

Annex 2 – Response to DCLG

Dear Mr Jones

Thank you for your letter of 15 March (copy attached). I would refer the Minister to my letter dated 11 April 2016 to him whereby I expressly requested the Minister's Department to confirm that the Local Pensions Partnership would become an authorised LGPS Investment Pool – I am still waiting this confirmation but assume from your letter that this authorisation is or will be given.

We have in fact executed a letter of intent to join LPP and have in place ready for completion extensive documentation prepared by Eversheds and reviewed by Lawyers retained by ourselves and with which we have no major problems.

However we have been unable to find any cost savings, quite the reverse

Further we do not consider that the primary objective of the Fund is to “develop capacity and capability for greater investment in infrastructure”. Our primary objective is to achieve the returns necessary to meet our liabilities to our members; liabilities that will be payable over the next 70 years or so and to do so at minimum cost to our future Council Tax payers. We are investing in infrastructure projects that meet our investment criteria and believe that our substantial commitments (exceeding 10% of the Fund's assets) demonstrate our commitment to this area of investment. However we would comment that size is not everything in Infrastructure and would particularly highlight our recent announcement with Gresham House regarding the establishment of a fund (open to all LGPS and private sector funds) to invest in Housing, Infrastructure and Innovation which as you will be aware are 3 of the key themes articulated by the Chancellor in the Autumn Statement 2016.

We have no objection in principle to pooling with other funds and most certainly would welcome an arrangement that would strengthen our resilience. As outlined above, we are continuing our discussions with LPP. However we are looking for costs savings, not increases and have yet to see how such savings will be achieved.

As you will be aware the Berkshire Fund is responsible for the pension arrangements for the employees of 6 Unitary Boroughs (of varying political compositions) quite apart from 200 or so admitted bodies. I will find it rather difficult to persuade the 6 Unitary Authorities to accept a pooling arrangement that will increase costs. It is possible that some will raise the matter with their Members of Parliament.

Yours sincerely

Cllr John Lenton

Deputy Mayor Royal Borough of Windsor and Maidenhead

Chairman Royal County of Berkshire Pension Fund Panels.