

# WIRRAL COUNCIL

## PENSIONS COMMITTEE

18 SEPTEMBER 2017

<b>SUBJECT:</b>	<b>POOLING UPDATE AND JOINT COMMITTEE REPRESENTATION</b>
<b>WARD/S AFFECTED:</b>	<b>NONE</b>
<b>REPORT OF:</b>	<b>MANAGING DIRECTOR DELIVERY</b>
<b>KEY DECISION?</b>	<b>NO</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report provides Members with an update on pooling arrangements relating to MPF and the Northern Pool.
- 1.2 Agreement 'in principle' is sought for the appointment of two Pensions Committee members to the Northern Pool Joint Committee subject to approval by Council of the final governance arrangements. It is recommended that the existing arrangements for the shadow board are formalised.

### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 At the outset of the government's proposals for pooling of LGPS funds, a shadow joint committee was established to provide a forum for officers and elected members to develop proposals for the Northern Pool (the Pool). In the update brought to this Committee in July 2017, the project plan set out key milestones for the Pool including the formal establishment of a joint committee ahead of the April 2018 deadline for the Pool to become operational.
- 2.2 The Pool's preliminary submission to government in July 2016 set out high level proposals for governance which are reproduced below:

#### **Governance**

The proposed governance structure for the Pool is an oversight board, consisting primarily of representatives of the participating funds' pension committees, which will define key strategic objectives and provide scrutiny to an executive body of officers who will make the investment management decisions. Both the oversight board and the executive body will work closely with independent advisors.

The legal structure of the Pool Board is expected to be a joint committee.

All Pool Board members have equal voting rights.

In general, decisions of the Pool Board will be made by majority decision. Unanimous decisions will be required for any changes to governance arrangements

### **Role of Pool Board**

The Pool Board will oversee all aspects of the operation of the Pool's Executive Body; it will not perform any FCA regulated functions. The Board will have oversight of the following:

- The implementation of participating funds' asset allocation instructions;
- The transition of existing fund investments into the Pool;
- Monitoring and benchmarking performance and reporting back to individual fund committees;
- Responsible Investment activities
- Engagement with the committees of participating funds to help drive efficiencies (for example providing details of what mandates already exist in the Pool and new mandates);
- Nominating representatives to national structures as appropriate (for example any national infrastructure board);
- Staffing requirements of the Pool.

The shadow joint committee has agreed employee representation through the trade unions once formally established.

2.3 Participation in the joint committee will be a key element of the Fund's oversight of the Pool and its operation. Considerable work remains to be done in terms of finalising the detail of governance arrangements and suitable terms of reference.

## **3.0 RELEVANT RISKS**

3.1 Pooling will result in fundamental changes to oversight and management of LGPS assets. It is essential that appropriate governance arrangements are put in place to ensure that Pensions Committee can exercise its responsibilities in accordance with the Council's constitution.

## **4.0 OTHER OPTIONS CONSIDERED**

4.1 No other options have been considered.

## **5.0 CONSULTATION**

5.1 The Pooling consultation has been discussed with the Merseyside Directors of Finance and stakeholders have been kept informed of the pooling consultation and its implications.

## **6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

6.1 There are no previously approved actions outstanding.

## **7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

7.1 There are none arising from this report.

## **8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

8.1 There are none arising directly from this report. The anticipated financial costs of establishing pooling arrangements and the projected savings over the long-term are set out in the Fund's pooling submission of 15 July 2016 and subsequent update of 21 April 2017.

## **9.0 LEGAL IMPLICATIONS**

9.1 There are none arising from this report.

## **10.0 EQUALITIES IMPLICATIONS**

10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

## **11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS**

11.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

## **12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

12.1 There are none arising from this report.

## **13.0 RECOMMENDATION/S**

13.1 That Members agree 'in principle' to the appointment of two Pensions Committee members to the Northern Pool Joint Committee subject to approval by Council of the final governance arrangements.

13.2 That officers continue to work with the Joint Committee to finalise governance arrangements for the Fund's participation in the Northern Pool, for approval by Council.

## **14.0 REASON/S FOR RECOMMENDATION/S**

14.1 Pooling will result in fundamental changes to oversight and management of LGPS assets.

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## **APPENDICES**

**BACKGROUND PAPERS/REFERENCE MATERIAL**

**BRIEFING NOTES HISTORY**

<b>Briefing Note</b>	<b>Date</b>

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>An update report is brought to each Pensions Committee</b>	