

**18 November 2016**

# **LGPS Asset Pooling**

# Background

*"up to 6 British Wealth Funds ...  
at least £25 billion of Scheme assets each"*

*"reduce costs while maintaining overall investment performance"*

*"wider ambition of matching the infrastructure investment levels of  
the top global pension funds"*

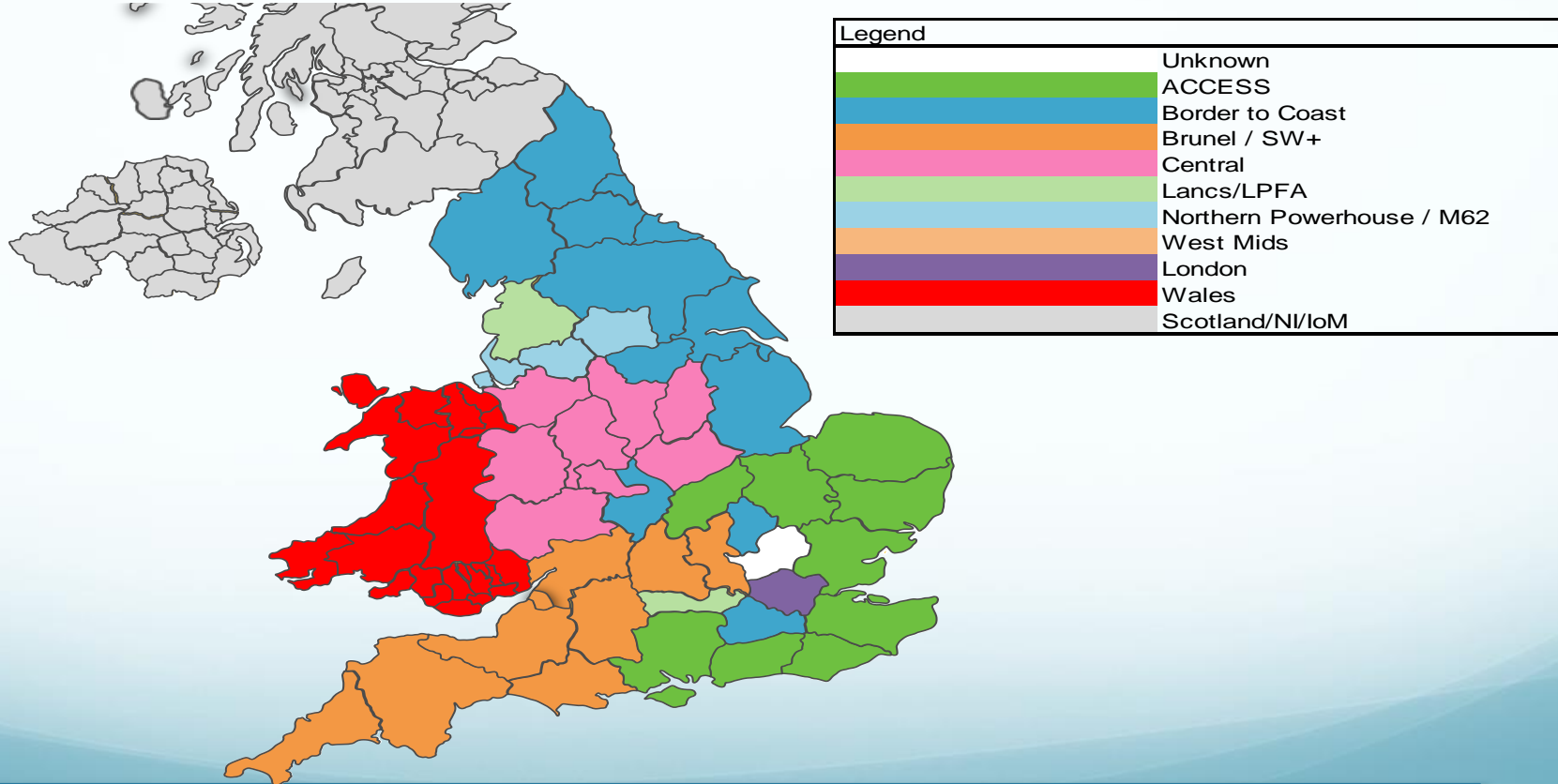
# Criteria for pooling

Criterion	
Scale	<ul style="list-style-type: none"><li>• Up to 6 pools, at least £25bn each</li></ul>
Governance	<ul style="list-style-type: none"><li>• Accountability between pool and councillors</li><li>• Local authority holding pool to account</li><li>• Resources and skills in pool</li></ul>
Savings & Value for Money	<ul style="list-style-type: none"><li>• Fees, hidden costs, transparency</li><li>• Benchmark to 2013 and now</li><li>• Estimate savings over next 15 years</li><li>• “At least” maintain performance</li><li>• Active only where can evidence value</li><li>• Report performance vs passive</li></ul>
Infrastructure	<ul style="list-style-type: none"><li>• Improved capacity and capability to invest</li><li>• State proportion now and “ambition”</li></ul>

# Submissions to Government

Deadline	What is required
INITIAL 19 <sup>th</sup> Feb	<ul style="list-style-type: none"><li>• Initial proposals</li><li>• Include commitment to pooling</li><li>• Describe “progress towards formalising arrangements”</li><li>• <b>Individual or joint</b> submissions or both</li></ul>
FINAL 15 <sup>th</sup> July	<ul style="list-style-type: none"><li>• Refined and completed</li><li>• Fully address the criteria set out</li><li>• Information for evaluation of proposal</li></ul> <p><b>For each pool:</b></p> <ul style="list-style-type: none"><li>• Joint proposals</li><li>• Governance, structure, implementation plan</li></ul> <p><b>For each authority:</b></p> <ul style="list-style-type: none"><li>• <i>Individual return</i></li><li>• Profile of costs and savings</li><li>• Transition profile for your assets</li><li>• Rationale for your assets held outside of the pool in long term</li></ul>

# Pooling map



# Northern Powerhouse Pool

- Assets under management at 31 March 2015

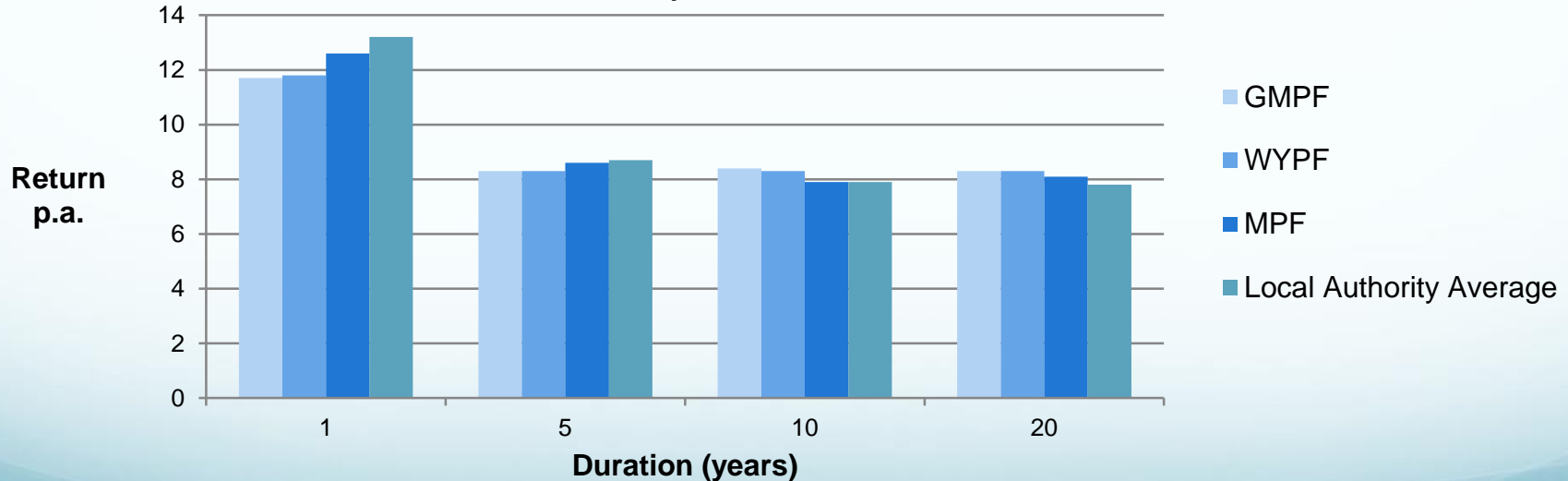
Fund	Assets
GMPF	£17.6bn
West Yorkshire	£11.3bn
Merseyside	£6.9bn
<b>Total</b>	<b>£35.8bn</b>

Fund	Rank (out of 89)	Investment cost - £ per member 2014/15
West Yorkshire	1	11.49
Greater Manchester	3	39.01
Merseyside	28	105.41
All England		142.28

# Northern Powerhouse Pool

## PENSION FUND RETURNS

WM Local Authority Survey -  
Financial years to 31 March 2015



# Long-term vision

- Access to a range of internal and external management for listed assets at low cost
- Increase internal management over time
- Collective investing in alternatives
  - Build capacity & skills
  - Becoming increasingly direct
  - Increase scale and reduce risk in infrastructure
- Open mind to working with other pools or on national basis for some alternative assets



# Next steps

- There has been a delay in the government response to the submission. Minister wants to meet pools to discuss.
- Northern Pool is progressing certain areas in July submission but has paused any significant external expenditure in lieu of government response
- Northern Pool is due to meet minister on 13<sup>th</sup> December
- Internal Northern Pool Meeting on 1<sup>st</sup> December for preparation

# Any questions?



# GMPF & LFA Infrastructure LLP –

An update on GLIL



Paddy Dowdall  
Assistant Executive Director

# Building an identity

- Having been active in the UK Infrastructure market for over 18 months, GLIL is now ready to step forward with its own identity
- Our new logo is part of this identity and encompasses our boldness, unity as a partnership and environmental consciousness

Building an identity



# Building a portfolio

- Having made our first 2 investments in the renewable energy sector, GLIL was pleased to complete its third transaction in October, this time in the transport sector



# Building a portfolio – Rock Rail East Anglia

- GLIL has invested £45 million as part of a partnership with Standard Life and Rock Infrastructure.
- The Partnership will deliver £600 million of investment into the UK Rail Network.
- The Investment will see the introduction of a new fleet of trains onto the East Anglia Network, including major transport arteries such as the Stansted Express and London-Norwich InterCity Line.
- The new fleet will make journeys faster & greener, whilst generating a 10% return for GLIL for the next 35 years

# Building a partnership

- GMPF and LPFA look forward to welcoming further LGPS partners in the near future, with discussions at an advanced stage with Lancashire County Pension Fund, Merseyside Pension Fund and West Yorkshire Pension Fund.
- The further aggregation of resources, both financial and human, will allow GLIL to build a diversified portfolio of investments





# Building a partnership

- The additional commitments made to GLIL, up from £500 million, unlock advantages for the partnership in terms of investment size achievable, governance secured and fees paid

