

PENSIONS COMMITTEE

14 December 2015

LGPS ASSET POOLING

Recommendation

1. **The Chief Financial Officer recommends that: the LGPS Asset Pooling update be noted.**

Background

2. Members will recall that the Chief Financial Officer was granted delegated authority, at the Committee meeting on 30 September 2015 to complete the joint procurement of a passive equity manager and if required terminate the Fund's incumbent passive equity manager (UBS). (Minute no. 15 refers)

Manager appointment

3. The LGPS Group, consisting of Cheshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Warwickshire and Worcestershire, working in conjunction with bfinance completed the tender in November 2015 and the preferred bidder was identified as Legal and General Asset Management (LGIM). Following consultation with the Chairman of the Committee, the Chief Financial Officer decided to progress the appointment of LGIM and notify UBS of their mandate termination following the transition of assets, which is due to take place on 15 December 2015.

Management fee savings

4. The tender generated significant price tension between bidders and following final negotiations bfinance were able to secure a fee schedule with LGIM that reduced Group management fees by more than 50%. The annual fee saving for the Fund will be c.290k.

Press releases

5. Bfinance issued a Group press release, following consultation with Group members, on 30 November 2015. The Fund also issued a press release in relation to the tender on 2 December 2015. The press releases and media reports are included as Appendices 1 and 2 to this update report.

Contact Points

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Supporting Information

- Appendix 1 - Press releases
- Appendix 2 - Media reports

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:

The Agenda papers and Minutes of the Pension Committee held on 30 September 2015.