

20 July 2017**Agenda Item:****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. Previously Pensions 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. Over the last three months considerable progress has been made on the project. One of the key areas of progress was in the appointment of an 'asset servicer' who will provide depositary and custody facilities to LGPS Central and will be key in ensuring that LGPS Central complies with its regulatory responsibilities. Northern Trust were successful following the procurement process and are now working with LGPS Central. Given the requirement to include the name of the asset servicer in the application for authorisation by the Financial Conduct Authority (FCA), which is intended to be submitted in early July, this appointment was critical. The asset servicer is responsible for the safekeeping of the assets of the pool and also ensuring that the sub-funds managed by LGPS Central operate legally and fulfil all requirements of the FCA.
4. At the beginning of April 2017 interviews were held to appoint the Non-Executive Chair of LGPS Central. Joanne Segars, previously Chief Executive of the Pensions and Lifetime Savings Association (formerly known as the National Association of Pension Funds) was offered, and accepted the post. Joanne has huge experience in the pension and investment industry and is an internationally recognised expert. Her knowledge will be vital in guiding LGPS Central through its formative years and ensuring that it becomes an organisation that can surpass the expectations of the partner funds.
5. Following the appointment of Joanne as Chair, it was possible to quickly progress the appointment of a Chief Executive. Much of the work in respect of narrowing down the list of candidates had already been carried out by officers and a firm of head hunters and the interviews took place on 28 April. Andrew Warwick Thompson, currently Executive Director for Regulatory Policy at The Pensions Regulator, has accepted the post.
6. With a Chair and a Chief Executive appointed (although the Chief Executive will not be formally 'in post' for some months due to a notice period), the appointment process of the

remainder of the senior management team can now move ahead. Two other Non-Executive Directors (one with investment management experience and one with operational experience within an FCA authorised company), a Chief Operating Officer/Chief Financial Officer and a Chief Investment Officer will complete the senior management team. It is expected that all of these appointments will be completed within the next three months.

7. LGPS Central, and all of the other prospective pools, has been asked to provide an update on progress to Central Government. The recent General Election means that it is unlikely that there will be any ministerial comment on progress fed back to the pools until at least July 2017, but it has already been made clear that it is highly unlikely that there will be an extension to the deadline for launch. All work being carried out continues to be on the basis that LGPS Central will have received FCA authorisation in advance of 1 April 2018, and will be capable of commencing management of the assets of the partner funds on this date.
8. The current focus is on preparing all necessary documents for the LGPS Central FCA submission in July. A number of these documents were reported to the Shadow Shareholders Forum meeting in Worcester on 19 June 2017, attended by the Chair of Pensions Fund Committee, Councillor Eric Kerry and Keith Palframan, Group Manager Financial Strategy & Compliance.
9. 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.

Statutory and Policy Implications

10. 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

11. Because this report is for noting only Constitutional Comments are not required.

Financial Comments (KRP 04/07/2017)

12. 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'