

Report for: INFORMATION



<b>Contains Confidential or Exempt Information</b>	<i>NO - Part I</i>
<b>Title</b>	Local Pensions Partnership - Update
<b>Responsible Officer(s)</b>	Nick Greenwood, Pension Fund Manager
<b>Contact officer, job title and phone number</b>	Nick Greenwood Pension Fund Manager 01628 796701
<b>Member reporting</b>	N/A
<b>For Consideration By</b>	Berkshire Pension Fund and Pension Fund Advisory Panels
<b>Date to be Considered</b>	12 September 2016
<b>Implementation Date if Not Called In</b>	N/A
<b>Affected Wards</b>	None

## REPORT SUMMARY

1. This report gives an update on the limited progress made since July in discussions with The Local Pensions Partnership.

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

Benefits to residents and reasons why they will benefit	Dates by which residents can expect to notice a difference
1. Pooling of investments by LGPS funds is a government requirement.	1 April 2018
2. Becoming a shareholder in Local Pensions Partnership will provide other benefits including resilience for both the administration and finance teams, enhanced risk management and potential for cost savings across the whole pensions function.	31 March 2018

## 1. DETAILS OF RECOMMENDATIONS

### RECOMMENDATION: That Panel

#### i. Note this report

## 2. REASON FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 Officers have continued discussions with The Local Pensions Partnership (“LPP”) since the Panel meeting on 11 July 2016. On July 12<sup>th</sup> Officers advised LPP that Panel had raised concerns regarding the increased costs likely to be incurred by the Fund by pooling its investments with LPP.
- 2.2 Additional meetings have been held with LPP in August 2016 but there is little additional progress to be made.
- 2.3 LPP have reviewed Berkshire’s pension administration costs with Lancashire’s and conclude that there will be few immediate administration cost savings available if Berkshire was to merge its administration with LPP but in the medium-term savings would be achievable – a note from LPP on this subject is appended to this report.
- 2.4 Merging our administration with LPP would, on the other hand, provide our administration team with resilience particularly in the payroll team.
- 2.5 We continue discussions with LPP about investment management costs – a detailed analysis will be undertaken by Officers to consider where savings may be made.
- 2.6 LPP have agreed to adapt the legal paperwork to adopt three shareholders prior to Berkshire beginning a forma review. We anticipate receiving draft documents in September.

## 3. KEY IMPLICATIONS

- 3.1 Success will be best measured by whether or not the Fund meets the Government’s requirement to have joined an investment pool and to have started pooling its investments by 1 April 2018.

<b>Defined Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date they should be delivered by</b>
Become a shareholder in LPP	No agreement reached	Agreement reached	Become a shareholder prior to 1 April 2018	n/a	1 April 2018

## 4. FINANCIAL DETAILS

### **Financial impact on the budget**

- 4.1 There is no immediate impact on budgets.

## 5. LEGAL IMPLICATIONS

- 5.1 The Fund is required by DCLG to pool its investments with other LGPS funds.

A legal review of the document required to become a shareholder in or investment client of LPP will be required.

**6. VALUE FOR MONEY**

6.1 By combining all the pension services managed by RBWM into LPP cost savings and efficiencies are expected ultimately to be achieved.

**7. SUSTAINABILITY IMPACT APPRAISAL**

7.1 None

**8. RISK MANAGEMENT**

8.1

<b>Risks</b>	<b>Uncontrolled Risk</b>	<b>Controls</b>	<b>Controlled Risk</b>
Poor governance of pool	No clear governance structure in place leading to a lack of accountability	Agree appropriate governance structures	Clear accountability
No cost savings generated	Investment costs are not controlled	Pooling of investments should lead to better negotiating ability and lower fees	Investment costs are controlled

**9. LINKS TO STRATEGIC OBJECTIVES**

9.1 None

**10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION**

10.1 An Equality Impact Assessment will be required once approval to join LPP has been given by Panel.

**11. STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS**

11.1 Staff will be transferred to LPP or one of its subsidiaries. RBWM will need to appoint a Liaison Officer.

**12. PROPERTY AND ASSETS**

12.1 Assets (e.g. lease on Minster Court, computers and office equipment) may be transferred to LPP

**13. ANY OTHER IMPLICATIONS**

13.1 The impact on stakeholders is expected to be minimal

## **14. CONSULTATION**

- 14.1 Pension Fund Panel  
Local Pensions Partnership

## **15. TIMETABLE FOR IMPLEMENTATION**

- 15.1 DCLG require investment pooling to be achieved by 1 April 2018.

## **16. APPENDICES**

**Annex 1 – LPP note on Pensions Administration**

## **17. BACKGROUND INFORMATION**

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](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479925/criteria_and_guidance_for_investment_reform.pdf))

LGPS Investment Pooling Update – Pension Fund Panel 11 April 2016

LGPS Investment Pooling – Local Pensions Partnership – Pension Fund Panel 6 June 2016

LGPS Investment Pooling – Local Pensions Partnership Update – Pension Fund Panel 11 July 2016