Wales Pension Partnership

Business Plan

2026/27

Contents

Introduction	3
About the Wales Pension Partnership	3
Governance	4
Risk Management	6
Objectives	7
Beliefs	8
Policies	9
Work Plan	10
Budget	11
Contact Details	12

Introduction

This is the annual operational business plan for the Constituent Authorities of the Wales Pension Partnership (WPP). The WPP is the collaboration of Constituent Authorities in Wales who are administering authorities to all of the LGPS Funds in Wales.

The Constituent Authorities are the shareholders and clients of WPP Investment Management Company (IM Co), a standalone company regulated by the Financial Conduct Authority (FCA). IM Co has its own, separate business plan and budget. WPP's role includes oversight of IM Co as shareholders and clients.

This is a transitionary business plan for the first year of IM Co being operational. This document will be monitored and 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 Constituent Authorities
- Outline the financial budget for the relevant Business Plan period

About the Wales Pension Partnership

The WPP was established in 2017 as part of the Government's pooling initiative. At that time, the WPP chose an operating model designed to be flexible and deliver value for money, appointing an external Operator and making use of external advisers to bring best of breed expertise to support the running of the Pool. WPP is a collaboration of the eight LGPS funds (Constituent Authorities) covering the whole of Wales and has a long and proven track record of collaborative working, having identified in its 2013 report "Welsh LGPS - Working Together" that a joint approach delivers economies of scale, operational efficiencies and improved investment outcomes.

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)

As a result of the government's "Fit for the Future" changes to LGPS Investment Pooling, WPP is establishing an FCA regulated Investment Management Company (IM Co). The formation of IM Co. presents a once in a generation opportunity to create a stand-alone LGPS Investment Company for the benefit of all stakeholders. 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, for the benefit of the people of Wales.

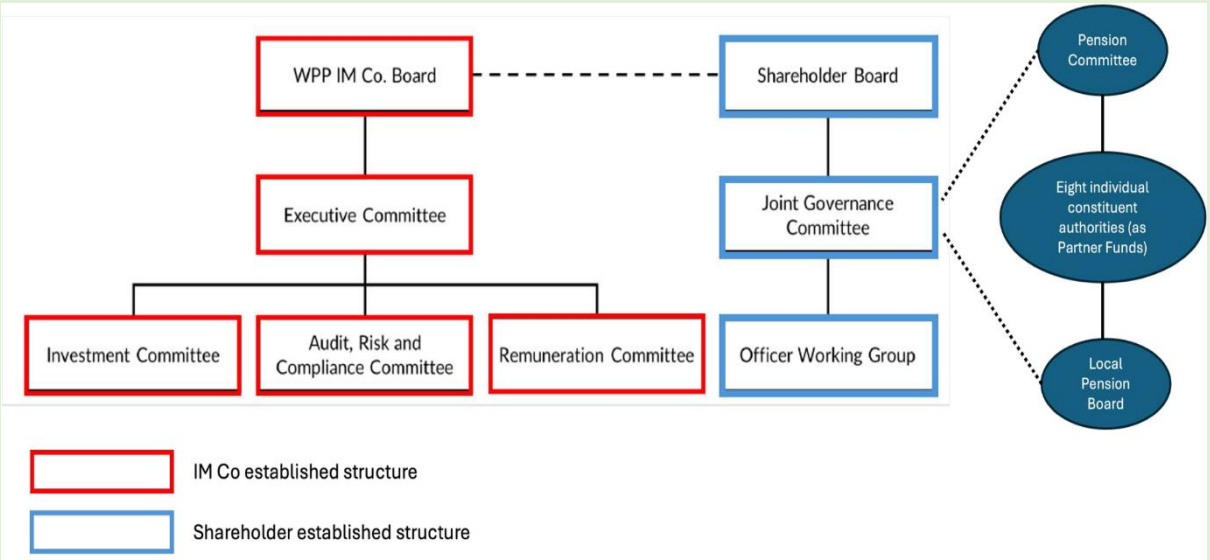
The IM Co will:

- implement all aspects of the CAs investment strategies
- provide investment advice to the CAs including strategic asset allocation
- have sole control of investment decision making and investment strategy implementation
- contract with providers of services, including Waystone who provide fund operator services for WPP's Authorised Contractual Scheme (ACS)
- be wholly owned by the WPP CAs

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 diagram below illustrates the WPP governance structure from 1st April 2026.



The Shareholder Board exists to exercise the rights of the Constituent Authorities as owners of the IM Co (e.g. appointment and removal of senior IM Co Directors, approval of IM Co budget, approval of remuneration policy, etc) and will consist of S151 or senior LGPS officers from all eight Constituent Authorities. The Shareholder Board will be supported by the Joint Governance Committee and Officers Working Group, comprising of elected members, scheme member representative and officer representatives from all eight Constituent Authorities. The Constituent Authorities remain involved in all aspects of WPP's governance structure. There will also be two shareholder representatives sitting on the IM Co Board.

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.

There is also a Shareholder Agreement and Client Services Agreement in place. The Shareholder Agreement details the relationship between the IM Co and Constituent Authorities, as shareholders, and regulates the operation and management of the Company. The Client Service Agreement details the terms and conditions of services to be provided by the IM Co for 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.

WPP personnel should obtain a degree of knowledge and understanding that ensures they are able to carry out their duties associate with the WPP. WPP personnel should also be aware of the WPP's framework, beliefs, policies, and decision-making process.

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.

Local level training needs will continue to be addressed by individual Constituent Authorities while IM Co will offer training that is relevant to the WPP's pooling activities.

Risk Management

The WPP recognises that it faces numerous risks which, if left unmanaged, can limit 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. IM Co will have a separate risk register that will managed within the governance of the company and the regulatory framework within which it operates.

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.

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 IM Co
- 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:

- Comply with “Fit for the Future” requirements in respect of LGPS investment pooling in a cost effective and sustainable way
- Exercise effective collective oversight of IM Co and its management
- Collective consideration of “reserved matters” including senior appointments, removal of directors and annual approval of the IM Co budget to assist CA’s in the exercise of their individual approval rights
- Exercise effective collective oversight of the IM Co service delivery to clients, including investment performance, investment costs, effective implementation services, quality of advice and effective implementation of WPP CA’s RI policy;
- Consider opportunities for investment in Wales and support appropriate opportunities (aligned with the local investment policies of CAs) for consideration by IM Co;
- Specify a common RI policy for implementation by IM Co; and
- Align with best practice in all of the above.

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 believes that pooling LGPS investments delivers benefits in scale, cost efficiency and governance for the LGPS Funds in Wales and opportunities for using LGPS assets to benefit the local communities of Wales.
- The WPP believes that the CAs' role as shareholders and clients of WPP IM co is to ensure that the IM Co is properly resourced and delivering the services needed to meet the investment needs of WPP as administering authorities to the LGPS Funds in Wales and to provide oversight of IM Co and its governance. Good governance should lead to superior outcomes for the WPP's LGPS stakeholders
- Collaboration between the IM Co and Constituent Authorities, as shareholders and clients, 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
- Fee and cost transparency will aid decision making and improve stakeholder outcomes
- Continuous learning, innovation and development will help the IM Co, WPP and its Constituent Authorities to evolve

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'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. In line with the establishment of IM Co, all of these policies will be reviewed during 2026/27. 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 financial year. The workplan has been broken down into a number of key sections which are all vital to the continued success of the WPP.

Work to be completed
Governance
Annual review of WPP's policies and plans
Six Monthly Risk Register reviews
Annual performance review of WPP Sub-Funds
Respond to any pooling related consultations and carry out any necessary changes as a result of consultation outcomes
IM Co support and oversight
IM Co set up support
IM Co oversight, assurance, risk management (KPIs) and benchmarking versus comparators
Responsible Investment
Stewardship Code reporting
Climate-related / TCFD reporting
On-going development, implementation and reporting of all stewardship activities
On-going communication and reporting of RI activity to all stakeholders
On-going Sub-Fund responsible investment and climate risk reporting
Collective Consideration of WPP's UK, local / impact opportunities
Communication, Training and Budget
Formulation of WPP's Annual Responsible Investment Progress Report
Formulation of WPP's Annual Update
Formulation of WPP's Annual Report
Deliver training on any new regulatory requirements
Formulation of Annual WPP Budget / Business Plan
Complete year end Annual Return

Please note this is a transitionary workplan for 2026/27, some of these workplan items will move across to IM Co from 2027/28 onwards.

Budget

The table below outlines the WPP's budget for the next financial year.

	Forecast 2025-26 outturn	2026-27
	£'000	£'000
Host Authority	194	173
External Advisors	1,162	834
Project Snowdon	2,600	N/A
TOTAL to be recharged *	**3,956**	**1,007**

**Costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.*

IM Co will have its own budget, which will be approved by the shareholders, as a reserved matter.

This budget is for the WPP client side only.

Contact Details

If you require further information about anything in or related to this business plan, please contact the Wales Pension Partnership:

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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/