

## North Yorkshire County Council

### Pension Board

6 October 2016

### LGPS Pooling Arrangements

#### 1.0 Purpose of Report

- 1.1 To update the Board on progress towards the Government's announced intention to pool the assets of LGPS funds.

#### 2.0 Background

- 2.1 In May 2014 the Government started to look at pooling arrangements and launched a consultation, "[LGPS, Opportunities for collaboration, cost savings and efficiencies](#)". The focus of this consultation was on using common investment vehicles to pool assets, and on passive fund management of listed assets.

- 2.2 After a lengthy period of reflection the Government published [LGPS investment reform criteria and guidance](#) on 25 November 2015. The guidance was broken down into four areas:

- A. Asset pools that achieve the benefits of scale
- B. Strong governance and decision making
- C. Reduced costs and excellent value for money
- D. An improved capacity and capability to invest in infrastructure

Initial proposals were required by either individual authorities or as joint submissions by 19 February 2016, describing a commitment to pooling and progress towards formalising arrangements. Refined submissions were required by 15 July 2016.

- 2.3 At the PFC meeting on 15 January 2016 Members agreed in principle that NYPF would join BCPP, and that the Council would be a signatory to the "Initial Proposal to Pool LGPS Assets" sent to Government by the BCPP on 19 February 2016. In addition, NYPF submitted its own response. In reply, each BCPP Fund received a letter from Marcus Jones MP which described broad support for this initial proposal.

- 2.4 To remind Pension Board members, the 13 Funds in the BCPP are:

Bedfordshire Pension Fund  
Cumbria Pension Fund  
Durham Pension Fund  
East Riding Pension Fund  
Lincolnshire Pension Fund  
North Yorkshire Pension Fund  
Northumberland Pension Fund  
South Yorkshire Pension Fund  
South Yorkshire Passenger Transport Pension Fund

Surrey Pension Fund  
Teesside Pension Fund  
Tyne and Wear Pension Fund  
Warwickshire Pension Fund

- 2.5 On 7 July 2016 the PFC approved the **BCPP proposal for asset pooling in the LGPS**, which was sent to Government on 15 July 2016. This proposal was based on legal advice from Squire Patton Boggs, financial advice from Deloitte and advice on investment manager fees from CEM Benchmarking.
- 2.6 The Members Steering Group, comprising of 12 of the 13 Chairs of the BCPP authorities (excluding the South Yorkshire Passenger Transport Fund) met on 3 occasions in the June quarter. These meetings were aimed at reviewing and agreeing the main points in the proposal and included an opportunity for a discussion with DCLG and HM Treasury.

### **3.0 Next Steps**

- 3.1 The Officer Operations Group, the composition of which mirrors the Members Steering Group, has met three times since 15 July 2016 to discuss the practicalities of options for putting pooling arrangements in place. Progress has been limited, pending receiving the Government's response, which is expected following conference season. This response is required before much further work can be done and significant expenditure incurred. However, the clarity and timeliness of this response has become more uncertain following the Brexit vote and the resource implications this will have had on Government departments.
- 3.2 The Members Steering Group has not met since 15 July 2016, and is next due to meet on 29 and 30 September 2016. A verbal update will be provided on this meeting and any progress on the Government's response.

### **4.0 Recommendation**

- 4.1 Pension Board members to note the contents of this report.

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JO'D September 2016

Background papers: LGPS, Opportunities for collaboration, cost savings and Efficiencies;  
: LGPS investment reform criteria and guidance.