may have on this submission. It will assist WPP and other pools greatly if Government can confirm its intentions and requirements following the “Fit for Future” consultation. This will help administering authorities with internal governance approvals including approvals for expenditure on implementation and hiring. In the meantime, work on implementation will continue.



## Appendix 1 – Investment Transition Cost in Event of Merger

WPP sub-funds	Redemption Swing Factor (bps)	Subscription Swing Factor (bps)	Wales AUM (£)	Transaction Costs Redemption (no inspecie)	Transaction Costs Subscription (no inspecie)	Transaction Costs Redemption (inspecie)	Transaction Costs Subscription (inspecie)
Absolute Return Bond Fund	20	20	526,085,062	1,052,170	1,052,170	1,052,170	1,052,170
Global Credit Fund	15	15	1,011,242,168	1,516,863	1,516,863	1,516,863	1,516,863
Global Government Bond Fund	10	10	493,401,776	493,402	493,402	493,402	493,402
Multi Asset Credit Fund	30	30	839,107,865	2,517,324	2,517,324	2,013,859	2,013,859
Sustainable Active Equity Fund	15	10	1,603,020,726	2,404,531	1,603,021	1,442,719	961,812
UK Opportunities Fund	10	60	758,467,918	758,468	4,550,808	455,081	2,730,485
Global Growth Fund	15	15	3,696,119,019	5,544,179	5,544,179	3,326,507	3,326,507
Global Opportunities Fund	15	15	3,474,075,921	5,211,114	5,211,114	3,126,668	3,126,668
Emerging Markets Equity Fund	35	30	273,621,777	957,676	820,865	957,676	820,865
Sterling Credit Fund	15	15	723,160,712	1,084,741	1,084,741	433,896	433,896
Total WPP Directly Transferable			£13,398,302,944	£21,540,467	£24,394,486	£14,818,842	£16,476,528
% Directly Transferable							
				Total	£45,934,953		£31,295,370
					c34.3 bps		c23.4 bps

Source: Russell Investments. Includes listed assets in ACS (c£14bn). Excludes passive investments (c£5bn) and private markets (c£5bn). Excludes project implementation costs for merger, legal costs, costs of winding up WPP ACS and any contract termination costs or penalties with service providers

## Appendix 2 – Day 1 and Day 2 Hires and Payroll

### Day 1 roles and payroll cost

Day One/Day Two	SMF Ref	Role	Headcount	Salary	Bonus %	Bonus	Additional Benefits Package %	Additional Benefits Package	Total Package
Day One	SMF 1	CEO	1	£200,000	70%	£140,000	40%	£80,000	£420,000
Day One	SMF 3	CIO	1	£175,000	70%	£122,500	40%	£70,000	£367,500
Day One	SMF 3, SMF 16/17	CRO	1	£175,000	40%	£70,000	40%	£70,000	£315,000
Day One	SMF 3	COO	1	£175,000	40%	£70,000	40%	£70,000	£315,000
Day One	SMF 2 (TBC)	Head of Finance/Finance Director	1	£125,000	30%	£37,500	40%	£50,000	£212,500
Day One	SMF TBC	Head of Client Relationships	1	£85,000			40%	£34,000	£119,000
Day One		Head of Investment Implementation (Deputy CIO)	1	£120,000	15%	£18,000	40%	£48,000	£186,000
Day One		Head of Investment Advice Services	1	£110,000	15%	£16,500	40%	£44,000	£170,500
Day One		Support for Investment Implementation Services	1	£85,000	10%	£8,500	40%	£34,000	£127,500
Day One		Deputy CRO	1	£100,000	15%	£15,000	40%	£40,000	£155,000
Day One		Operations Manager (Deputy COO)	1	£100,000	15%	£15,000	40%	£40,000	£155,000
Day One		Contract Manager	1	£65,000	10%	£6,500	40%	£26,000	£97,500
Day One		Support to COO	1	£50,000	10%	£5,000	40%	£20,000	£75,000
Day One		Deputy Finance Manager	1	£65,000	15%	£9,750	40%	£26,000	£100,750
Day One		Personal Assistant	1	£40,000	10%	£4,000	40%	£16,000	£60,000
Day One		Administration Assistant	1	£25,000	10%	£2,500	40%	£10,000	£37,500

FTE= 16

Total **£2,913,750**

### Potential additional roles over following 2-3 years

Day One/Day Two	SMF Ref	Role	Headcount	Salary	Bonus %	Bonus	Additional Benefits Package %	Additional Benefits Package	Total Package
Day Two		Head of Legacy Asset Management	1	£110,000	15%	£16,500	40%	£44,000	£170,500
Day Two		Head of Local Investments	1	£110,000	15%	£16,500	40%	£44,000	£170,500
Day Two		Head of RI	1	£110,000	20%	£22,000	40%	£44,000	£176,000
Day Two		Head of Legal	1	£100,000	20%	£20,000	40%	£40,000	£160,000
Day Two		Head of IT	1	£80,000	20%	£16,000	40%	£32,000	£128,000
Day Two		Support/Analyst CIO	1	£50,000	10%	£5,000	40%	£20,000	£75,000
Day Two		Support/Analyst CIO	1	£50,000	10%	£5,000	40%	£20,000	£75,000
Day Two		Support/Analyst CIO	1	£60,000	10%	£6,000	40%	£24,000	£90,000
Day Two		Support/Analyst CIO	1	£60,000	10%	£6,000	40%	£24,000	£90,000
Day Two		Support/Analyst/Trainee CRO	1	£50,000	10%	£5,000	40%	£20,000	£75,000
Day Two		Support/Analyst HoF/FD	1	£50,000	10%	£5,000	40%	£20,000	£75,000
Day Two		Investor Reporting Manager	1	£65,000	10%	£6,500	40%	£26,000	£97,500
Day Two		Project Manager	1	£50,000	10%	£5,000	40%	£20,000	£75,000
Day Two		Support/Analyst COO	1	£50,000	10%	£5,000	40%	£20,000	£75,000
Day Two		Support/Analyst HoCR	1	£50,000	10%	£5,000	40%	£20,000	£75,000
Day Two		Administration Assistant	1	£25,000	10%	£2,500	40%	£10,000	£37,500

FTE= 16

Total **£1,645,000**

On day 1 we plan to have circa 16 FTE and a payroll of £2.9m. (See section 5.4.) Over a period of 2-3 years, as WPP takes more functions in-house we expect to increase FTE to around 32 and payroll to c£4.5. (See section 8.) Salaries assumptions based on a recruitment agency survey data for Financial Services professionals and some public information on senior role remuneration at other LGPS pools (not for profit entities).

## Appendix 3 – Project Plan and Workstreams

			2025												2026					
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar			
Milestone	Owner	Other resources	Start Date	Due Date	Dependencies															
Main Milestones																				
	Tracey Williams	Hymans Robertson, Burges Salmon	Wed 22/01/25	Ongoing	Engagement of all stakeholders listed															
	Tracey Williams	Hymans Robertson, Burges Salmon	Wed 22/01/25	Ongoing	Established stakeholder plan and current communication policy															
	Tracey Williams	Hymans Robertson, Burges Salmon	Wed 22/01/25	Fri 28/02/25	Ensuring all parties are considered and approval channels are agreed and shared															
Business Case																				
	Jeffrey Dong	Hymans Robertson, Waystone Russell Investments	Mon 27/01/25	Fri 14/02/25	Input from other workstreams is provided - IM Co. Build & FCA Authorisation															
	Jeffrey Dong	Hymans Robertson, Waystone Russell Investments	Fri 14/02/25	Fri 28/02/25	Establish governance process for approval before submission															
	Jeffrey Dong	Hymans Robertson	Fri 28/02/25	Fri 28/02/25	Review of business case is complete by all parties required and appropriate approval given by JGC (this may be retrospective at formal JGC on 12th March 2025)															
	Jeffrey Dong		Mon 03/03/25	Mon 31/03/25	Unsure of the timeline for response by government															
		Anthony Parnell	Hymans Robertson, Waystone Russell Investments, FCA Case Officer	Mon 03/03/25	Mon 30/06/25	Input from work done in other workstreams - Business Case/Business Plan, IM Co. Build. Establish governance processes for approval before submission.														
		Anthony Parnell	Hymans Robertson, Waystone Russell Investments	Mon 03/02/25	Fri 30/05/25	Input from work done in other workstreams - IM Co. Build - recruitment, establish governance processes for approval of roles to be established and then advertised														
		Anthony Parnell	Hymans Robertson, Waystone Russell Investments	Mon 27/01/25	Mon 30/06/25	Input from work done in other workstreams - Business Case/Business Plan, IM Co. Build. Establish governance processes for approval.														
		Anthony Parnell	Hymans Robertson, Waystone Russell Investments	Mon 27/01/25	Mon 30/06/25	Input from work done in other workstreams - Business Case/Business Plan, IM Co. Build. Establish governance processes for approval.														
M Co. Build																				
	Anthony Parnell	Hymans Robertson, Waystone Russell Investments, FCA Case Officer	Sun 01/06/25	Tue 31/07/25	All information needs to be provided by all parties before the submission date, including time for review and governance approval.															
	Anthony Parnell	Hymans Robertson, Waystone Russell Investments, FCA Case Officer	Fri 01/08/25	Tue 31/03/26	Timeline from FCA has indicated approval can be anything from 6 months to 12 months to be received															
	Alex Bull	Hymans Robertson, Waystone Russell Investments	Mon 27/01/25	Fri 28/02/25	Government response to business case could influence the structure of TOM.															
	Alex Bull	Hymans Robertson, Waystone Russell Investments	Mon 03/03/25	Mon 30/06/25	Information required for this application still to be decided and form will need governance approval before submission to Companies House															
	Alex Bull	Hymans Robertson, Waystone Russell Investments	Mon 03/03/25	Tue 31/03/26	Business Case approval and governance approval required before this process can begin															
		Alex Bull	Hymans Robertson, Waystone Russell Investments	Mon 03/03/25	Wed 31/12/25	Representing plans set out in Business Case														
Asset Transition																				
	Alex Bull	Hymans Robertson, Waystone Russell Investments	Mon 03/03/25	Wed 31/12/25	Representing plans set out in Business Case															
	Alex Bull	Hymans Robertson, Waystone Russell Investments	Mon 03/03/25	Wed 31/12/25	Representing plans set out in Business Case															
	Alex Bull	Hymans Robertson, Waystone Russell Investments	Mon 03/03/25	Wed 31/12/25	Working with the Asset Transition workstream															
	Alex Bull	Hymans Robertson, Waystone Russell Investments	Mon 03/03/25	Tue 31/03/26	Working with the Asset Transition workstream															
	Alex Bull	Hymans Robertson, Waystone Russell Investments	Tue 01/07/25	Tue 31/03/26	Governance approval and all tasks completed before proceeding															
	Alex Bull	Hymans Robertson, Russell Investments, Burges Salmon			Input from work being done in the IM Co. workstream. Governance approval process															
	Alex Bull	Hymans Robertson, Waystone Russell Investments	TBC	TBC	Governance approval and audit?															
		Phil Latham	Hymans Robertson, Russell Investments, Burges Salmon	Mon 27/01/25	Fri 28/02/25	Input from work being done in the IM Co. workstream. Governance approval process														
	Phil Latham	Hymans Robertson, Russell Investments, Burges Salmon	Mon 27/01/25	Tue 31/03/26	Input from work being done in the IM Co. workstream. Governance approval process															
	Phil Latham	Hymans Robertson, Russell Investments, Burges Salmon	Fri 01/06/25	Tue 31/03/26	Governance approval process															

#### Appendix 4 – WPP Portfolio Managers

Portfolio Manager	WPP Assets
Russell (9), Waystone (1)	10 actively managed equity and fixed income sub-funds, held in a WPP ACS
BlackRock	Passively managed ACS, exclusively for WPP AAs
Schroders	Private Equity LPs, Real Estate ACS (UK and local)
GCM	Closed ended infrastructure LPs
IFM, CBRE, Octopus	Open ended infrastructure funds
CBRE	Property (global)
WPP IM Co	Legacy mandate oversight
WPP IM Co	Local investments

Over time, WPP IM Co will take over further Portfolio Management activities where the business case supports (e.g. where can save costs without losing access to scale benefits such as access to investment opportunities available to external providers and unlikely to be available to WPP IM Co). WPP IM Co management will prioritise this activity and make recommendations to shareholders.

## **Appendix 4 – FAQ Wales Pension Partnership: Fit for Future Business Case**

### **What is the Wales Pension Partnership (WPP)?**

The Wales Pension Partnership (WPP) is a collaborative arrangement representing all eight Local Government Pension Scheme (LGPS) funds in Wales. Established formally in 2015 (and structured in 2017), it was formed to create an investment pool for these funds, leveraging their existing close working relationships. The WPP has already achieved economies of scale, operational efficiencies, and improved investment outcomes for its member funds, while also focusing on identifying local investments and establishing responsible investment policies. As a pool for a devolved nation, it also considers the unique cultural and national characteristics of Wales and addresses regulatory obligations under legislation such as The Welsh Language Act and The Well-being of Future Generations (Wales) Act.

### **Why is the WPP proposing to establish a standalone FCA-regulated Investment Management Company (IM Co)?**

The proposal to establish a standalone FCA-regulated IM Co is in response to the UK Government's "Fit for the Future" consultation (November 2024) and subsequent guidance. The consultation outlined minimum standards for LGPS asset pools, including the requirement for pools to be FCA-regulated investment management companies with the expertise and capacity to implement and advise on investment strategies. The WPP has thoroughly considered other options, such as merging with another English LGPS pool or becoming a client of one but concluded that building its own IM Co is the most effective and preferable approach to meet the Government's requirements while retaining crucial benefits for Wales and maintaining the unique collaborative culture within the WPP which exists today.

### **What are the key benefits the WPP sees in remaining a standalone pool and establishing its own IM Co?**

There are many compelling benefits to remaining a standalone pool and establishing an IM Co., key amongst these being:

- 1) Dedicated resource working with public bodies and agencies in Wales to source, assess and manage local and impact investments, promoting economic growth and supporting communities in Wales.
- 2) In time, additional financial and governance benefits that are expected to exceed the additional costs of the new operating model. For example, we would expect an increasing range of portfolio management activities on listed and private market assets to be brought under in-house management over time, in line with Government expectations.
- 3) Immediate savings for administering authorities from transferring remaining investment implementation functions to the WPP IM Co, centralising reporting and centralising provision of strategic investment advice in the WPP IM Co (initially through competitive procurement of an external partner by the IM Co) and, in the longer term, greater savings by building an in-house advisory team.

4) Transferring components of the existing WPP pooling model to the new operating model (including existing pooled vehicle structures), continuing to benefit from the global scale and purchasing power of service delivery partners (currently including Russell Investments, Blackrock, GCM Grosvenor, CBRE, Schrodgers and Waystone). The IM Co will have the ability to review and replace service providers over time where it is felt that services can be managed in-house. A key driver for this would be to generate further efficiencies and obtain fee reductions through competitive procurement (in future a responsibility of the WPP IM Co).

5) Delivering the specific responsible investment goals of LGPS stakeholders in Wales. Examples of this is the development by Blackrock of a passive investment vehicle for WPP with a range of passive mandates specifically aligned to WPP's responsible investment policies and the bespoke WPP mandate for sustainable active equities managed by Russell Investments.

6) A unique opportunity to establish a centre of excellence in LGPS investment in Wales, creating career opportunities and enhancing the financial services sector in Wales.

7) From a practical perspective, continuing a standalone pool for Wales enables us to comply with regulatory obligations around The Welsh Language Act, The Well-being of Future Generations (Wales) Act and the distinct audit regime present in Wales.

8) The rationale for retaining a standalone LGPS pool for Wales is well documented in the business case submission. However, one of the key considerations was to avoid incurring unnecessary costs on transitioning to alternative pooling arrangements.

#### **How does the WPP plan to establish the FCA-regulated IM Co by the March 2026 deadline?**

The WPP has an implementation plan in place to establish the IM Co by the Government's deadline of end March 2026. This involves a structured project with external advisors and existing strategic delivery partners supporting administering authority officers. Key steps include:

- **Governance Pathway:** Securing necessary local governance approvals from each of the eight administering authorities.
- **Senior Hiring:** Prioritising the recruitment of key senior management roles for the IM Co, such as the CEO and Chief Risk Officer, ahead of the FCA application.
- **FCA Application:** Finalising and submitting the application for FCA authorisation, aiming for this to happen by September, supported by compliance consultants and legal advisors.
- **Procurement necessary to deliver the Target Operating Model:** Existing contracts will be transferred to the IM Co where possible, minimising disruption and expense. Additionally, IM Co will be undertaking new procurements for services like investment advice delivery partners, while leveraging existing relationships where possible and complying with procurement law.
- **Asset Transition:** WPP has analysed non-pooled assets and plans to transition them into existing or new pool solutions by March 2026, ensuring the vast majority of non-pooled assets are under pool management.

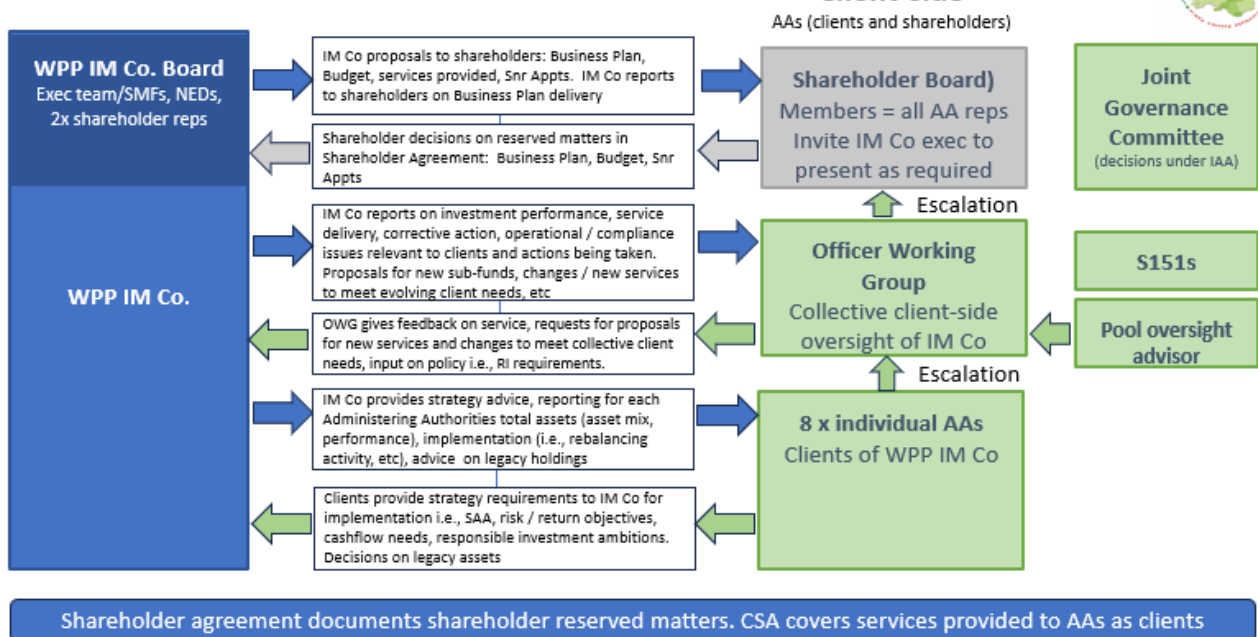
- **Board and Executives:** Establishing an IM Co Board to oversee the process and hire required Senior Management Function (SMF) executives to lead operational matters and front the FCA application until the "Go Live" date. To accommodate initial time pressures and key project dependencies (i.e., submitting an FCA application) it might be necessary to consider some interim appointments in both Board and executive capacities.
- **Further appointments:** Undertake further appointments necessary to ensure that the IM Co can operate from March 2026 as outlined in WPP's business case submission to Government.

### How will the administering authorities maintain oversight and governance of the new WPP IM Co?

The new Target Operating Model will provide enhanced governance mechanisms, building on those already in place (Pension Committees, Pension Boards, Officer Working Group, Joint Governance Committee). In particular, a number of key decision matters will be reserved for a newly created Shareholder Board per the diagram below.

Membership of both the Shareholder Board and the IM Co Board is still to be determined. However, it is clear that all eight administering authorities will be represented on the Shareholder Board reflective of an existing oversight structure under current arrangements for WPP (i.e., member and officer oversight, pool oversight advisor). Shareholders will retain a 'one fund, one vote' entitlement as is the case under current arrangements.

### Target Operating Model: IM Co & Client-side - Governance



The role of Pension Committees will continue to be integral, setting the investment strategy and requirements for implementation of the strategic asset allocation on behalf of their respective administering authority. Pension Committees will oversee the operation and performance of the

IM Co, ensuring that it performs in line with the shareholder agreement and individual administering authority objectives. The Chair of each Pension Committee will be represented on the Shareholder Board.

The Local Pension Board will retain its oversight and governance role of the administering authority, which is expected to extend to oversight of pooling arrangements and supporting the Pension Committee accordingly as a shareholder to the IM Co.

### **What services will the new WPP IM Co provide?**

The WPP IM Co will provide a range of services to the administering authorities as its clients. These services will be delivered by dedicated teams within the IM Co and initially supported by external strategic delivery partners, with a view to increasing in-house capabilities over time. The planned services include:

- **Investment Advice:** Providing strategic investment advice to the administering authorities.
- **Strategy Implementation Services:** Implementing the strategy set by administering authorities (e.g. manager selection, rebalancing, cashflow management).
- **Local Investment Services:** Sourcing, assessing, and managing local investment opportunities within Wales and the wider UK.
- **Legacy Asset Management:** Managing identified legacy assets in line with administering authorities agreed mandate, ensuring they are under pool management from day one.
- **Other Services:** Including centralised production of reporting across all assets for each administering authority.

### **What are the expected costs associated with establishing and running the WPP IM Co?**

The establishment of the WPP IM Co involves both set-up costs and ongoing running costs. The WPP has estimated a project budget of approximately £2.9 million for delivery of the project, covering legal advisors, specialist compliance support, investment consultants, and project managers, in addition to salary costs for IM Co personnel hired before March 2026.

The estimated additional annual running costs of the new operating model on Day 1 (March 2026) are projected to be £5-5.5 million after accounting for administering authority cost savings. These costs are expected to rise to around £8-9 million annually as the IM Co increases its in-house staff numbers (from around 16 on Day 1 to an expected 32 within 2-3 years).

In addition, Regulatory Capital of an estimated £5m – 10m will be required from the administering authorities.

### **How will the WPP IM Co deliver value for money?**

The standalone IM Co model will deliver value for money through several mechanisms:



- **Continued Scale Benefits:** The IM Co will continue to benefit from the global scale and purchasing power of existing and new strategic delivery partners for services like fund operations and delegated investment management.
- **Increased In-house Management:** Over time, the WPP IM Co plans to take on an increasing number of portfolio management responsibilities in-house, which is expected to further reduce external partner costs and deliver additional cost savings.
- **Reduced Local Costs:** The new operating model will reduce administering authorities' local costs related to investment advice, reporting, and any remaining investment implementation activities as these functions are transferred to the IM Co.
- **Periodic Review of Service Providers:** The IM Co will have the ability to periodically review service providers to ensure best-in-market service delivery and competitive fees.
- **Overall Savings:** implementing the "Fit for the Future" proposals is projected to reduce external portfolio management costs to 34bps by 2030, representing annual savings of circa £25m by 2030.
- **Investment Performance:** as was the rationale for pooling back in 2016/17, strong investment performance over time is expected to outweigh additional costs of running the IM Co over time.

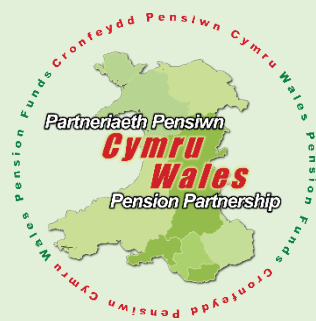
### **What are the WPP's longer-term aspirations beyond March 2026?**

Beyond the immediate goal of meeting the Government's requirements by March 2026, the WPP has longer-term aspirations, particularly looking towards 2030 and beyond:

- **Enhanced In-house Capabilities:** The WPP IM Co aims to further enhance its operating model by developing increased in-house portfolio management capabilities for both listed and private market assets. This will involve increasing the size and expertise of the IM Co team, potentially doubling personnel within the first 2-3 years and hiring additional portfolio managers and a Head of Responsible Investment.
- **Leadership in Local and Impact Investment:** The WPP has ambitions to become a leader in local and impact investment, actively engaging and collaborating with other LGPS investment pools on UK investment opportunities.
- **Reduced Reliance on External Partners:** Over time, the WPP expects to reduce the use of strategic investment partners for investment implementation and investment advice services as in-house capacity and resilience are built.
- **Detailed 5-Year Plan:** Once the WPP IM Co is established, its senior management team will develop a more detailed 5-year plan for the Shareholder Board, prioritising the development of the operating model to achieve the greatest value.



# Wales Pension Partnership Revised Business Plan 2025-2028



# Contents

Introduction	3
About the Wales Pension Partnership	3
Governance	4
Risk Management	6
Objectives	7
Beliefs	8
Policies	9
Work Plan	10
Training Plan	12
Budget	13
Investments & Performance	14
Contact Details	16

# Introduction

This is the business plan for the Wales Pension Partnership ('WPP'), the business plan details the WPP's priorities and areas of focus for, 2025/26, 2026/27 and 2027/28. The business plan is constantly monitored and is formally reviewed and agreed every year. The purpose of the business plan is to:

- Explain the background and governance structure of the WPP
- Outline the priorities and objectives of the WPP over the next three years
- Outline the financial budget for the relevant Business Plan period
- Summarise the WPP's Investments & Performance Objectives

## About the Wales Pension Partnership

Established in 2017, the WPP is a collaboration of the eight LGPS funds (Constituent Authorities) covering the whole of Wales and is one of eight national Local Government Pension pools. We have a long, successful history of collaboration, including examples that pre-date the Government's pooling initiative. We are proud of our unique identity as a Pool – our Constituent Authorities represent and span the entirety of Wales. Being democratically accountable means, we provide the best of strong public sector governance and transparency.

Our operating model is designed to be flexible and deliver value for money. We appointed an external fund Operator and make use of external advisers to bring best of breed expertise to support the running of the Pool, this includes Hymans Robertson who have been appointed as the WPP's Oversight Advisor. The Operator is Waystone Management (UK) Limited (Waystone) and they have partnered with Russell Investments to deliver effective investment management solutions with the aim of achieving strong net of fee performance for all the Constituent Authorities. We have a shared vision and agreement on the means and pace at which this vision will be achieved.

In response to the "Fit for the Future" consultation announced in November 2024, WPP has established a project to explore and implement the governance and business requirements for WPP to conform with the government guidelines, this project is known as Project Snowdon.

The eight LGPS Funds (Constituent Authorities) of the Wales Pension Partnership are:

- Dyfed Pension Fund (Carmarthenshire County Council)
- City and County of Swansea Pension Fund (Swansea Council)
- Cardiff & Vale of Glamorgan Pension Fund (City of Cardiff Council)
- Clwyd Pension Fund (Flintshire County Council)
- Gwynedd Pension Fund (Cyngor Gwynedd)
- Powys Pension Fund (Powys County Council)
- Rhondda Cynon Taf (RCT) Pension Fund (Rhondda Cynon Taff County Borough Council)
- Greater Gwent (Torfaen) Pension Fund (Torfaen County Borough Council)

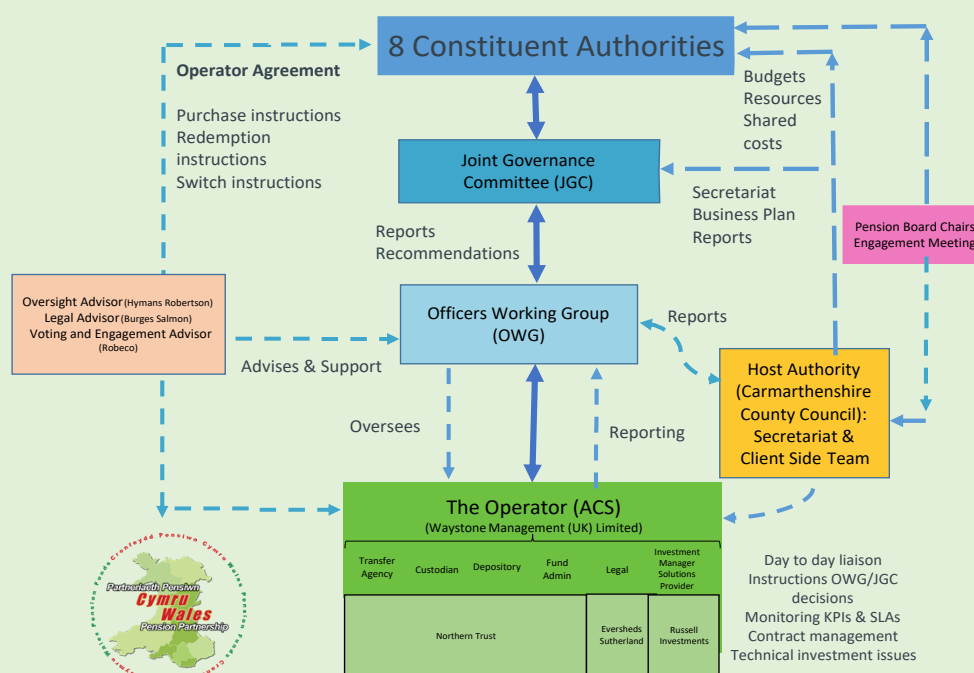
# Governance

The WPP is responsible for ensuring that its business is conducted in accordance with regulation and guidance. We must also ensure that: public money is safeguarded and properly accounted for, used economically, efficiently and effectively to ensure value for money. We also strive for continuous improvement and to conform with industry best practice.

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, taking into account the relevant legislation. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure, which has been designed to:



The diagram below shows WPP's governance structure:



The Constituent Authorities sit at the top of the WPP's governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving this Business Plan, which outlines the WPP's budget and workplan, as well as its beliefs and objectives. The Constituent Authorities are heavily involved in all aspects of the WPP's governance structure, while the WPP's Joint Governance Committee and Officers Working Group are comprised respectively of elected councillors, scheme member representative and officer representatives from the Constituent Authorities.

The WPP believes in being open and transparent as well as regularly engaging with its key stakeholders. As such the WPP ensures the meetings of the Joint Governance Committee are accessible to the public via a live webcast stream. Meeting papers are also made publicly available. Local Pension Board Chairs engagement meetings are also held regularly as a means of fostering stakeholder engagement. The WPP recognises the importance of all of its stakeholders to reflect this the WPP has put in place an Engagement Protocol Framework, this is carried out via the following engagement mechanisms:

Engagement mechanisms	Frequency
Strategic Relationship Review meeting	Bi-Annual
JGC Engagement	Quarterly
Manager Performance Meetings/ Calls	Quarterly
Training Events	Quarterly
OWG Engagement	Quarterly
Bi-Weekly Meetings	Every 2 Weeks
Pension Fund Committees	Annual
Manager Engagement Days	Annual
Member Communications	Annual
Pension Board Chairs Engagement	Bi-Annual
Engagement via the website & LinkedIn	Continuous

# Risk Management

The Wales Pension Partnership ('WPP') recognises that it faces numerous risks which, if left unmanaged, can limit the WPP's ability to meet its objectives and to act in the best interest of its stakeholders and beneficiaries. However, the WPP also understands that some risks cannot be fully mitigated and that in these instances' risks need to be embraced through active and effective management.

Risk management is a critical element of WPP's commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy. This strategy will be embedded into the WPP's governance framework to ensure better decision-making, improved outcomes for stakeholders and greater efficiency.

The WPP's risk strategy seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP believes that risks are fluid in nature and that the severity and probability of risks can change rapidly and without warning. To reflect this belief, the WPP's Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders.

To deliver on its objectives, the WPP needs to carry out activities or seize opportunities that subject it to risk. The extent to which the WPP is able to effectively balance risk and return will depend on the success of its Risk Policy. It is critical that prior to making decisions the WPP understands the associated risks and considers the means by which these risks could be managed.

The greatest risk to the WPP's continued operation is its ability to deliver on its primary objectives. The WPP's Business Plan is an additional means through which the WPP will give special recognition to risks that pose a material threat to the delivery of its objectives and the actions required to manage these risks.

During the course of this business plan the WPP will seek to develop mechanisms, frameworks and process for managing the following key risks:

- The service delivery and performance of its Operator
- Ongoing performance of investment managers
- The robustness of the WPP governance structure
- Risk associated with Responsible Investment

The WPP is well aware of the threat posed by cyber security breaches and the importance of data security. Carmarthenshire County Council, as the Host Authority for the WPP, has a robust framework in place to ensure the security of its network and information systems. The Council also has a detailed Cyber Incident Response Plan, which outlines procedures for preparing, identifying, restricting, and responding to cyber incidents, ensuring business continuity and the preservation of evidence. The Constituent Authorities retain responsibility for individual member data for their respective LGPS Pension Funds.

# Objectives

The WPP is proud to represent the eight Constituent Authorities and recognises its duty to ensure the needs and requirements of all stakeholders are met. The WPP, through consultation with all eight Constituent Authorities, has formulated a list of primary objectives these can be summarised as follows:

- 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.

The eight Constituent Authorities recognise that their strength derives from their shared beliefs and their ability to work together to deliver on their unified objectives for the benefit of all WPP stakeholders.



# Beliefs

The WPP's Beliefs reflect the collaborative nature and shared values of the Constituent Authorities, they are as follows:

- 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 broader 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
- 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 beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies.

# Policies

The WPP believes that good governance should lead to superior outcomes for the WPP's stakeholders. In recognition of this belief, the WPP, in consultation with the Constituent Authorities, has developed a robust governance structure and framework and a set of governing policies. In all instances the WPP's policies and procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities. The WPP understands the importance of formulating and codifying its policies and procedures. This process allows the WPP and the Constituent Authorities, to:



The WPP's key policies, registers and plans are listed below and can be found on the WPP website.



The WPP's policies are reviewed on a regular basis and the WPP will continually assess whether any additional policies, registers or plans are required. The policies play a vital role in the WPP's governance arrangements and have been formulated with the sole purpose of providing a codified framework which will ensure that the WPP achieves its objectives in an effective and transparent means.

# Work Plan

The table below shows key priorities and objectives that the WPP aims to complete over the next three years. The workplan has been broken down into a number of key sections which are all vital to the continued success of the WPP

- **Governance** - The WPP believes that good governance leads to better outcomes for its stakeholders, as such it will further develop its governance framework and carry out ongoing reviews of its existing governance documents and structure.
- **Ongoing Investment Programme developments** – To date the WPP has pooled c74% of its assets and a number of other Investment Programmes are in the process of being developed. The WPP will continue to consult with the Constituent Authorities to ensure that all suitable assets are pooled.
- **Operator Services** - The Operator, alongside the third parties that it employs on behalf of the WPP, are critical to the ongoing activities of the WPP, therefore service delivery of the Operator and third-party suppliers is crucial.
- **Investment Reporting** - The WPP recognises the importance of ensuring that existing investment solutions remain optimal and aligned to Constituent Authority requirements, while also delivering the investment return expectations of the Constituent Authorities. The WPP will continue to deliver on its reporting requirements covering areas such as investment performance, risk, Stewardship activities, Responsible Investment and Climate, and will develop further reporting, as and when required.
- **Communication and Training** - The WPP wants to ensure that internal stakeholders and external parties are aware of the WPP's progress and publishes numerous report and updates to ensure that it proactively communicates its progress to stakeholders. These can all be found on the WPP website.
- **Resources, Budget and Fees** - The WPP recognises that insufficient resources pose a significant risk to its ability to deliver an investment framework that achieves the best outcomes for its key stakeholders, the WPP carries out a number of reviews to guarantee that it has suitable resources to deliver on this commitment.

Work to be completed	2025 - 2026	2026 - 2027	2027 - 2028
<b>Governance</b>			
Legal Services provider procurement process	✓		
Delivery of Project Snowdon	✓	✓	
Annual review of WPP's policies and plans	✓	✓	✓
Quarterly reviews of the Risk Register	✓	✓	✓
Respond to any pooling related consultations and carry out any necessary changes as a result of consultation outcomes	✓	✓	✓
<b>Ongoing Investment Programme Developments</b>			
Launch the real estate investment programme	✓		
Launch additional Private Market vintages	✓	✓	✓
Consideration of WPP's UK, local / impact opportunities and requirements	✓	✓	✓

Evolution of existing Equity, Fixed Income and Passive Funds	✓	✓	✓
Consult with CAs on need for further investment programmes, and develop as required	✓	✓	✓
<b>Operator Services</b>			
Operator and Sub-Fund governance Oversight	✓	✓	✓
<b>Investment Reporting</b>			
Develop & Implement Private Markets reporting	✓		
Stewardship Code reporting	✓	✓	✓
Ongoing development, implementation and reporting of all stewardship activities	✓	✓	✓
Climate-related / TCFD reporting	✓	✓	✓
Nature-related / TNFD reporting	✓	✓	✓
Ongoing communication and reporting of RI activity to all stakeholders	✓	✓	✓
On-going Sub-Fund responsible investment and climate risk reporting	✓	✓	✓
Annual performance review of WPP Sub-Funds	✓	✓	✓
On-going engagement with CA's regarding ESG standards and climate ambitions to meet evolving needs	✓	✓	✓
<b>Communication and Training</b>			
Formulation of WPP's Annual Responsible Investment Progress Report	✓	✓	✓
Formulation of WPP's Annual Training Plan	✓	✓	✓
Formulation of WPP's Annual Update	✓	✓	✓
Formulation of WPP's Annual Report	✓	✓	✓
<b>Resources, Budget and Fees</b>			
Annual review of resources and capacity	✓	✓	✓
Formulation of Annual WPP Budget	✓	✓	✓
Review and Monitoring of Operator / external provider fees	✓	✓	✓

# Training Plan

It is best practice for WPP personnel to have appropriate knowledge and understanding of:

- the regulations and markets relating to pensions;
- the pooling of Local Authority Pension Schemes; and
- relevant investment opportunities.

The WPP's training plan 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.

WPP personnel should obtain a degree of knowledge and understanding that ensures they are able to carry out their duties associated with the WPP. WPP personnel should also be aware of the WPP's framework, beliefs, policies, governance matrix, the decision-making process and decision logging process.

To aid WPP personnel, the Host Authority will arrange quarterly training sessions which will cover major areas such as investments, administration, regulation requirements, government guidance and market developments. The WPP's training events will 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.

We have set out below a list of training topics which the Host Authority will arrange training for during the 2025/26 financial year. WPP's training topics are based on current WPP topical priorities and from an analysis of the WPP training requirements questionnaire/ assessment responses, completed by members of the Joint Governance Committee ('JGC') and Officers Working Group ('OWG').

## Product Knowledge:

- Private Credit and Infrastructure asset classes
- Local / Impact investments within the Private Market asset classes

## Stewardship:

- Voting & Engagement
- Stewardship code and reporting requirements

## Responsible Investment (RI):

- Biodiversity and Natural Capital
- Climate Scenarios and Fiduciary Duty

## Pooling Consultation & Regulatory Requirements:

- Pooling Consultation
- Any new regulatory / guidance developments

# Budget

The table below outlines the WPP's budget for the next three years.

	Forecast 2024-25 outturn	2025-26	2026-27	2027-28
	£'000	£'000	£'000	£'000
Host Authority	186	241	247	253
External Advisors	1,270	1,376	1,288	1,288
Project Snowdon (see below)	470	2,915	TBC	TBC
<b>TOTAL to be recharged *</b>	<b>1,926</b>	<b>4,532</b>	<b>1,535</b>	<b>1,541</b>
Operator Services	39,922	46,110	50,721	55,793
Allocator	7,094	9,673	10,844	10,844
<b>TOTAL to be deducted from the NAV **</b>	<b>47,016</b>	<b>55,783</b>	<b>61,565</b>	<b>66,637</b>

*\*Host Authority, External Advisor and Project Snowdon 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 / Allocator Services costs are based on each Constituent Authority's percentage share of WPP assets and are deducted directly from the Net Asset Value (NAV) of the Constituent Authority's assets.*

## Project Snowdon Budget 2025/26

The establishment of the WPP Investment Management Company (IMCo) includes both set-up costs and ongoing running costs. The WPP has estimated a project budget of approximately £2.9 million for delivery of the project, covering legal advisors, specialist compliance support, investment consultants, and project managers, in addition to salary costs for IMCo personnel hired before March 2026.

# Investments & Performance

The WPP's Constituent Authorities have total assets of circa £25bn (as at 31 March 2024). The Constituent Authorities' passive investments are effectively within the Pool but are held by the respective WPP authorities in the form of insurance policies.

The OWG receives quarterly, six monthly and annual performance reports, the group reviews and challenges the performance of Investment Managers on behalf of the WPP. The WPP hosts annual manager engagement days, which are used to challenge managers and to facilitate engagement with Constituent Authority Pension Committee Members and WPP's Investment Managers. The Constituent Authorities also carry out their own analysis of WPP's investment performance at local level, this will include manager attendance at Pension Committees.

Hymans Robertson undertake a periodic review of all WPP sub-funds, and the results are presented to both the OWG and JGC. The existing sub-funds are outlined below.

## Equity Sub-Funds



Sub Fund	Performance Benchmark	Participating Funds	Underlying Investment Managers	Launch Date	Review Date
Global Growth	MSCI ACWI ND	RCT, Dyfed, Gwynedd, Cardiff and Powys	Baillie Gifford, Pzena, Pinestone and Numeric	Feb 2019	Nov 2021
Global Opportunities	MSCI ACWI ND	Swansea, Torfaen, Gwynedd, RCT and Cardiff	Morgan Stanley, Numeric, Sanders, Jacobs Levy, SW Mitchell, Nissay, Intermede and Oaktree	Feb 2019	Planned for 2025
UK Opportunities	FTSE All Share	Cardiff and Torfaen	Baillie Gifford, Ninety-One, J O Hambro, Liontrust and Fidelity	Sept 2019	Planned for 2025
Emerging Markets	MSCI Emerging Markets ND +1.5%	Cardiff, Gwynedd, Powys and Torfaen	Artisan, Bin Yuan, Barrow Hanley, Axiom, Numeric and Oaktree	Oct 2021	March 2024
Sustainable Active Equity	MSCI ACWI ND	Cardiff, Clwyd, Dyfed, Gwynedd, Powys, RCT, Swansea and Torfaen	Sparinvest, Mirova, Neuberger Berman and Wellington	June 2023	Planned for 2026

## Fixed Income Sub-Funds

### Absolute Return Bond Fund

Managed by Russell Investments

### Global Government Bond Fund

Managed by Russell Investments

### Multi-Asset Credit Fund

Managed by Russell Investments

### Global Credit Fund

Managed by Russell Investments

### UK Credit Fund

Managed by Waystone Management (UK) Limited

Sub Fund	Performance Benchmark	Participating Funds	Underlying Investment Managers	Launch Date	Review Date
Global Credit	Bloomberg Barclays Global Aggregate Credit Index (GBP Hedged)	Cardiff, Dyfed, Gwynedd, Powys and Torfaen	Metlife, Fidelity, Coolabah and Robeco	July 2020	April 2023
Global Government	FTSE WGBI Index (GBP Hedged)	Cardiff and Torfaen	Bluebay and Colchester	July 2020	April 2023
Multi-Asset Credit	3 Month GBP SONIA plus 4%	Cardiff, Clwyd, Gwynedd, Powys, and Swansea	ICG, Man GLG, BlueBay, Barings and Voya	July 2020	March 2024
Absolute Return Bond Fund	3 Month GBP SONIA plus 2%	Gwynedd, Powys and Swansea	Wellington, Aegon, Oaktree and DNCA	Sept 2020	March 2024
UK Credit Fund	ICE BofA ML Eur-Stg plus 0.65%	RCT	Fidelity	July 2020	March 2024

## Private Markets

### Infrastructure – closed ended

Managed by GCM Grosvenor

Participating Funds: Clwyd, Dyfed, Gwynedd, Powys, RCT, Swansea and Torfaen

### Infrastructure – open ended

Managed by CBRE, IFM and Octopus

Participating Funds: Cardiff, Gwynedd, Powys, Swansea, Torfaen

### Private Credit

Managed by Russell Investments

Participating Funds: Cardiff, Clwyd, Dyfed Gwynedd, Powys, Swansea and Torfaen

### Private Equity

Managed by Schroders Capital

Participating Funds: Cardiff, Clwyd, Gwynedd, Powys and Swansea



# Contact Details

If you require further information about anything in or related to this business plan, please contact the Wales Pension Partnership:

Postal Address - Wales Pension Partnership

Carmarthenshire County Council

Treasury & Pension Investments Section

County Hall

Carmarthen

SA31 1JP

E-mail - [WalesPensionPartnership@carmarthenshire.gov.uk](mailto:WalesPensionPartnership@carmarthenshire.gov.uk)

Telephone - (01267) 224136

Further information on the WPP and ongoing updates on the WPP's progress can be found on the website and LinkedIn page.

The website can be found here:

<https://www.walespensionpartnership.org/>





9 April 2025

Dear Wales Pension Partnership,

### **LOCAL GOVERNMENT PENSION SCHEME (ENGLAND & WALES)**

We are writing with regard to the Government's proposed reforms to the Local Government Pension Scheme in England and Wales (LGPS) and its approach to asset pooling as part of the Pensions Review.

In November, Government set out its proposed reforms in our *Fit for the Future* consultation with the aim of establishing a world-class LGPS made up of large pools of professionally managed capital, held to account by Administering Authorities who have confidence in robust and transparent governance structures and who are delivering the best value to members and their communities. We want to see strong and resilient foundations for a scheme projected to reach £1tn by 2040 and have been clear that this is the moment for creative and collaborative proposals to that end.

Government wrote to each pool, asking for transition proposals setting out how they would seek to achieve the minimum standards proposed in the consultation by March 2026, focusing on the benefits of scale, long-term resilience, value for money and viability against the deadline, with consideration given to the opportunity for closer collaboration across the scheme and merger of pools. We recognise how significant an undertaking this has been for each pool in a short space of time and thank you for the spirit in which you have participated in this process and for your close engagement throughout. Your submission and engagement have formed a critical part of our assessment of the viability and strength of the proposals set out in the consultation. Government has considered the responses to the consultation and is currently preparing next steps, including our consultation response and the implementation of the reforms via legislation.

**We have reviewed your proposal and are supportive of you proceeding as you have set out, and in line with the March 2026 deadline.** Your proposal meets the above criteria as well as the overall ambition that was set out in the Government's consultation to put the LGPS on the strongest possible footing for the future. It is clear Wales Pension Partnership has embraced the ambition to create a standalone LGPS investment company to deliver for your eight partner Authorities and for the benefit of Wales as whole. We also note the WPP ambition to become a leader on local and impact investing within the scheme, as part of your 5-year plan.

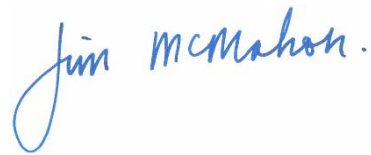
For your awareness, we have concluded that the proposals from some pools do not meet the requirements set out by Government. The partner Authorities of those pools should now seek to join another pool and we have asked them for in-principle decisions to join a different pool by 30 September 2025.

Our officials stand ready to support you throughout the period to the March 2026 deadline for meeting the minimum standards for pooling and will check in with you regularly. We look forward to seeing your continued progress towards establishing world-class investment management for the LGPS, protecting its long-term sustainability and acting in the interests of members, employers and local taxpayers.



**TORSTEN BELL MP**

Minister for Pensions



**JIM MCMAHON OBE MP**

Minister for Local Government

<b>Meeting</b>	<b>Full Council</b>
<b>Date</b>	<b>3 July 2025</b>
<b>Subject</b>	<b>Recommendation of the Interview Panel – Appointment of Lay Member of the Governance and Audit Committee</b>
<b>Chair of the Panel</b>	<b>Councillor Ioan Thomas</b>
<b>Author</b>	<b>Head of Finance</b>

1. The Local Government and Elections (Wales) Act 2021 has modified the Local Government Measure 2011 in relation to the governance and audit committees of Welsh local authorities.
2. Since May 2022 at least a third of the Committee's members must be lay members (and the Chair must be one of those lay members).
3. At its meeting on 2 December 2021, full Council decided that the Governance and Audit Committee will have 18 members, with 12 members being members of Gwynedd Council and 6 lay members from May 2022.
4. The relevant report can be found here:  
[Item 11 - Local Government and Elections Wales Act 2021 - Audit and Governance Committee.pdf \(llyw.cymru\)](#)
5. The Council's Constitution states that lay members of the Governance and Audit Committee must be appointed by the full Council on the recommendation of an appointment panel.
6. At its meeting on 3 March 2022, the full Council appointed 4 lay members of the Governance and Audit Committee, namely Mr Hywel Eifion Jones, Mrs Sharon Warnes, Mr Rhys Parry and Mrs Clare Hitchcock. A further lay member, Mrs Carys Edwards, was appointed on 1 December 2022.
7. That meant that one lay member's seat remained vacant. Mrs Clare Hitchcock resigned as a lay member at the end of December 2024 due to work commitments and in May 2025 the extremely sad news of the death of Mrs Sharon Warnes, who had served as a lay member of the Committee since 2017, was received. Therefore, three vacant seats now need to be filled.
8. Thirteen names were received in the latest round of advertising and a shortlist of 6 names was compiled by disregarding applications that had not answered basic questions on the application form on experiences in the field of governance. Unfortunately, two individuals withdrew their names ahead of the interviews so on 20 and 23 June, four candidates were interviewed by a panel consisting of the Chair of the Council (Councillor Ioan Thomas), the Chair of the Democratic Services Committee (Councillor Anne Lloyd-Jones) and the Cabinet Member for Finance (Councillor Huw Wyn Jones). Advising the panel were the Statutory Finance Officer (Dewi Morgan) and the Monitoring Officer (Iwan Evans).

9. After careful and thorough consideration of the application, the Panel decided that the 3 applicants met the criteria, and it should be recommended to the full Council that Dr Peter Barnes, Mr Dewi Lewis and Mr Paul Millar-Mills be appointed as lay members of the Committee.
10. Dr Peter Barnes lives in Dolgellau and runs a business in the town with his wife after a long academic career. He was an independent member of Dolgellau Town Council for a time and has worked as a lecturer, trainer, group leader and member of various rescue groups. Dr Barnes has also been a magazine editor for 3 years.
11. Mr Dewi Lewis has extensive experience of local government, the third sector and private business. He was a member of Gwynedd Council until July 2011 and served on the Council Board. He was the owner of Siop Dewi in Penrhyndeudraeth from 1979 to 2024. Mr Lewis is no longer a member of any political party.
12. Mr Paul Millar-Mills is an experienced businessman and although semi-retired he continues to run a shop in Pwllheli and has spent his career self-employed in the Cheshire and Gwynedd areas. He has experience of being a member and Chairman of a Traders Association.

### **Recommendation**

**To appoint Dr Peter Barnes, Mr Dewi Lewis a Mr Paul Millar-Mills as Lay Members of the Governance and Audit Committee for the next five years, subject to receiving acceptable references.**

---

### **Views of the local member**

Not a local issue

---

### **Views of statutory officers**

#### **Monitoring Officer:**

I can confirm that the Panel has carried out its functions appropriately and in accordance with the arrangements which were established by the Council for appointing lay members of the Governance and Audit Committee.

#### **Head of Finance:**

Author of the report

Meeting	THE COUNCIL
Date	2 March 2017
Topic	Appointing a Lay Member to the Audit Committee
Author	Dafydd Edwards, Head of Finance Iwan Evans , Monitoring Officer.
Cabinet Member	Cllr Peredur Jenkins

1. In accordance with the requirements of the Local Government (Wales) Measure 2011, Sections 81 and 87, it is necessary for the Council to appoint an Audit Committee to monitor and scrutinise financial matters, risk management and corporate governance.

2. It is necessary to have at least one lay member on the committee and up to a third of the membership can be lay members. All the lay members have the right to vote and will receive a co-opted member's salary of £198 a day. The term of the current member comes to an end in June of 2017

3. There is no specific procedure designated for appointing the lay member to the committee. The guidelines by the Welsh Government recommends that the post should be publicly advertised. They recommend that individuals should be independent of the Council, with no business connection to it, and should possess a knowledge of local government. It is suggested that individuals whose political allegiances are known should not be appointed. The attached document contains criteria for appointing the lay member adopted in May 2012.

4. It is recommended to advertise in the local press/regional press for a declaration of interest from those who wish to serve as lay members on the Audit Committee. It is also recommended that a panel consisting of the Council Chair, Chair of the Audit Committee and the Cabinet Member for Resources advised by the Head of Finance and the Monitoring Officer consider the applications and submit a recommendation to the full Council, who will then appoint a member to serve on the committee for a term of 4 years.

#### **RECOMMENDATION.**

The Council is requested to approve the appointment procedure recommended in the report.

#### **Appointment of lay member onto the Audit Committee**

## Criteria

Applicants will need to demonstrate independence and impartiality in assisting the Audit Committee to

Review, scrutinise and issue reports and recommendations in relation to the council's financial affairs.

- Review, scrutinise and issue reports and recommendations on the authority's risk management, internal control and corporate governance arrangements.
- Oversee its audit arrangements and review its financial statements.

Applicant should meet the following criteria:

- Be able to demonstrate an understanding of the value of the audit function.
- Be able to demonstrate knowledge of how local government functions
- Be able to demonstrate independence of thinking and unbiased attitudes
- Be able to meet the time commitment involved
- Be able to provide two references

Individuals who have business connections with the Council or who have connections with a political party are ineligible for appointment

The ability to speak Welsh will be considered an advantage and the need to achieve a balance of skills, qualities and expertise on the Committee as well as the need to represent the community as a whole and achieve a geographical spread will be taken into account.



Ministry  
of Justice

**Lord Ponsonby of Shulbrede**  
Parliamentary Under-Secretary  
of State for Justice

Councillor Ioan Thomas  
Chair of the Council  
Gwynedd Council  
Castle Street  
Caernarfon  
Gwynedd  
LL55 1SE

**MoJ ref:** ADR123624

22 May 2025

Dear Iona,

## **CYNGOR GWYNEDD MOTION REGARDING THE TRANSFER OF THE JUSTICE JURISDICTION TO THE SENEDD**

Thank you for the letter of 24 April to the Lord Chancellor and Secretary of State for Justice from your predecessor as Chair of the Council, Councillor Beca Roberts. As minister responsible for matters relating to Devolution and the Union I am replying on behalf of the Lord Chancellor.

I am grateful to you for drawing my attention to the motion adopted at the recent meeting of Cyngor Gwynedd. I am aware that a similar motion was also adopted at a meeting of Cyngor Gwynedd in late 2023.

I note your reference to the Commission on Justice in Wales. This was commissioned by the Welsh Government and made many recommendations, not all of which were targeted at the UK Government. Whilst we do not agree with all the recommendations of the Commission, we are committed to working with the Welsh Government to ensure that we deliver justice in a way that best serves the people of Wales. We have, for example, been working with the Welsh Government on data collection and disaggregation, which was an area of interest for the Commission.

Thank you again for your interest in how justice is delivered in Wales.

Kind regards,

**LORD PONSONBY OF SHULBREDE**



Ein Cyf / Our Ref:

Dyddiad / Date:

Gofynnwch am / Please ask for:

Llinell uniongyrchol / Direct line:

Ebost / Email:

29/5/2025

Andrew Morgan

leader@wlga.gov.uk

Councillor Beca Roberts  
Chair of the Council  
Cyngor Gwynedd

**Via email**

Dear Councillor Roberts,

Thank you for your letter dated 24<sup>th</sup> April informing me of Gwynedd Council's recent adoption of the proposal in relation to calls on the UK Government to transfer the jurisdiction of justice to the Senedd and seeking the support of Welsh councils and Welsh Government.

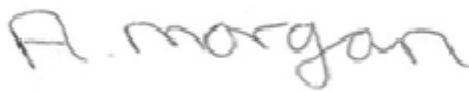
The WLGA has considered devolution of aspects of the justice system on a number of occasions and has responded to the various Commissions that have considered related issues over a number of years. These include the Silk Commission, the Thomas Commission and more recently the Independent Commission on the Constitutional Future of Wales.

In contributing evidence to these Commissions, the WLGA has stated its position as being supportive of further devolution of powers and functions from the UK Government, including youth justice, probation and certain aspects of policing, recognising however that some aspects of protection provided by the police and security services, such as preventing terrorism, is best managed at a Wales and England level. The WLGA has also strongly made the point that any further devolution of functions must be accompanied by the necessary levels of funding to ensure service delivery is not negatively affected.

In sharing our views on the issues posed by the above Commissions, the WLGA noted that devolution of aspects of the justice system would lead to better alignment of agendas and priorities, avoid confusion caused by policy areas straddling devolved and non-devolved areas and lead to clearer accountability for citizens. I enclose a copy of the WLGA submission to the Thomas Commission which sets out our views, at that time, in more detail.

The WLGA does not have any current plans to reconsider the devolution of the justice system, but I would hope that our previous views and the evidence to the Thomas Commission reflects the Association's support for further devolution of functions if they lead to improved outcomes for citizens, and subject to the transfer of full funding for successful delivery of the service. Officers of the WLGA are engaged in various ongoing discussions on issues related to improving delivery of the criminal justice system in Wales including the potential for increased devolution of related functions, for example, engagement with the Wales Centre for Public Policy on a project commissioned by the Welsh Government to look at the potential for the devolution of probation; and with policing colleagues in relation to the anticipated White Paper from the UK Government on policing reform.

Yours sincerely,



**Councillor Andrew Morgan OBE**  
Leader, WLGA

**Welsh Local Government Association**  
**Written Submission to the**  
**Commission for Justice's Call for Evidence**  
**June 2018**

**Introduction**

The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities and the three fire and rescue authorities are associate members.

The WLGA is a politically led cross-party organisation, with the leaders from all local authorities determining policy through the Executive Board and the wider WLGA Council. The WLGA also appoints senior members as Spokespersons and Deputy Spokespersons to provide a national lead on policy matters on behalf of local government.

The WLGA works closely with and is often advised by professional advisors and professional associations from local government, however, the WLGA is the representative body for local government and provides the collective, political voice of local government in Wales.

The key themes in this response have been endorsed by the WLGA Executive Board and the full response has been approved by the WLGA Spokesperson for Community Safety.

**1. What is working well in the justice system in Wales? What is not working well? Are there examples of innovation and good practice, both in and beyond Wales, which should be adopted and shared?**

The geographical size of Wales necessitates effective and positive partnerships and relationships to exist between many organisations, both those within and those with ties to the justice system, and with devolved and non-devolved bodies. In general, these relationships are long established and help ensure there is on-going dialogue and communication about priority areas of work, new developments and opportunities to work together on shared agendas.

Local authorities interact and work closely with all aspects of the justice system, for example: with police, youth justice agencies, and probation services through Community Safety Partnerships, Youth Offending Teams and other forums on a range of issues such as community safety, crime prevention, reduction and detection, preventative and diversionary services and reducing re-offending; social service departments work closely with the family court system; trading standards departments work with the police and criminal courts; and housing departments work with prisons and probation in terms of prisoners release.

No single public body can work in isolation and often priorities are shared or require the active contribution of another body for success. Partnership working works well in Wales and there are many good examples where justice bodies and public sector bodies have worked together to achieve positive outcomes and this should be built upon. However, progress can be hindered when policy agendas between the UK and Welsh Governments do not fully align or the impact of new policies on devolved public services, albeit the issues may be a reserved matter, have not been taken into account in terms of successful implementation and delivery. This can leave organisations unclear on the direction of travel, whether funding is available for Welsh devolved bodies or to whom they have accountability as it is a shared agenda between UK and Welsh Government, for example, the violence against women agenda and legislative requirements.

The WLGA is also supportive of the work being undertaken on restorative justice and are encouraged by the positive outcomes being achieved, with between a 7-45% reduction in reoffending and would wish to see such approaches expanded.

## **2. What are the economic, social, geographical, technological, constitutional and other barriers to improvement and how could these be overcome?**

The devolution settlement can cause some challenges, uncertainties and difficulties for both devolved and non-devolved bodies who must either seek to interpret how UK Government strategies and policies apply to them and/or how they can implement and follow directions from the UK Government within a devolved and possibly different policy context. The WLGA has long-argued that in order to improve this situation there needs to be closer and more timely joint-working at the UK and Welsh Government level. There also needs to be a better understanding of devolution by UK Government departments.

The significant cuts to the funding of Community Safety Partnerships, primarily from the Home Office, and the reduction in funding to constituent partners during this prolonged period of austerity has negatively impacted on the capacity of partnerships and their membership to operate at the same level prior to annual reductions in funding.

## **3. What problems face the people who work within the justice system in Wales (including policing, prosecution, courts, prisons and probation) and the people who are affected by it?**

Her Majesty's Prison and Probation Service (HMPPS) is currently facing a number of challenges, for example, Cardiff Prison has recently been the subject of a report on extensive drug use and Swansea Prison has recently received a poor inspection report. Many parts of the justice system have been negatively affected by austerity with the closure of local courts, reductions in staffing numbers and all organisations under pressure to 'deliver more with less'. These cuts in funding have been experienced across public services and has impacted upon the opportunities for

partnership and jointly funded initiatives although some initiatives have continued due to prioritisation and the positive outcomes achieved.

There is currently no women's prison in Wales and therefore women who receive custodial sentences are required to serve their sentence elsewhere in the UK, which is more often than not a considerable distance from family and support networks, which makes visiting much harder and more expensive and could negatively impact on their return to family or reintegration into the local community more difficult on their release.

#### **4. Does the justice system in Wales currently provide access to all who require its services, including advice? How would you improve access to justice in Wales?**

The nature of the geography of Wales means that it can be difficult for some to access public services, including justice related services, particularly for those in rural areas. The impact of austerity has led to some local court closures and movement of services to larger centres, an issue of concern to many local councillors and their communities. While this may make sense economically, it has reduced the ease of access to justice as public transport does not always best serve rural areas and their ability to access services. More innovative thinking is required to ensure appropriate access to services in rural areas including sharing buildings to share costs, 'travelling' courts and increased outreach however in many cases the limited funding available affects potential options.

Changes and reduction in access to legal aid have also had a significant negative impact on the ability of some people to seek redress and access justice.

#### **5. What impact has devolution had on the justice system in Wales? What impact do you believe devolution will have in the future?**

Devolution has caused some tangible challenges for the justice system in Wales and it is to the credit of those working across devolved and non-devolved bodies that based on positive relationships, people have 'made the system work.' Devolution has resulted in less clear policy development at a UK national level as the impact of devolution is often not taken into account and advice/guidance produced usually only reflects the English context, leaving staff to make sense of the guidance in a Welsh context. This can result in some uncertainty for both devolved and non-devolved bodies operating in a devolved nation. Often, UK Government policy is developed and implemented without sufficient consideration of the devolved status of a number of policy areas in Wales e.g. social services, education, children's services, and health.

As previously stated, devolution has already resulted in some difficulty and confusion in terms of policy development and delivery. As Wales introduces new legislation, it is possible that the difficulties encountered to date will continue and perhaps increase unless steps are taken to address this. Part of the difficulties being

experienced since devolution also informed the WLGA previous position in supporting the devolution of policing and youth justice.

It would also be interesting to assess the impact of increased devolution of some of the justice system and whether there are any lessons to be learnt from England, for example, Manchester where more powers are devolved across different areas to enable a more joined up local approach, addressing local priorities.

## **6. Could local authority services in relation to justice and the local provision of legal advice be better organised and co-ordinated with policing, prosecution, courts, prisons and probation?**

In terms of the range of local authority services that can come into contact with the justice system, it would be fair to say that relationships with the police, prosecution and courts is generally good, this is primarily down to local working arrangements and effective working relationships. The police are often members of key strategic planning boards at the local level, for example, Public Service Boards but rarely other agencies. Other forums engage with other aspects of the justice system, for example, probation and youth justice in terms of Supporting People, emergency planning on local CONTEST boards but there are always areas where better organisation, communication and coordination could lead to improved working and outcomes for the public.

Welsh local government has in the past supported the devolution of policing and the youth justice system as we believe this would lead to better alignment of agendas and priorities, avoid confusion caused by policy areas straddling devolved and non-devolved areas and lead to clearer accountability for citizens.

## **7. Are there changes that should be made to the capabilities and effectiveness of the ways in which the police, probation and prisons approach their tasks? What should be done to increase community safety, wellbeing and social cohesion and reduce crime? What can be learnt from other countries where rates of crime and imprisonment are lower?**

The WLGA would argue that in order to increase community safety, well-being, social cohesion and reduce crime, organisations need to work far more seamlessly together and in a holistic manner, addressing a range of issues that can affect people's lives and their engagement with the justice system. Welsh public services are increasingly adopting a more preventative and/or early intervention approach to tackle issues at an early stage, addressing issues of well-being (and to help manage and reduce future demand on services) and it would be helpful for our partner bodies to operate along similar lines. The ACEs work being undertaken in Wales by the police, in partnership with others, is a good example of working differently to address issues through a different lens.

The recent Review of Community Safety working in Wales undertaken by Welsh Government which reported in December 2017 would also be a useful resource for the Commission to review in this area.

**8. What impact is the divergence between Welsh and English law having upon sentencing? What impact do you foresee in the future? Should Wales implement a different approach to sentencing than England? If yes, what lessons can be learnt from other jurisdictions?**

The divergence between Welsh and English law may not have had a great deal of impact on sentencing to date. However, there is scope for divergence in the future as the National Assembly introduce more legislation that is required to be upheld by the Courts. A current and relevant matter where the law may diverge between Wales and England is Welsh Government's consultation on their intention to remove the defence of reasonable punishment in relation to children and young people. Differences in the law between England and Wales are also likely to have an increased impact on the people who work within the justice system as they will need to be aware of and sensitive to the potential for differing legislation.

**9. What are the capabilities in the justice system in Wales for responding to Brexit?**

It is difficult to assess the capabilities within the justice system in Wales to respond to Brexit without knowing what successor arrangements will be put in place to replace existing EU arrangements, if and where necessary, and whether they will be undertaken at a UK or devolved level. If, for example, no agreement is reached on a Withdrawal Agreement, and no successor arrangements are in place, there would be increased pressures and workload due to loss of access to key EU wide databases.

If those areas where local authorities will be responsible for regulating powers are returned from the EU it will be vital that they are involved in determining all the necessary legislative arrangements required to enable them to carry out their new duties, be that at a UK or Wales level.

**10. What steps do you think need to be taken to facilitate positive change in the justice system in Wales?**

In the short-term, there needs to be better understanding of the devolution settlement and its implications by UK Government departments and increased communication at an early stage of policy development to better align delivery within a devolved context. In the longer-term, there should be full consideration of the potential to devolve responsibility for the justice system to Wales however it must be on the basis of full funding and an appropriate transition plan and timetable to not destabilise the system.

There also needs to be an increased focus on prevention of offending and re-offending for both adults as well as children and young people to achieve better outcomes and reduced demand for more costly interventions at later stages.

**13. What is the current provision for the Welsh language within the justice system and legal education in Wales? How should Welsh language provision within the justice system and legal education in Wales be improved?**

While we cannot comment on the current provision for the Welsh language within the justice system, the WLGA is supportive of Welsh Government's approach to the Welsh Language and in increasing its usage across Wales, including its target of creating 1 million Welsh speakers by 2050. We are supportive of their current position on the language, the Welsh Language Standards and increasing the use of Welsh in the delivery of public services in Wales. However, the UK Government does not work to the same standards in relation to Welsh language as devolved services and there is sometimes divergence between the requirements of the Standard and information not made available in the Welsh language although language choice would mean receiving information in Welsh. Although improvements have been made, further progress is still required and having the justice system working within and to the same Welsh Language Standards as their partners would be helpful.



Huw Irranca-Davies AS/MS  
Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet  
dros Newid Hinsawdd a Materion Gwledig  
Deputy First Minister and Cabinet Secretary for  
Climate Change and Rural Affairs



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref ER  
Ein cyf/Our ref HIDCC/00820/25

Councillor Beca Roberts  
eirianroberts3@gwynedd.gov.wales

29 May 2025

Dear Councillor Roberts,

Thank you for your letter of 24 April to the Counsel General, sharing the news of Cyngor Gwynedd's support for the devolution of the justice system and the establishment of separate legal jurisdiction for Wales. As the minister responsible for devolution and constitutional matters, I have been asked to respond.

It has been Welsh Government policy for some time to seek to devolve the justice system, as a whole, to Wales. The establishment of a separate legal jurisdiction for Wales has also been a long-standing policy of ours. The Commission's recommendation on the Constitutional Future of Wales in January 2023 was that justice should be gradually devolved in order to minimise any disruption. They recommended that the process of devolution of justice should begin with youth justice, probation, and policing. The Welsh Government and the Senedd supported this recommendation, agreeing that a gradual approach is needed to achieve change of this scale.

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact  
Centre: 0300 0604400 [Gohebiaeth.Huw.Irranca-Davies@llyw.cymru](mailto:Gohebiaeth.Huw.Irranca-Davies@llyw.cymru) [Correspondence.Huw.Irranca-Davies@gov.wales](mailto:Correspondence.Huw.Irranca-Davies@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn y Gymraeg. Byddwn yn ateb i ohebiaeth a dderbynnir yn Gymraeg yn yr un iaith ac ni fydd gohebu yn y Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The UK Government's manifesto included a commitment to consider the devolution of youth justice, and the devolution of the probation system as part of the strategic review of it. We are in discussions with the UK Government about these commitments and how we can develop them. Meanwhile, in Wales, we continue to carry out preparatory work, including working through a justice research programme and engaging continuously with academics, experts and those with lived experience of the justice system, including holding regular meetings with justice trade unions.

Yours sincerely,

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name 'Huw Irranca-Davies'.

**Huw Irranca-Davies MP/MS**

Deputy First Minister and Cabinet Secretary for Climate Change  
and Rural Affairs



Ein cyf/Our ref JS/00340/25

Councillor Beca Roberts  
Chair of the Council  
Gwynedd Council

23 May 2025

Dear Beca,

I am writing in response to your letter of 24 April regarding the motion adopted at a recent meeting of Cyngor Gwynedd calling on the Westminster Government to devolve broadcasting and media powers to the Senedd, and for the Welsh Government to proceed with the preparation and discussion with Westminster on how best to achieve this.

I note the points outlined in your correspondence regarding the lack of control over the media in Wales, the importance of accurate and relevant news reporting for Welsh citizens and the importance of the broadcasting sector to achieve our ambitions in relation to the Welsh language. The Welsh Government considers that the current broadcasting and communications framework does not meet our needs.

The Welsh Government issued [a Written Statement](#) on 12 May setting out the next steps following our response to the report of the Expert Panel on Broadcasting last year. The Statement reflects the panel's central finding that action is needed to protect public service broadcasting and to improve the overall media situation in Wales. It highlights the Welsh Government's ongoing commitment to ensuring that Wales has a stronger voice and is not left behind as the sector continues to evolve. It confirms my intention to act on the Panel's recommendation that further work is needed on the different pathways to devolve broadcasting powers. This will be done by commissioning work to bring together technical advice on the five devolution routes identified in the expert panel report.

With regard to your point on discussions between the Welsh Government and the UK Government, we aim to take advantage of a more positive relationship with the UK Government to work more effectively in partnership on broadcasting issues. Given the current situation in relation to powers, this is essential to ensure that the broadcasting regulatory framework works for everyone. I recently met with Chris Bryant MP, Minister of State, and we discussed the importance of an effective and fit for purpose regulatory framework for broadcasting in order to ensure the success of the creative economy. I am meeting with Stephanie Peacock MP, Minister for Sport, Media, Civil Society and Youth to continue these discussions, and to raise the question of how we could explore options to strengthen Wales' voice in decisions that directly affect us.

The Welsh Government remains committed to ensuring a sustainable, thriving and fit for purpose broadcasting and communications framework that effectively delivers the media Wales needs.

Yours sincerely,

A handwritten signature in black ink that reads "JACK SARGEANT". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

**Jack Sargeant MP/MS**

Y Gweinidog Diwylliant, Sgiliau a Phartneriaeth Gymdeithasol  
Minister for Culture, Skills and Social Partnership



Jane Hutt AS/MS  
Ysgrifennydd y Cabinet dros Gyfiawnder Cymdeithasol, y  
Trefnydd a'r Prif Chwip  
Cabinet Secretary for Social Justice, Trefnydd and Chief Whip



Llywodraeth Cymru  
Welsh Government

Ein cyf/ Our ref JH/00484/25

Councillor Ioan Thomas  
Chair of the Council

eirianroberts3@gwynedd.llyw.cymru

12 June 2025

Dear Ioan,

Thank you for your letter dated 22 May regarding the UK Government's recent announcements on welfare reforms.

Rest assured that I am in regular contact with UK Government Ministers regarding the proposals in the *Pathways to Work: Reforming Benefits and Support to Get Britain Working* Green Paper. I will continue to highlight the situation in Wales and the potential disproportionate impact on the people of Wales should the reforms to the Personal Independence Payment be implemented as they stand.

Since the publication of the Green Paper, my officers have been working closely with the Department for Work and Pensions and we have used their Wales-specific data on claimants to draw conclusions on the impact of the proposed welfare reforms in Wales. This will inform a cross-governmental response to the Green Paper, which I will be sending to the Secretary of State for Work and Pensions. This cross-governmental response will also reflect the opinions of people with lived experiences, including unpaid carers, and will note the matter raised by your constituent of the importance of supporting unpaid carers who care for a person affected by the reforms.

The Green Paper will be on the agenda of the meeting of the four nations' Inter-Ministerial Group on Work and Pensions, which is currently being organised. At this meeting, I will be raising concerns on behalf of the people in Wales directly with Department for Work and Pensions Ministers.

As you have noted, it will be more important than ever that your residents are informed about how they will be affected by the reforms, and that they can access impartial advice to ensure that they claim any money to which they are entitled. Our Single Advice Fund services are available to people who are concerned about their benefit entitlement, and we have invested a further £1.4 million in our projects to maximise income.

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Gohebiaeth.Jane.Hutt@llyw.cymru](mailto:Gohebiaeth.Jane.Hutt@llyw.cymru)  
[Correspondence.Jane.Hutt@gov.wales](mailto:Correspondence.Jane.Hutt@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

In 2025-26, we intend to allocate more than £173.5m to achieve the aims of our social care policy, in addition to the £70m invested in capital programmes across the social care sector during 2024-25. The main funding for social care comes through the Revenue Support Grant and non-domestic rates, alongside the revenue raised by local authorities by charging for care and support under statutory arrangements, which are overseen by Welsh Government. In 2025-26, local authorities will receive £6.1 billion from Welsh Government in core revenue funding and non-domestic rates to spend on delivering key services. This equates to an increase of 4.3% or £253 million on a like-for-like basis in comparison with 2024-25. This increase reflects our awareness of the reported pressures in social care and demonstrates our willingness to listen and respond to concerns in the sector within the available resources.

We acknowledge the constant substantial financial pressures on the social care sector, generally in terms of maintaining services and specifically in relation to some aspects of our very ambitious agenda for social care policy, and we will continue to work with key partners across the sector to maximise all available funding.

Last of all, Welsh Government acknowledges that it might be helpful if we had more powers over providing social security, however; this must be considered against the financial and legislative requirements. We are currently carrying out research into the devolution of the administration of social security. The research project will help to identify specific reserved elements of the social security system which Welsh Government could realistically administer in line with the principles outlined in the Welsh Benefits Charter, whilst also providing an evidence-based summary of how to proceed with the devolution of these powers. The research will be published at the beginning of 2026.

Yours sincerely,

A handwritten signature in black ink, reading 'Jane Hutt'. The signature is written in a cursive style with a large initial 'J' and a long horizontal stroke above it.

**Jane Hutt AS/MS**

Cabinet Secretary for Social Justice, Trefnydd and Chief Whip



Eich cyf/Your ref: ER  
Ein cyf/Our ref: MDFWL/00304/25

Councillor Ioan Thomas  
Chair of Gwynedd County Council  
Council Office  
Shirehall Street  
Caernarfon  
Gwynedd  
LL55 1SH

18 June 2025

Dear Councillor Thomas,

Thank you for your letter regarding the increase to employer National Insurance contributions announced by the UK government.

On 30 May, I set out the Welsh Government's approach to supporting devolved public sector employers with the increase to employer National Insurance contribution. In addition to passing on in full the Barnett consequential of £185m from the UK government, I am also providing an additional £36m in 2025-26 from the Wales Reserve, creating a total package of £220 million to support our public service employers.

All public sector employers will receive funding to cover 86% of the additional National Insurance costs they face this year. We continue to press the UK Government to fully fund the National Insurance increases for public sector employers in the same way it has in England. We have gone as far as we are able to, using funding that could have been used to support frontline services, to pay a tax bill created by the UK Government. We recognise this creates difficulties for the public sector, but we cannot afford to meet this UK bill in full when the UK Government has not provided the necessary funding to do so.

In terms of the distribution of this funding between local authorities, the Distribution Sub-group considered different approaches in its last meeting and expects to confirm the methodology over the coming weeks.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

[Correspondence.Mark.Drakeford@gov.wales](mailto:Correspondence.Mark.Drakeford@gov.wales)  
[Gohebiaeth.Mark.Drakeford@llyw.cymru](mailto:Gohebiaeth.Mark.Drakeford@llyw.cymru)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.



You also raise the need for further reform of the Barnett system. It is the Welsh Government's long held position that there should be a needs-based funding system operating consistently across the UK, agreed by all four Governments. We also believe that the devolved funding system should be overseen and operated by a body independent of the UK Government in order to produce a fairer and more efficient mechanism. It would help reduce the distortions and inefficiencies that arise in the current system, and it would enable a more rational, transparent allocation of public spending across the UK.

Our priority in the near term is to ensure the current funding formula delivers for Wales. We are currently seeking enhanced budget flexibilities and will continue our discussions with the UK Government on its manifesto commitments to enable us to manage our resources more effectively.

Yours sincerely,

A handwritten signature in dark ink, reading 'Mark Drakeford'. The signature is written in a cursive, slightly slanted style.

**Mark Drakeford AS/MS**

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg  
Cabinet Secretary for Finance and Welsh Language