

TITLE	Berkshire Pension Fund Pooling
FOR CONSIDERATION BY	The Executive on 25 January 2018
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
LEAD MEMBER	Oliver Whittle, Executive Member for Finance

OUTCOME / BENEFITS TO THE COMMUNITY

Effective and safe use of our resources to deliver service improvements and service continuity through the management of the council's pension fund resources.

RECOMMENDATION

That the Executive note the Berkshire Pension Fund Panel's expected decision to pool 100% of Berkshire's pension fund assets with Local Pensions Partnership.

SUMMARY OF REPORT

It is the Government's requirement for Local Government Funds to have joined an investment pool and to have started pooling its investments by 1 April 2018. Berkshire Pension Fund Panel as the administering authority has the power to commit to a pooling solution. On 13 November 2017 the Berkshire Pension Fund Panel (BFPF) agreed to enter into a memorandum of understanding with Local Pension Partnership (LPP), and on 18 December 2018, the BFPF (Berkshire Pension Fund Panel), will consider the formal approval of pooling 100% of assets with LPP (Local Pension Partnership).

Throughout December 2017 and ongoing communication is taking place with stakeholders, and detailed work on assets classification is taking place. From January 2018 a TUPE consultation is planned to take place with affected staff and legal agreements drawn up, with the commencement of pooling from April 2018.

The aim is achieving economies of scale and efficiencies for the benefit of their members, employers, partner funds and customers, rather than profits for shareholders, without compromising on service quality.

Background

In the summer budget 2015, the Chancellor announced the government's intention for local government pension schemes to pool investments in order to deliver significantly reduced costs while maintaining overall investment performance. The Berkshire Pension Fund explored opportunities for pooling with a range of other pension funds and pools across the country. It subsequently agreed a memorandum of understanding with LPP, and is now progressing to the later stages of the agreement.

Analysis of Issues

The report outlines the detail of the proposals in Appendix A, which is the paper being considered by the Berkshire Pension Fund Panel on 18 December 2018. Some parts of the appendices referred to in the report are not available, as these are Part II for members of the Berkshire Pension Fund Panel.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See below	Yes	Revenue / capital
Next Financial Year (Year 2)	See below	Yes	Revenue / capital
Following Financial Year (Year 3)	See below	Yes	Revenue / capital

Other financial information relevant to the Recommendation/Decision

Although pension pooling is a Government requirement, the financial modelling detailed in the Business Case demonstrates that there are saving opportunities in the region of £25m over 10 years for the Berkshire Pension Fund in entering into the Local Pensions Partnership. The impact on Wokingham Borough Council directly will be realised through the contribution rates into the Berkshire pension fund.

Cross-Council Implications

None

List of Background Papers

Some parts of the appendices referred to in the report are not available, as these are part II for members of the Berkshire Pension Fund Panel.

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