

Cambridgeshire Pension Fund

Pension Fund Committee

18 July 2024

Report by: Head of Pensions

Subject: LGPS Efficiencies Response to Government

Purpose of the Report: To note the draft Minister's response on efficiencies in Local Government Pension Scheme (LGPS) funds

Recommendations: The Pension Fund Committee:

a) Note the report

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1 Executive summary

1.1 The Fund has produced a draft response on efficiencies in local government and the management of LGPS Funds (at Appendix A) to a letter received from the Minister for Local Government (Appendix B).

2 Report background

2.1 The Chief Executive and Section 151 Officers of the administering authorities of the LGPS received a letter dated 15th May 2024 from the Minister for Local Government (at Appendix B), requesting information regarding each authority's approach to efficiencies in the management, governance, and administration of the funds.

2.2 Despite entering an election period, the LGPS community has been advised to respond to the Minister's letter.

2.3 The response at Appendix A represents the views of Cambridgeshire County Council, administering authority to the Cambridgeshire Pension Fund and has been approved by the Council's Section 151 Officer and Chief Executive.

3 Efficiencies in local government and the management of LGPS funds

3.1 The Minister asked how the Cambridgeshire Fund will complete the process of pension asset pooling to deliver the benefits of scale.

3.1.1 The Cambridgeshire Fund has already completed the pooling of 100% of its listed assets.

- 3.1.2 The Fund has also pooled or placed under pool governance certain non-listed assets including infrastructure and long-lease real estate. It has plans to transition its UK core real estate and new private equity commitments to the pool.
 - 3.1.3 The Fund has already/will shortly benefit from ACCESS reporting services including performance reporting for active listed sub-funds and passive mandates, performance reporting for pool aligned non-listed assets, ClearGlass cost savings analysis, and manager reporting and presentations.
 - 3.1.4 Responsible Investment reporting is under development at ACCESS alongside consideration of a Voting and Engagement adviser.
 - 3.1.5 The Fund has spent £399.5k in 2023/24 on investment consultancy advice, representing under 1 bps of total Assets Under Management (AUM).
- 3.2 The Minister also asked how the Fund ensures it is efficiently run, including consideration of governance and the benefits of scale.
- 3.2.1 The shared service under a lead authority model has provided strong governance arrangements which have been mirrored across the two funds. These arrangements are scrutinised by the Fund's governance bodies.
 - 3.2.2 Voluntarily operating the management and administration of the Fund on a shared service basis in partnership with WNC has led to long-term savings and efficiencies that did not require merger.
 - 3.2.3 Procurement activity has been undertaken to procure the same supplier for each fund, sometimes under a single contractual relationship. This has enabled the Fund to obtain both competitive fees due to scale and contractual fee reductions in situations where the same piece of work is undertaken for both funds at the same time.
 - 3.2.4 The Fund has a strong relationship with the ACCESS asset pool and has a representative sitting on the ACCESS Joint Committee, an appropriate avenue for holding the pool to account.
- 3.3 The full responses can be found in Appendix A.

4 Finance and Resources Implications

- 4.1 There are no direct resources or financial implications arising from this paper.

5 Risk Management

- 5.1 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below –

Risk	Residual risk rating
The Fund does not meet the proposed timeframe to pool assets, by March 2025, and/or is unable to adequately “comply or explain” why assets remain outside the pool.	Amber
Failure to understand and monitor risk and compliance	Green
Those charged with governance are unable to fulfil their responsibilities effectively.	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Failure to provide relevant information to the Pension Fund Committee/Local Pension Board to enable informed decision making.	Green

- 5.2 The Fund's full risk register can be found on the Fund's website at the following link: <https://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

6 Communication Implications

- 6.1 The Fund will send the response to the Department for Levelling Up, Housing and Communities.

7 Legal Implications

- 7.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.

8 Consultation with Key Advisors

- 8.1 Not Applicable.

9 Alternative Options Considered

- 9.1 Not applicable.

10 Background Papers

- 10.1 Not applicable.

11 Appendices

11.1 Appendix A - Response on efficiencies in local government and the management of LGPS funds

11.2 Appendix B - Efficiencies in LGPS Letter from the Minister for Local Government

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 10/07/2024

Has this report been cleared by Head of Pensions? Mark Whitby – 25/06/2024

Has this report been cleared by Monitoring Officer? Emma Duncan -10/07/2024