

MEETING	PENSIONS COMMITTEE
DATE	11 FEBRUARY 2016
TITLE	WESTMINSTER GOVERNMENT (DCLG) CONSULTATION ON LOCAL GOVERNMENT PENSION SCHEME: INVESTMENT REFORM CRITERIA AND GUIDANCE
AUTHOR	DAFYDD EDWARDS, HEAD OF FINANCE

1. INTRODUCTION

1.1 Members of the Committee are aware of the project undertaken by the Pensions Subgroup of the Society of Welsh Treasurers and agreed to support further work to:

- Investigate opportunities for reduced fees for passive investments
- Jointly assess the detailed business case for pooling frameworks for other investments

1.2 The work in these two areas has continued and has reached the stage where consultants have been appointed to progress them on behalf of the eight Welsh funds.

2. CONSULTATION

2.1 The consultation issued by the Government in November 2015 invites authorities to submit proposals for pooling which the Government will assess against the criteria in the consultation document. The Chancellor has announced that the pools should take the form of up to six British Wealth Funds, each with assets of at least £25bn, which are able to invest in infrastructure and drive local growth. The proposals should have regard to four criteria as follows:

- A. Asset pools that achieve benefits of scale
- B. Strong governance and decision making
- C. Reduced costs and excellent value for money
- D. An improved capacity to invest in infrastructure

Initial proposals are to be submitted to the Government by 19 February 2016.

A copy of the consultation document is available on <https://www.gov.uk/government/publications/local-government-pension-scheme-investment-reform-criteria-and-guidance>

- 2.2 Part of the brief for the consultants who will be assessing the detailed business case for pooling frameworks is to produce a response to this consultation on behalf of the eight welsh funds. Hymans Robertson has been appointed to undertake this work and in conjunction with the Society of Welsh Treasurers Pensions Group is preparing a response to this consultation and it will be sent to members of this committee by 5th February 2016.

3. RESPONSE TO CONSULTATION

- 3.1 The response will be submitted by each of the eight funds as their joint proposals.
- 3.2 The Pensions Committee is asked to support the joint proposal.