

Bath & North East Somerset Council		
MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	8 December 2017	AGENDA ITEM NUMBER
TITLE:	LGPS Pooling of Investments - Update	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Exempt Appendix 1 – Indicative budget 2018/19 – to follow		

1 THE ISSUE

1.1 This report outlines the progress on pooling of assets.

1.2 The Business Plan for 2018/19 and 2018/19 are being agreed. This covers a period of transition when the assets will transfer to the pool. The budget for core services reflects this transition. The costs of the transition will be monitored as part of the monitoring of the transition plan in full.

1.3 A verbal update will be provided at the meeting.

2 RECOMMENDATION

That the Committee:

2.1 Notes the progress made on pooling of assets.

2.2 Notes the contingency for extra resource to support the transition to the new custodian

2.3 Notes the proposed budget for 2018/19 for the services provided by Brunel and the Fund's indicative share of the costs.

3 FINANCIAL IMPLICATIONS

- 3.1 The costs of establishing BPP Ltd. and associated governance costs of the pool are provided for in the 2017/18 budget.
- 3.2 See Section 5 below for an update on the budget.

4 PROGRESS UPDATE

- 4.1 The Oversight Board has held 2 meetings on 29 September and 24 November. The Client Group has continued to meet twice monthly; the focus is on the transition of local funds to the new custodian State Street and agreeing the investment portfolios and priorities for the asset transition plan.
- 4.2 A series of engagement days for committee and board members within the pool were held during November. Brunel has also begun to engage with the managers and advisors in the pool as well as other managers.

5 BUDGET UPDATE

- 5.1 The budget for the development stages of the project has been aligned with the project phases which do not easily align with our financial year. The 2017/18 Service Plan allowed for £70k to be spent on development costs (incurred up to July 2017). A £50k contingency was also agreed at the June 2017 committee meeting to support the Client Group through the rest of the project (to 31 March 2018) giving an overall budget of £120k. To date, the spend in this financial year has been £89k.
- 5.2 The Client Group and Oversight Board have agreed a contingency of £225k to support the local funds in transitioning to the new custodian during 2017/18 and 2018/19. This to ensure there will be adequate support from Brunel and the custodian above that provided in the business case which was set on the basis that all the funds transitioned within a short time frame by 31/03/18. This will not be achieved due to local fund considerations. This extra spend has been approved by the Shareholders as a Special Reserved Matter. Our budget for Project Brunel for 2017/18 not will be adjusted until this contingency is used.
- 5.3 A detailed summary of the full budget to date and the indicative Brunel costs for 2018/19 can be found in Exempt Appendix 1. The budget for 2018/19 includes the core costs for delivering the service; the costs of transitioning assets will be monitored as part of the transition plan.
- 5.4 The budget forms part of the 2018/19 Brunel Business Plan which was considered by the Brunel Oversight Board at its meeting on 24 November. The Shareholders will vote on the Business Plan at the AGM in January. The Committee are invited to comment on the budget as part of the process.

6 RISK MANAGEMENT

- 6.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment management structure in place that is regularly monitored. The creation of an Investment Panel further strengthens the governance of investment matters and contributes to reduced risk in these areas.

7 EQUALITIES

10.1 An equalities impact assessment is not necessary.

8 CONSULTATION

8.1 N/a

9 ISSUES TO CONSIDER IN REACHING THE DECISION

9.1 For information only.

10 ADVICE SOUGHT

10.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Strategic Director of Resources) have had the opportunity to input to this report and have cleared it for publication.

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Background papers	
Please contact the report author if you need to access this report in an alternative format	