



# Report to Pension Fund Committee

**Date:** 24 September 2020

**Reference number:** N/A

**Title:** Pension Fund Committee Responsibilities

**Relevant councillor(s):** N/A

**Author and/or contact officer:** Julie Edwards, Head of Pensions

**Ward(s) affected:** none specific

- 1.1 The Committee is asked to note the responsibilities of the Pension Fund and how they have evolved due to the Local Government Pension Scheme (LGPS) pooling arrangements.**

## Executive summary

The Local Government Pension Scheme Asset Pooling was a government requirement under the LGPS (Management and Investment of Funds) Regulations 2016. The Brunel Pension Partnership Ltd (Brunel) was established to deliver the pooling requirements for Buckinghamshire and nine other Funds. The investment strategy remains the responsibility of the Pension Fund Committee, Brunel appoints the fund managers and manages the investments in order to deliver the Fund's investment strategy. The Committee is responsible for monitoring the performance of Brunel in delivering investment services to the Fund.

## Content of report

- 1.2 Under the terms of the Council's Constitution, the functions of the Council as administering authority of the Pension Fund are delegated to the Pension Fund Committee. The Pension Fund Committee are responsible for administering, investing and managing the Fund.
- 1.3 Local Government Pension Scheme Asset Pooling was a government requirement under the LGPS (Management and Investment of Funds) Regulations 2016. The Brunel Pension Partnership Ltd (Brunel) was established to deliver the pooling requirements

with the founding Funds - the Environment Agency Pension Fund, and the Local Government Funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Somerset and Wiltshire. The collective assets of the pool are approximately £30 billion.

1.4 The investment strategy remains the responsibility of the Pension Fund Committee, Brunel is an FCA regulated Local Authority Company created on an equal share basis to appoint the fund managers and manage the investments in order to deliver the Fund's investment strategy. The objective of the pooling arrangements is to deliver savings over the longer term from both lower investment management costs and more effective management of the investment assets. The pool aims to deliver savings based upon the collective buying power.

1.5 The table below summarises the change in responsibilities arising as a result of pooling. The Committee has a key role in monitoring the performance of Brunel to ensure that they are delivering the Fund's investment strategy.

<p>Pension Fund Committee responsibilities no longer undertaken due to pooling:</p> <ul style="list-style-type: none"> <li>• Appoints fund managers</li> <li>• Monitors fund managers</li> <li>• Appoints custodian bank</li> </ul>
<p>Ongoing Pension Fund Committee responsibilities:</p> <ul style="list-style-type: none"> <li>• the overall investment objective for the Fund;</li> <li>• the Fund's Investment Strategy Statement;</li> <li>• the Fund's asset allocation policy;</li> <li>• approves the Funding Strategy Statement;</li> <li>• approves the Investment Strategy Statement;</li> <li>• approves the Governance Compliance Statement;</li> <li>• approves the Pension Administration Strategy;</li> <li>• approves the Communications Policy;</li> <li>• Monitoring Fund performance</li> <li>• Monitoring Scheme Governance</li> <li>• the appointment of firms to provide investment and actuarial advice to the Fund; and,</li> <li>• any other matters relating to the management and investment of the Pension Fund, as requested.</li> </ul>
<p>New responsibilities due to pooling arrangements:</p> <ul style="list-style-type: none"> <li>• Monitoring the performance of Brunel in delivering investment services to the Fund.</li> <li>• Make representations to the Brunel Oversight Board on matters of concern regarding the service provided by Brunel and the performance of its portfolios.</li> </ul>



## Other options considered

1.6 Not applicable.

## Legal and financial implications

1.7 Asset Pooling was a government requirement under the LGPS (Management and Investment of Funds) Regulations 2016. The business case financial modelling indicated that net cumulative savings of £122m could be achieved by 2035/36 for the Buckinghamshire Pension Fund, with a breakeven point during 2020/21.

## Corporate implications

1.8 Not applicable.

## Consultation and communication

1.9 Not applicable.

## Background papers

None

