

Pensions Committee

Minutes - 11 February 2016

Attendance

Members of the Pensions Committee

Cllr Jasbir Jaspal (Chair)
Cllr Peter Bilson
Cllr Ian Brookfield
Cllr Dr Michael Hardacre
Cllr Keith Inston
Cllr Phil Page
Cllr Paul Singh
Cllr Tersaim Singh
Cllr Mohammed Arif (Walsall MBC)
Cllr Muhammad Afzal (Birmingham City Council)
Cllr Sandra Hevican (Sandwell MBC)
Cllr Angela Sandison (Solihull MBC)
Cllr David Sparks (Dudley MBC)

Trade Union observers

Malcolm Cantello (Unison)
Martin Clift (Unite)
Ian Smith (Unite)

Employees

Mark Chaloner	Assistant Director, Investments
Geik Drever	Strategic Director - Pension Fund
Rachel Howe	Head of Governance - West Midlands Pension Fund
Dereck Francis	Democratic Support Officer

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence (if any)**
Apologies for absence were submitted on behalf of Cllrs Lorna McGregor and Wendy Thompson (City of Wolverhampton Council), Cllr Damian Gannon (Coventry City Council) and Victor Silvester (Trade Union representative).
- 2 Notification of substitute members**
No notification of substitutes were received for the meeting.
- 3 Declarations of interests (if any)**
No declarations of interests were made.

4 **Exclusion of press and public**

Resolved:

That in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business as it involves the likely disclosure of exempt information falling within paragraph 3 of Schedule 12A of the Act.

5 **Local Government Pension Scheme Investment Pooling and Consultation**

Geik Drever, Strategic Director of Pensions, presented an update report on the government's proposals regarding pooling of investments in the Local Government Pension Scheme (LGPS). The Strategic Director of Pensions also delivered a powerpoint presentation on proposals for the West Midlands Pension Fund's (WMPF's) proposed investment pooling collaboration with eight other Midlands based LGPS funds, to be known as LGPS Central; the likely pooling configurations of other LGPS Funds across the country; the timetable for implementing proposals for pooling LGPS investments; and on the Fund's stance on the consultation regarding the proposed replacement of LGPS Investment Regulations 2009.

In presenting the report the Strategic Director of Pensions also reported that legal advice was being commissioned to advise on appropriate governance arrangements and a structure for LGPS Central. It was also anticipated that FCA approval would be required, at a cost, for the proposed pooling vehicle and oversight/ management of the assets of the participating funds.

During the ensuing discussion Cllr Angela Sanderson commented that her understanding of the government's proposal was that resources would be pooled to enable investment in infrastructure projects. She also asked whether all of a Fund's assets would be transferred to the pool. Specifically, whether all of the WMPF's assets would be included in LGPS Central or whether there would be some exemptions. The Strategic Director of Pensions reported that any exemptions for WMPF had yet to be determined but that it was expected that the West Midlands Integrated Transport Authority's Buy-In would be exempt. All of the nine participating Funds in LGPS Central would need to discuss the issue of exemptions. It was anticipated all assets would be pooled subject to exemptions.

Cllr Peter Bilson commented that pooling of investments was mandatory and the WMPF needed to ensure that it influenced the discussions and that the proposals worked effectively for members.

In response to Cllr Mohammed Arif's question on how returns and costs would be agreed based on the level on investments from the participating funds, the Strategic Director of Pensions reported that the returns attributable to each Fund would be produced and then reported to Section 101 committees as appropriate, she said the set up costs for LGPS Central would be shared equally between the participating Funds. The running costs for the investment pool would be a matter for discussion between the nine Midlands based LGPS Funds.

Cllr David Sparks commented that whilst it was sensible for LGPS funds to pool resources, there needed to be proper accountability.

Mr Malcolm Cantello added that his Union's concern was that there would be an extra layer of bureaucracy with pooling of investments and that there was no mention of Trade Union involvement in the proposals.

Mr Martin Clift questioned the Governance structure of the pool. He also commented that the accountability of large big funds was a concern for him. The Strategic Director of Pensions advised that in terms of governance the Pensions Committee would still exist and would continue to set the Fund's Investment Strategy and asset allocations as currently.

Resolved:

1. That the proposed investment pooling collaboration with other Midlands based LGPS Funds as set out in this report is approved.
2. That the Fund's stance on the consultation regarding the proposed replacement of the LGPS Investment Regulations 2009 be endorsed.
3. That the draft submissions to the Government regarding investment pooling and the LGPS Regulations be approved noting the Committee's concern on accountability.