

**PENSIONS COMMITTEE  
13 DECEMBER 2019****LOCAL GOVERNMENT PENSION SCHEME (LGPS)  
CENTRAL UPDATE**

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**Recommendation**

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

**Background**

2. The government set out in 2014 its approach and reasoning (Opportunities for collaboration, cost savings and efficiencies) for asset pooling with responsibility for asset allocation staying with the 90 administering authorities. Worcestershire Pension Fund (WPF) in collaboration with eight other Local Authorities (Cheshire, Leicestershire, Shropshire, Staffordshire, the West Midlands, Derbyshire, Nottinghamshire, and the West Midlands Integrated Transport Authority) set up a collective investment vehicles called LGPS Central. The Company was authorised to operate as an Alternative Investment Fund Manager (AIFM) and became formally operational from the 1 April 2018.

3. LGPS Central has been in operation just over 20 months and a number of the local authorities have transitioned some of their existing asset allocations to be managed by the company. WPF transferred its Active Emerging Market funds into the LGPS Central's Global Active Emerging Market managed mandate in July 2019.

**Transition of Assets**

4. The next planned fund to transition across is the Corporate Bonds mandate which has been detailed within the Pensions Investment update on this agenda..

**LGPS Central Draft Strategic Business Plan & proposed budget for 2020/21.**

5. This was received from the company on the 13 November 2019. Very initial feedback has been provided and the Finance Working Group are meeting LGPS representatives to discuss this in more detail on the 6<sup>th</sup> December. This will also include the updated cost sharing model and impact for each individual partner fund. This is planned to be formally discussed and presented at the Pensions Committee on the 31 January 2020.

**Staffing**

6. The Chief Executive of LGPS Central, Mike Weston attended the Pensions Committee on the 16 October 2019 to present the finding of his first 100 days as Chief Executive. Mike answered a series of questions at the Committee which were formally minuted.

7. The Equities Investment Director has recently resigned and there have been some changes to the Lead Portfolio Manager for the Global Equity Multi-Manager Fund which we are invested in. Assurances were sought at the Investment Sub Committee to ensure that the performance monitoring of the fund was taking place appropriately and at a level we expected.

### ***Shareholder and LGPSC Annual General Meeting 1 November 2019***

8. This meeting was attended by each individual shareholder representative of the partner funds. Councillor Colin Greatorex from Staffordshire was appointed the new chairman which was previously Councillor Adrian Hardman. The Shareholders meeting mainly covered an Officer briefing and Forum discussion on the LGPS Central Limited AGM Resolutions that had been proposed for the meeting later in the afternoon. These were all subsequently agreed, and the minutes of the meeting will be made available as soon as they have been finalised.

### ***PAF Working Groups***

9. 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 are

- Client Oversight and Governance Group
- Investment Working Group
- Responsible Investment Working Group
- Finance Working Group

10. Considerable focus continues to be placed on the client agreements that LGPS Central need to have in place as these are still outstanding as well as developing fund performance reports in a format that the partner funds require.

11. There are regular individual partner fund meetings with the Head of Client Service and Stakeholder Engagement. LGPSC also provide detailed updates to the monthly Practitioner Advisory Forum (PAF) Meetings.

### **Contact Points**

#### County Council Contact Points

County Council: 01905 763763

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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.
- Minutes of the Pensions Committee on the 16 October 2019
- Minutes of the Shareholders meeting on the 1<sup>st</sup> November 2019