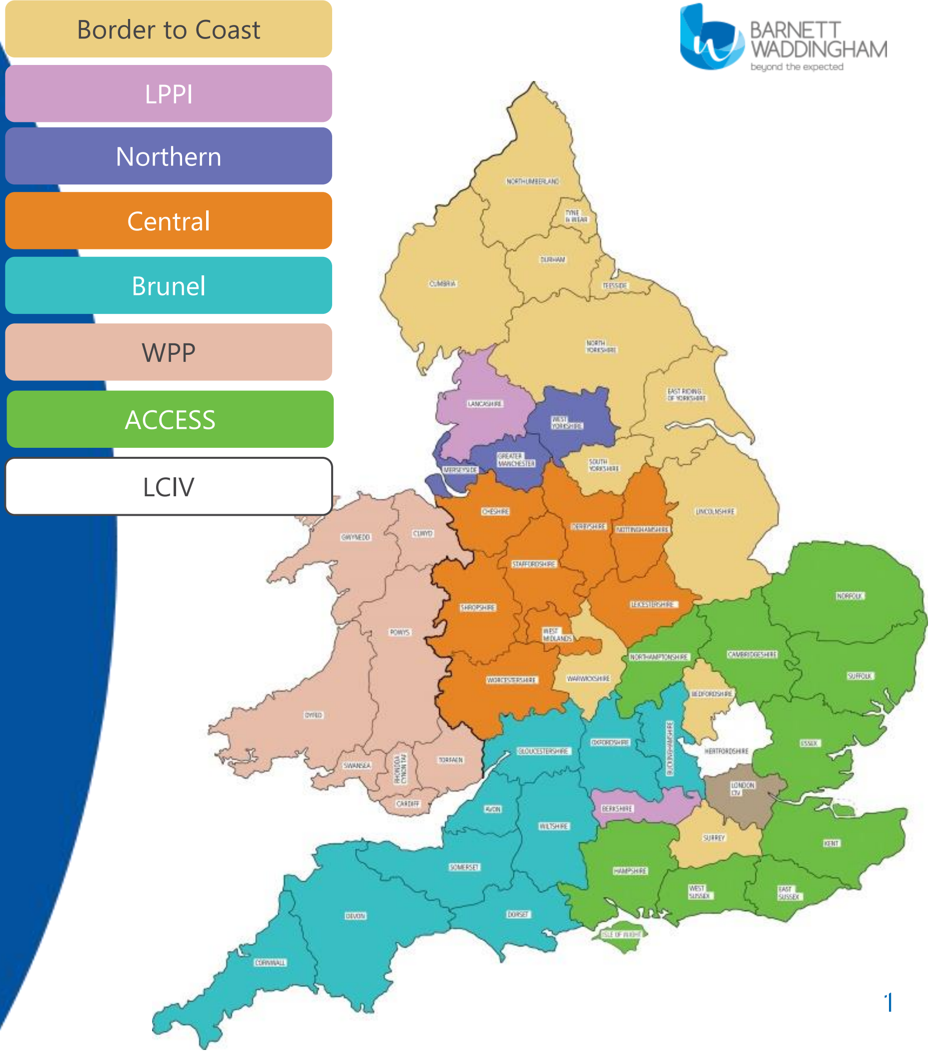
LGPS Pooling

- "I have an idea" was followed by a consultation in 2015
- Proposals for pooling submitted in 2016. An alternative to 6 merged funds or 2 government managed pools
- Original objectives were benefits of scale, strong governance, reduced costs, improved capacity for infrastructure
- All 86 E&W funds members of one of eight pools established by 2018
- Three main models of pooling (owned asset manager, procured services, alternatives only) but variations below that level (e.g. not all asset managers provide in house in investment teams or run their own ACS).
- About 50% of fund assets (circa £200bn*) now invested through pools but varies from zero to over 90%
- LGPS invests around 15% of assets in private market vehicles including infrastructure

* Total assets in E&W £391bn March 2024



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beyond the expected

HM Treasury

Ministry of Housing, Communities & Local Government

Fit for the Future - Pooling

- All decisions except high level investment strategy delegated to the pool
- Funds to take investment advice from the pool
- Pools will need to be full service, FCA regulated investment management companies with in house capability ‘over time’
- All legacy assets transferred to pool vehicles or under pool management
- Plans by March 2025 for implementation by April 2026
- Pension Schemes Bill due in ‘the summer’

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Fit for the Future -Local Investment

- Funds to have objectives and a target for local investment
- Defined as investments local to any of the pools' partner funds or in their region
- Fund strategies to take account of local growth plans
- Funds required to work with Mayors and Devolved Authorities to identify local investment opportunities
- Pools required to have capacity for due diligence on and management of local investments. Final decision to invest is with pools.