

PENSIONS COMMITTEE
28 JUNE 2016**WORCESTERSHIRE COUNTY COUNCIL POOL BUSINESS**
CASE

Recommendation

1. **The Chief Financial Officer recommends that the Worcestershire County Council pool business case be endorsed.**

Background

2. The DCLG has instructed the Administering Authorities of the English and Welsh Funds that comprise the LGPS to make arrangements to reorganise the management of their Fund investments within collective Pools comprising of at least £25 billion of assets under management. The formative Pools are due to provide their proposed Business Cases to the DCLG by 15 July 2016.

3. DCLG has indicated, since the last meeting of the Pensions Committee that only a Pool submission is required rather than a Pool and Fund submission. DCLG will then offer a view on progress made and offer guidance on the next steps. However, given the significance of this decision point, a more robust diligence exercise has been undertaken on behalf of the Fund on the Pool Business Case prior to the Pool submission to Government.

4. From the outset the over-riding principal has been that the Pool must work for the Fund. As with any project of this nature there will be some benefits, but also some compromises might have to be made in the interests of achieving these objectives.

LGPS Central Pool Business Case

5. The pool business case details; the £35bn scale of the pool, which exceeds the government's requirements, the proposed authorised collective investment vehicle governance arrangements, an estimated base case cost saving over the period 2017/18 to 2032/33 of £183m for the total pool and also the pool's commitment to developing an improved capacity to invest in infrastructure.

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Supporting Information

- Worcestershire County Council pool business case- Appendix 1 (Exempt Information – salmon pages)
- Government pooling criteria – Appendix 2
- LGPS Central governance structure – Appendix 3
- Potential questions – Appendix 4 (Exempt Information – salmon pages)

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) the following are the background papers relating to the subject matter of this report:

- DCLG Local Government Pension Scheme Investment Reform Criteria and Guidance
- LGPS Central pool business case