

WIRRAL COUNCIL

PENSIONS COMMITTEE

26 MARCH 2018

SUBJECT:	POOLING UPDATE
WARD/S AFFECTED:	NONE
REPORT OF:	DIRECTOR OF PENSIONS
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides Members with an update on pooling arrangements relating to MPF and the Northern Pool. Appendix 1 contains minutes of the Shadow Joint Committee meeting on 5 December 2017.
- 1.2 Members are also requested to consider the 26 February 2018 Shadow Joint Committee report, presentation and recommendation at appendix 2.
- 1.3 Appendices 1, 2 and 3 to this report contain exempt information. This is by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of Local Government Act 1972 i.e. information relating to the financial or business affairs of any particular person (including the authority holding that information).

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Following the update to Committee in January providing details of the progress report to DCLG as at 30 September 2017, the Northern Pool has received a response from MHCLG which is attached at appendix 3.
- 2.2 A meeting of the Northern Pool Shadow Joint Committee took place on 26 February 2018. Mr Ian Greenwood was agreed as Chair. The principal ongoing work streams for the Northern Pool are set out below and are making satisfactory progress.
 - Developing a vehicle to make private equity investments on a collective basis. The governance of this vehicle is expected to operate in a similar manner to the GLIL infrastructure vehicle. The Limited partnership Agreement is close to being finalized.
 - Procurement of a FCA regulated custodian for the pool has been concluded and legal agreements are in hand. This will ensure all listed assets of the pool (i.e. internally and externally managed equities and bonds) are held within a single permanent FCA regulated entity. The

custodian will also manage the calls and distributions in the Northern Pool private equity vehicle.

- Work continues to put in place an FCA regulated operator for the GLIL infrastructure vehicle. This would allow other pools to join. GLIL currently has commitments of £1.3bn to direct infrastructure, with investments of almost £600m made to date.
- The democratic services functions of each of the administering authorities are progressing with the creation of the Pool joint committee, with Tameside MBC acting as lead authority. This joint committee will oversee the Pool and provide a democratic link back to the individual funds. The governance framework of the Pool is not yet finalised.
- The first combined report benchmarking performance and costs for the Pool and its constituent funds has been received and is being reviewed by officers.

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.

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 note the pooling report and agree the recommendation in appendix 2.

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

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
An update report is brought to each Pensions Committee	