

PENSIONS COMMITTEE

22 JUNE 2018

LGPS CENTRAL UPDATE

Recommendation

- 1. The Chief Financial Officer recommends that the LGPS Central Update be noted.**

Update

2. On the 1 April 2018, LGPS Central Limited formally went live and to date daily routines have been operating effectively and staff are getting to grips with the new systems.
3. Over the past quarter there had been a continued focus on the recruitment of senior pool staff with the Head of Client Service and Stakeholder Engagement, the Risk Manager, Head of HR and Business Services and Head of Operations being appointed. All the Investment Directors have been appointed apart from Active Equities but this was expected to have concluded shortly.
4. LGPS Central have begun direct engagement with Partner Funds through the Investment Directors on what products and services they can offer, and their near-term priorities. Initially they see opportunities for further use of the existing passive sub-funds and to support Partner Funds more generally via Advisory Agreements covering a variety of asset classes. Discussions are more advanced with some than others. This engagement will supplement their liaison with Practitioners Advisory Forum (PAF) over the design and development of new ACS sub-funds (or alternative pooling vehicles) which will require consensus amongst the Partner Funds before delivery plans for the new funds can be formulated. We are awaiting an updated Transition plan from LGPS Central and this will be provided as part of the next update to the Committee. The previous plan envisaged that the first transfer of assets for Worcestershire County Council Pension fund to the pool would be in December 2018 relating to the Emerging Markets mandate.
5. As detailed at the last meeting, the Budget and Strategic Business Plan for 2018/19 was agreed at the Shareholders Forum on the 20 February 2018. The Shareholders have approved an operating budget for 2018/19 of £9.1m and agreed that any increase in the budget over £9.1m (on a full year basis) up to a level of £9.8m would be dealt with in accordance with individual Shareholder delegation arrangements and be subject to the receipt of credible Business Plans. It should be noted that a unanimous decision from Shareholders would be required to approve any such increase.
6. Considerable focus has also been placed on the client agreements that LGPS Central need to have in place between now and ongoing.

7. The Non-Executive Chair Joanne Segars and Chief Executive Officer Andrew Warwick-Thompson of LGPS Central provided a presentation to the last meeting and the Chief Executive is meeting monthly with representatives of each fund together with the Chief Investment Officer and Head of Client Service and Stakeholder Engagement.

8. PAF have a number of Work streams which meet regularly and aims to work closely with LGPS Central to ensure that all the funds requirements are met. These work streams cover: Investments; Client Reporting; Finance; Responsible Investment; and Governance.

9. The LGPS Pooling: Spring progress report which is submitted to the Minister for Housing, Communities and Local Government (MHCLG) is attached as appendix 1 to this report for information. It is a positive report produced in collaboration with the 8 partner funds with LGPS Central Ltd. It highlights savings made by Partner Funds, the establishment and regulatory authorisation of LGPS Central Limited and of its pooling vehicle, an Authorised Contractual Scheme (ACS), by the Financial Conduct Authority (FCA), implementation of effective governance, the creation of several ACS sub-funds and an initial transfer of assets

Supporting Information

- Local Government Pension Scheme Pooling: Spring Progress Report - Appendix

Contact Points

County Council Contact Points

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Specific Contact Points for this report

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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:

LGPS Central business case submission to government 15 July 2016.