

MEETING	PENSIONS COMMITTEE
DATE	26 FEBRUARY 2026
TITLE	WALES PENSION PARTNERSHIP (WPP) – UPDATING THE INTER-AUTHORITY AGREEMENT (IAA)
PURPOSE	To progress implementation of WPP Fit for the Future Business case approved by Westminster Government in April 2025 and approved by the Council on 3 July 2025
AUTHORS	DEWI MORGAN, HEAD OF FINANCE DELYTH JONES-THOMAS, INVESTMENT MANAGER

Decision Sought

- 1. Note the contents of this report and the appendices.**
 - 2. Recommend the revised Inter Authority Agreement (IAA) to full Council on 5 March 2026 for approval as a reserved matter.**
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1. Introduction

- 1.1 The Inter-Authority Agreement (IAA) is the formal legal and governance framework that binds together the eight Welsh Local Government Pension Scheme (LGPS) administering authorities into the Wales Pension Partnership. This is not a new agreement but it has been reviewed in light of the newly-formed Shareholder Agreement (SHA) and Client Services Agreement (CSA) to ensure that it remains appropriate and fit for purpose.
- 1.2 The WPP's existing arrangements and forums, including the Joint Governance Committee (JGC) and Officer Working Group (OWG) will continue to a) play a pivotal role in terms of promoting effective governance across the Welsh administering authorities, and b) comprise of the same representatives as they do today.
- 1.3 Given the requirements of the Fit for the Future Consultation and the imminent change in law including forthcoming Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026, the existing IAA needs to be updated to reflect the new legal pooling structure.

In summary, the new structure would be such that:

- I. Wales Pension Partnership Investment Management Company (WPP IM Co) is responsible for management of the pool assets and will be responsible for the appointment of any third-party providers to deliver that management and the implementation of investment strategies for administering authorities.
 - II. The shareholder governance of WPP IM Co is governed by the Shareholder Agreement (SHA).
 - III. The Client Services Agreement (CSA) provides the client services between IM Co and each individual administering authority; and
 - IV. The existing IAA will be adjusted such that the Joint Governance Committee's remit focusses on client governance and common client issues, whilst documenting the liaison between the Joint Governance Committee and administering authorities on shareholder matters through the Shareholder Board forum.
- 1.4 Approval of the IAA is a reserved matter for the Full Council of Cyngor Gwynedd, but the amendments proposed to the IAA require a formal recommendation by the Pensions Committee.
- Consideration and approval of the SHA and CSA have been delegated to the Pensions Committee by Full Council on 3 July 2025. These will be considered under a separate item on this meeting's agenda.
- 1.5 The WPP's oversight and governance advisor, Hymans Robertson, has prepared an assurance note to all administering authorities following their input and oversight into this re-drafting exercise. The assurance note summarises the key changes and amendments proposed as part of this recommendation. A copy of this note is available within Appendix 1 of the report.
- 1.6 Appendix 2 to this report is a note prepared by Burges Salmon, WPP's legal advisor, that captures a summary of all proposed amendments to the existing IAA. A clean version of the proposed revised IAA is then attached within Appendix 3.
- 1.7 Subject to any final comments and approval of the Pension Committee, the IAA will be presented to Cyngor Gwynedd Full Council on 5th March 2026, for final approval.

2. Background and Context

- 2.1 First established in 2017, the IAA is the formal legal and governance framework that binds together the eight Welsh Local Government Pension Scheme (LGPS) administering authorities into the Wales Pension Partnership. Each underlying administering authority is represented on the decision making WPP Joint Governance Committee (JGC) by its respective Pension Fund Committee Chairs, supported and advised by an Officer Working Group (OWG) comprised of Section 151 (S151) Officers and Fund Practitioners.
- 2.2 The existing structure was approved by the then Department for Communities and Local Government (now Ministry for Housing, Communities and Local Government (“MHCLG”)) in a letter dated 23rd November 2016. Since being established, there have been minor refinements to the IAA which have historically required formal approval by the Pension Committee.
- 2.3 In practical terms, at a high level the existing IAA:
- Legally commits the eight Welsh LGPS funds to collaborate
 - Establishes how investment pooling operates in Wales
 - Sets out the WPP Governance structure, including:
 - I. The Joint Governance Committee (JGC)
 - II. The Officer Working Group (OWG)
 - Defines roles, voting arrangements, decision making and reporting responsibilities.
- 2.4 Considering the Fit for the Future consultation, the WPP has had to evolve significantly to ensure that it can become compliant with the UK Government’s requirements and future legislation in respect of asset pooling, local investment and governance. To ensure compliance, WPP IM Co was established and incorporated in August 2025, and its key governance arrangements are documented in the Shareholder Agreement and Client Services Agreement. These two governance documents will be considered by the Pension Committee separately.
- 2.5 It has been necessary to undertake a comprehensive review of the IAA to ensure it remains appropriate and aligned with the changes introduced by the SHA and CSA, and this review has been led by Burges Salmon acting on behalf of all administering authorities. As a result of introducing the two new governance documents, and changes imposed by the UK Government as part of the Fit for the Future consultation, some of the responsibilities previously detailed within the IAA now exist elsewhere in one of the new agreements.

3. Summary of key changes

3.1 A series of amendments have been made to the IAA, as summarised in appendix 1 and 2, with the most pertinent changes including:

- Updates to reflect the revised legal framework, removing outdated terminology that no longer applies
- Updated Terms of Reference (ToR) for the OWG and JGC, and respective details associated with each body
- Schedules updated to reflect removal of Operator-related functions, new client-governance scope, revised reserved matters, amended OWG remit, meeting arrangements, and updated policy responsibilities
- Clarity on the role of Host Authority going forward
- Approval of the WPP Business Plan (including the budget described in the Business Plan)
- A review point to ensure the IAA remains fit for purpose (proposed timeframe of 12-18 months post agreement for detailed review)
- Several factual updates and minor amendments following the broader review.

3.2 A detailed summary of all amendments made to the IAA can be found in the note prepared by Burges Salmon, the WPP's legal advisor, within appendix 2. A clean version of the revised IAA can be found within appendix 3.

4. Next Steps

4.1 The Pensions Committee is asked to approve the revised IAA in line with the decision sought and, subject to that approval, to recommend the revised IIA to Full Council on 5 March 2026 for final approval as a reserved matter.

APPENDICES

Appendix 1 – WPP Investment Pooling: Governance Overview (Hymans Robertson Assurance Note)

Appendix 2 – Summary of IAA changes by Burges Salmon

Appendix 3 – Revised IAA