

LGPS Pooling of Investments

<i>Lead Officer:</i>	Kevin Nacey: Director of Finance and Performance
<i>Author:</i>	Anton Sweet: Funds and Investments Manager
<i>Contact Details:</i>	(01823) 359584 asweet@somerset.gov.uk
<i>Cabinet Member:</i>	Not applicable
<i>Division and Local Member:</i>	Not applicable

1. Summary

- 1.1 Under guidance published by the Government on “LGPS: Investment Reform Criteria and Guidance” in November 2015 we are required to work towards the pooling of the Fund’s investment assets with other LGPS funds with pooling beginning in April 2018.
- 1.2 For the purposes of pooling SCC has aligned itself with 9 other funds in South West England and is working with those funds to create an FCA regulated investment Company, Brunel Pension Partnership Ltd. (BPP).

2. Issues for consideration

- 2.1 The report is for information only unless the committee deems that action is necessary having reviewed the report.

3. Progress in Brunel company set-up

- 3.1 The set-up phase of BPP was effectively completed with receipt of FCA regulatory approval in March.
- 3.2 Brunel has completed the tender process for provision of passive equities with the appointment of LGIM. Detailed work is now underway for the transition of assets into the first Brunel portfolios.
- 3.3 Tenders for asset managers for the UK equity and low volatility equity portfolios are now underway with these portfolios expected to be ready for receipt of assets before the end of 2018.
- 3.4 SCC has completed the set-up process with State Street, Brunel’s appointed custody provider. Assets will move from JP Morgan, our current provider, to State Street as assets are transitioned to Brunel portfolios.

4. Consultations undertaken

- 4.1 Both the Pensions Committee and the Pensions Board have been consulted regularly as part of the project process of reaching this point
- 4.2 An overview briefing on the project was provided to the Fund's Employers meeting in September 2016.
- 4.3 The Full Somerset County Council meeting received a paper on the pooling at its meeting on 30th November 2016.

5. Financial Implications

- 5.1 It is anticipated that the Brunel Pensions Partnership will allow the fund to make significant saving over time with the Somerset County Council Pension Fund estimated to make savings of £27.8m in the period to 2036 after costs. A significant portion of the likely costs are front loaded and it is anticipated that the Somerset Fund will breakeven in 2024.
- 5.2 By definition these are forecasts and there are significant risk to their timing and delivery. They are based on a core set of assumptions and actual savings could be significantly greater or smaller over time.

6. Background Papers

- 6.1 None

Note For sight of individual background papers please contact the report author.