

COUNCIL
11 FEBRUARY 2016**REPORTS OF COMMITTEES - SUMMARY OF DECISIONS
TAKEN BY THE PENSIONS COMMITTEE**

LGPS Asset Pooling

1. The Government has announced its intention to work with Local Government Pension Scheme administering authorities to ensure that they pool investments to significantly reduce costs while maintaining overall investment performance.
2. By 19 February 2016 Funds must submit an initial proposal to Government including commitments to pooling, describing 'progress towards formalising arrangements with other authorities'. These submissions can be individual or joint, or both.
3. The Committee has approved the LGPS CENTRAL pool as the preferred pool option. The pool consists of eight like-minded LGPS Funds based in the central England area who are proposing to combine to meet the Government's criteria for the pooling of assets. The pool's asset value would be at least £35bn, which exceeds the scale criteria set by Government. A key feature of the proposal is that a 'One Fund, One Vote' policy would apply to ensure each Fund has equal influence over pool implementation and decisions once operational.
4. Authority has been delegated to the Chief Financial Officer in consultation with the Chairman and Vice-Chairman to continue discussions with LGPS CENTRAL pool members to determine a joint response to the Government's consultation by 19 February 2016 regarding LGPS asset pooling and similarly for determining an individual response from the Fund.
5. The Committee has approved the changes required to the Extended Scheme of Delegation to the Chief Financial Officer in light of the Government's LGPS asset pooling agenda. The Committee has also asked that future Committee reports have particular focus on the implications of asset pooling on asset fund management.

Summary of passive equities transition

6. The Committee has previously provided the Chief Financial Officer with delegated authority to complete the joint procurement of a passive equity manager and if required terminate the Fund's incumbent passive equity manager (UBS). 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. The Committee has noted the summary of passive equities transition from UBS to LGIM.

Mr R W Banks
Chairman

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Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda papers for the meeting of the Pensions Committee held on 3 February 2016.