

08 September 2015**Agenda Item: 5****REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT****LOCAL GOVERNMENT PENSION SCHEME POOLED INVESTMENTS****Purpose of the Report**

1. To inform Members of the government announcement on pooling investments within the Local Government Pension Scheme (LGPS) and discussions on possible options to meet the government's requirements.

Information and Advice

2. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position in relation to the Pension Fund. The exempt information is set out in the attached exempt appendix.
3. In the budget announced on 7 July 2015, the Chancellor of the Exchequer announced that there would be a further consultation on proposals to deliver savings within the LGPS. The announcement was as follows:

The government will work with Local Government Pension Scheme administering authorities to ensure that they pool investments to significantly reduce costs, while maintaining overall investment performance. The government will invite local authorities to come forward with their own proposals to meet common criteria for delivering savings. A consultation to be published later this year will set out those detailed criteria as well as backstop legislation which will ensure that those administering authorities that do not come forward with sufficiently ambitious proposals are required to pool.
4. There is little clear detail at this stage but further information has been provided by the Scheme Advisory Board (SAB). Key points are:
 - Strategic asset allocation decisions will remain at the local fund level.
 - The sector has an opportunity to put forward proposals on the size, shape, number and make-up of the pooled vehicles to be utilised.
 - The default position will be for all funds and all assets to be caught by the requirement to invest via pooled vehicles and that the majority if not all listed assets to be invested on a passive basis.
 - There may be an opportunity to make a case for exemptions to this default position.

5. A meeting was convened by the Local Government Association (LGA) in London on 21 August 2015 to give additional details on the proposals and this was attended on behalf of the Fund by Simon Cunnington, Senior Accountant (Pensions & Treasury Management). Further meetings have also been held among LGPS administering authorities to discuss possible approaches to satisfy the government's requirements. Detail of these meetings is included in the attached exempt appendix.
6. Further reports will be brought to this Committee or to the Pensions Sub-Committee as more information is available and as the ideas around pooling investments evolve.

Statutory and Policy Implications

7. 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.

Report Author:

Simon Cunnington

Senior Accountant – Pensions & Treasury Management

For any enquiries about this report please contact: Simon Cunnington

Constitutional Comments

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

Financial Comments (SRC 18/08/2015)

9. 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'