

**REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT &  
IMPROVEMENT****LGPS CENTRAL ASSET POOL****Purpose of the Report**

1. To provide an update on progress regarding the creation of the LGPS Central Investment Pool.

**Information and Advice**

2. The Sub-Committee has received regular updates on progress with asset pooling within the Local Government Pension Scheme (LGPS) and on the creation of the LGPS Central investment pool. In addition, the Committee's Chair and Vice-Chair and the Council's S151 Officer have been involved throughout the process.
3. The detailed business case for LGPS Central was submitted to the government in July 2016 and follow up calls have been held with the Department for Communities and Local Government (DCLG) and HM Treasury to clarify a number of minor issues. No significant concerns were raised about the submission and formal approval of LGPS Central as an investment pool has been received. Work has continued to ensure that the project will meet the timetable that will allow a launch on 1st April 2018
4. A firm of head hunters has been appointed to assist in the appointment of key individuals to LGPS Central. Initially these appointments are focusing on the appointment of a Chief Executive Officer and a Chair, with interviews for the Chair taking place on 7 April 2017. The process for appointing a Chief Operating Officer/Chief Financial Officer, Chief Investment Officer and two Non-Executive Directors will commence after the initial appointments, and the expectation is that all of the successful candidates will be in post by the end of October 2017.
5. A tender has been issued to select 'asset servicers' to the pool. These providers will fulfil an important role in the effective control of the assets and in assisting the pool to fulfil its regulatory responsibilities and the appointment process is likely to be complex and to take some time. Appointing the right provider will be key to ensuring a smooth launch of LGPS Central.
6. The Common Investment Vehicle (CIV) work stream, which is responsible for designing the sub funds that will be offered by LGPS Central, so that they can deliver the investment requirements of the Funds, has made very good progress in terms of agreeing benchmarks and performance objectives for some of the key asset classes. This progress has been possible as a result of the pragmatism of the Funds in terms of their recognition that economies of scale will be reduced if the sub funds are fragmented as a result of Funds'

initial expectations being marginally different. A number of sub funds that were originally identified as being required have now been merged.

7. The first Shadow Shareholders' Forum took place in Matlock on 13th December 2016 and the main issue discussed was the appointment process of the key executive and nonexecutive positions within LGPS Central. The meeting went well and all eight Administering Authorities continue to work together in a coherent manner at both elected member and officer level.
8. All work streams within the project continue to run to their timetables, although with a project as large as this and with so many interrelationships between the different objectives that need to be achieved there are always risks. At present these risks appear to be manageable and an active risk register is in place and is updated regularly.
9. A Stakeholders' Day was held in Wolverhampton on 24th January 2017, and was attended by over 90 people. The aim of the day was to ensure that as many people as possible from the individual Funds were given the opportunity to explore how LGPS Central would operate in greater depth than might have been possible within the confines of meetings relating to their individual Funds, and to ask any questions that they felt appropriate. Based on the feedback received, the day successfully met its objectives.
10. A further stakeholder event is planned for Monday 17 July 2017 to provide training and updates for Members of Pensions Committees and Pension Boards.

## **Statutory and Policy Implications**

11. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

- 1) That the report be noted.

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## **Constitutional Comments**

12. Because this report is for noting only, no Constitutional Comments are required.

## **Financial Comments (KRP 19/04/2017)**

13. There are no direct financial implications arising from the report.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- 'None'