

Report for: ACTION



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| Contains Confidential or Exempt Information | NO – Part I |
| Title | Investment Pooling Initial Submission |
| Responsible Officer(s) | Nick Greenwood Pension Fund Manager |
| Contact officer, job title and phone number | Nick Greenwood Pension Fund Manager 01628 796701 |
| Member reporting | Cllr J Lenton |
| For Consideration By | Berkshire Pension Fund and Pension Fund Advisory Panels |
| Date to be Considered | 9 February 2016 |
| Implementation Date if Not Called In | Not applicable |
| Affected Wards | None |

REPORT SUMMARY

1. The Department for Communities and Local Government requires administering authorities to commit in writing to pooling of their investments with other Local government Pension Scheme funds by February 19th 2016.
2. At this stage only a brief response is required; a much fuller response detailing with whom the Fund’s assets will be pooled and the anticipated cost savings arising from pooling must be submitted by July 15th 2016.
3. The draft response is attached to this report.

If recommendations are adopted, how will residents, fund members and other stakeholders benefit?

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| Benefits to residents and reasons why they will benefit | Dates by which residents can expect to notice a difference |
| 1. Pooling of investments is required by the Department for Communities and Local Government in its role as the Scheme Manager for the Local Government Pension Scheme. Ultimately the Department believes | April 2018 |

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| that pooling will reduce the cost of managing the Scheme although it may be some years before those cost savings become large enough to influence employers' contribution rates | |
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1. DETAILS OF RECOMMENDATIONS

RECOMMENDATION: That Panel:

- i. **review and amend as necessary the response attached at Annex 1**
- ii. **authorise Officers to submit the response by 19th February 2016.**

2. REASON FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

The Department for Communities and Local Government published on 25th November 2015 "Local Government Pension Scheme: Investment Reform Criteria and Guidance" setting out the criteria to be imposed to enforce pooling of investments by Local Government Pension Funds.

The intention is to create 6 British Wealth Funds with at least £25 billion in each fund to facilitate cost savings and investment in infrastructure. The document sets two key dates 19 February and 15 July 2016 for the submission to the Department of proposals.

On 19th February 2016 the administering authority must make a submission that "includes a commitment to pooling and a description of their progress towards formalising their arrangements with other authorities." Whilst on July 15th a more detailed submission including:

- for each pool, a joint proposal from participating authorities setting out the pooling arrangement in detail. For example, this may cover the governance structures, decision-making processes and implementation timetable; and
- for each authority, an individual return detailing the authority's commitment to, and expectations of, the pool(s). This should include their profile of costs and savings, the transition profile for their assets, and the rationale for any assets they intend to hold outside of the pools in the long term.

This paper requests Members to review the submission for February 19th and recommend any changes to it.

| Option | Comments |
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| Comply with DCLG instruction to make a submission on February 19 th 2016 | Recommended as it is a statutory requirement |
| Do not comply with DCLG instruction to make a submission on February 19 th 2016 | Not recommended |

3. KEY IMPLICATIONS

3.1

| Defined Outcomes | Unmet | Met | Exceeded | Significantly Exceeded | Date they should be delivered by |
|--------------------|---------------|-----------|----------|------------------------|----------------------------------|
| 19 Feb Submission | Not submitted | Submitted | | | 19 Feb 16 |
| 15 July submission | Not submitted | Submitted | | | 15 Jul 16 |

4. FINANCIAL DETAILS

The financial impact on the fund of pooling investments has not yet been ascertained.

5. LEGAL IMPLICATIONS

5.1 The Secretary of State has exercised his power as Scheme Manager for the Local Government Pension Scheme to mandate pooling of investments

6. VALUE FOR MONEY

6.1 Not known at this time

7. SUSTAINABILITY IMPACT APPRAISAL

7.1 Not applicable

8. RISK MANAGEMENT

8.1 Not applicable at this stage but will be once pooling arrangements have been agreed.

9. LINKS TO STRATEGIC OBJECTIVES

9.1 None

10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION

10.1 Not required

11. STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS

11.1 None at this stage but there will be medium term implications for staff and accommodation needs.

12. PROPERTY AND ASSETS

12.1 The majority of the Pension Fund assets will be transferred to the pool manager.

13. ANY OTHER IMPLICATIONS

13.1 There will be other implications but these can only be quantified once pooling arrangements have been agreed.

14. CONSULTATION

14.1

15. TIMETABLE FOR IMPLEMENTATION

15.1 Initial submission is due by 19 February 2016 and the final submission on 15 July 2016.

16. APPENDICES

16.1 Annex 1 – Draft Response to DCLG

17. BACKGROUND INFORMATION

17.1 Local Government Pension Scheme: Investment Reform Criteria and Guidance (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479925/criteria_and_guidance_for_investment_reform.pdf)