



**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 a formal response is expected in the autumn.
4. Following a competitive tender exercise LGPS Central has appointed Eversheds as its legal adviser and PwC to provide financial/other advice for the period up to 31 March 2018. Initial workshops have been held with the advisers and this has assisted in reshaping the project plan to enable the pool to be operational by 1 April 2018.
5. Workstreams have been agreed to cover the following key elements:
  - Fund governance
  - Pool governance
  - Target operating model (TOM)
  - Asset Servicer and wider procurement
  - IT
  - CIV vehicles
  - HR & Transformation
  - Communications
6. Each workstream has a lead officer and support from the participating funds. Regular meetings are being held for each workstream with the leads reporting to the Programme Director at least every three weeks.

7. Eversheds are producing key documents for the creation and governance of the pool and these are being reviewed by Browne Jacobson and internal legal teams on behalf of the participating funds. The key documents are:
  - Shareholders Agreement
  - Articles of Association
  - Inter-Authority Agreement
8. The Shareholders Agreement deals with the role of participating authorities as owners of the new operating company and sets out the powers and responsibilities of the Shareholders Forum. The Inter-Authority Agreement establishes a joint committee for oversight of the operating company. This role will be undertaken in conjunction with the Practitioners Advisory Forum, an officer group that will liaise with the operator over pool-wide investment issues. Key appointments to the pool operator will be made by the Shareholders Forum. It is intended that the Chief Executive and Chief Operating Officer are appointed by April 2017 in order to oversee the FCA registration process and ensure that appropriate IT systems are put in place.
9. An away day was held in Chester on 27 September 2016 for Members and officers that are expected to be part of the overall governance structure of LGPS Central. The away day dealt with the legal structure of LGPS Central and the roles and responsibilities of members in their capacity as both shareholder and investor. An advice note from Eversheds is attached to help explain the LGPS Central governance structure.
10. It has been agreed that the Shareholders Forum and Joint Committee will initially have an independent chair and Bob Summers, former Director of Finance at Norfolk County Council and a former Chair of CIPFA Pensions Panel, has agreed to fulfil this role. Once the governance structure has been in operation for a period of time, the arrangements for chairing meetings will be reviewed.
11. A further joint meeting was held on 4 November 2016 in order to finalise the key documents. Monthly briefing notes are being circulated to Committee members in order to keep them informed of the progress and a weblink enabling members to access documentation on the LGPS Central investment pool has been set up.

## **Statutory and Policy Implications**

12. 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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## **Senior Accountant – Pensions & Treasury Management**

**For any enquiries about this report please contact: Simon Cunnington**

### **Constitutional Comments**

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

### **Financial Comments (SRC 17/10/16)**

14. 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'