Sent by email only

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LGPS Fit For the Future Consultation – Response of the Warwickshire Pension Fund

Dear Sir/Madam,

I am writing on behalf of the Warwickshire Pension Fund in response to the questions raised in the recent "LGPS Fit for the Future" consultation.

The responses to each question are set out below. We would highlight that in considering options and opportunities for the LGPS, we are mindful that the Fund's primary purpose and reason for existence is to pay its members' pensions correctly and on time, now and in the future.

We hope this response is helpful and we will continue to work as appropriate with the Border to Coast Pension Partnership and our partner funds on delivering the pooling agenda.

Should you have any queries on this response please contact us at the address provided at the top of this letter.

Yours faithfully,

Chris Norton

Head if Investments, Audit, and Insurance

Warwickshire County Council (Administering Authority for Warwickshire Pension Fund)

Question 1

Do you agree that all pools should be required to meet the minimum standards of pooling set out above?

The proposals bring some challenges, but we support that minimum standards for pooling will be beneficial, however it is important that standards applied are appropriate and that they are implemented well. We question the realism of the timetable for all pools to meet the proposed minimum standards.

The high-level requirements set out in paragraph 22 of the consultation broadly mirror those already in place within our pool's partnership, the Border to Coast Pension Partnership, or are part of the plan for the second strategic phase for our pool. The strategy being unanimously supported by all 11 Partner Funds.

We believe that timely provision of high-quality information to support funds in overseeing and monitoring the performance of pools will be critical to delivering the Government's vision for LGPS and should be an explicit minimum standard for all pools.

Question 2

Do you agree that the investment strategy set by the administering authority should include high-level investment objectives, and optionally, a high-level strategic asset allocation, with all implementation activity delegated to the pool?

We believe it is important to recognise the diversity of investment requirements across different LGPS Funds, for example driven by variations in membership profile, size, funding level, investment beliefs, etc. It is therefore crucial for LGPS Funds to retain explicit accountability for setting their SAA, with the option to set this with input from the pool, or to delegate the setting of the SAA to the pool. The Warwickshire Pension Fund currently intends to take the option of setting the SAA itself. We strongly believe this needs to be clarified in Figure 1 by deleting the words 'Advise or' in the 'pool role' column – Funds must always decide the strategic asset allocation, with the option to seek advice from the pool. But the pool should never decide this on behalf of the Fund due to the very obvious conflict of interest.

We will need greater clarity in defining the roles and responsibilities of the fund and the pool, having regard to the fact that LGPS Funds, not pools, ultimately remain responsible and accountable to members, employers and local taxpayers for the payment of pensions.

It will be important that Funds and the pool work in a close, constructive, and collaborative manner in the development of investment strategy and its implementation.

Question 3

Do you agree that an investment strategy on this basis would be sufficient to meet the administering authority's fiduciary duty?

Yes. We would expect LGPS Funds to be specific in the expected likelihood of success of a given investment strategy and for the implementation plan to show that this can be delivered.

Investment strategies will need to contain enough information to express the needs of each LGPS Fund and need to be implementable, but how pools work with Funds to interpret and express investment strategies will be key. Clear delegation to and strong oversight of pools will be required to enable each Fund to remain accountable for investment outcomes, which will be necessary for Funds to fulfil their fiduciary duties.

Question 4

What are your views on the proposed template for strategic asset allocation in the investment strategy statement?

The provision of a template / minimum standard is welcomed, however we believe funds should be able to express a more specific asset allocation requirement than the table provided in the consultation, which we think is overly simplistic.

For example, funds may have views or requirements about active/passive, geographic concentration, etc. In some circumstances those considerations may amount to implementation factors, and in some circumstances they could amount to strategy issues. We would want an approach that allows for this nuance.

It may be possible for funds to express views on such matters through a combination of the wording of their investment strategies plus their strategic asset allocation tables, however there will be a requirement for very close working between Funds and their pools to ensure that pools do a good job of expressing the investment strategy and SAA that a fund requires.

The definition of cash needs to be clarified, so that it is explicit whether this refers only to investment related cash holdings, or also to operating cash / cashflows for the payment of benefits and receipt of contributions.

The definition of "other alternatives" also needs to be clarified.

Question 5

Do you agree that the pool should provide principal investment advice on the investment strategies of its partner AAs? Do you see that further advice or input would be necessary to be able to consider advice provided by the pool – if so, what form do you envisage this taking?

There is a conflict of interest in pools, who are responsible for investment implementation, also being the principal provider of investment strategy advice and this would require appropriate management. The pool would effectively advise on strategy, set asset allocation and then implement that strategy, effectively marking its own homework. For example will an advisor suggest a strategy that is easier for a pool to implement but less suitable and tailored to a Fund, or suggest a strategy that is more suitable and tailored to a Fund but more challenging or expensive for a pool to implement.

Our partnership has agreed a strategy which includes the development of advisory capabilities for use by Partner Funds. We fully support this, however, we also believe that, in addition to the knowledge and expertise brought to the process by our Local Government Pension Scheme officers, independent and impartial challenge is essential.

As such we welcome the use of independent external advice as part of the process of challenge and debate around the development of investment strategy and the oversight of pools.

If LGPS Funds no longer have any choice about their principal advisor this would take away an important lever (the ability to hire and fire) for maintaining an appropriate and high quality service and ultimately securing the investment returns needed to meet Funds' primary fiduciary duty to generate sufficient returns to meet current and future liabilities. We would expect to see in any new requirements appropriate checks, balances, and levers present in the system to ensure that investment advice is high quality and that advisors on matters of investment strategy are representing the interests of their client Fund(s).

Any future system can only operate with both a robust governance framework (including oversight), where conflicts of interest are identified, transparently reported, and appropriately mitigated, and both Funds and the Pool have the capacity and capability to be fully engaged and committed to working in partnership, and funds have the ability to hold Pools to account.

Question 6

Do you agree that all pools should be established as investment management companies authorised by the FCA, and authorised to provide relevant advice?

Yes, establishing Border to Coast as a regulated entity was a key decision in the creation of our pool.

We believe a pool needs to have in-house investment management capability that can both directly, and working with external manager specialists, service all relevant asset classes in the implementation of strategic asset allocation, and provide advisory services with all the relevant FCA permissions.

It will be beneficial for pools to be authorised to provide relevant advice, but we refer you to the answer to question 5 regarding pools providing advice.

Question 7

Do you agree that AAs should be required to transfer all listed assets into pooled vehicles managed by their pool company?

In principle yes, however some listed assets are managed outside the pool at very low cost and we would expect the total cost of managing those funds to be matched or bettered in all listed assets to transferred into the pool.

We note that not all pools have the full range of investment capabilities required by their Funds, indeed, new FCA approved investment sub-funds can take time to design, develop, and launch. It is important that any transfer of assets (whether listed or unlisted) is completed in a thoughtful and structured process, minimising costs for funds.

There are circumstances where the creation of a pool vehicle may not be cost or risk effective (for example in certain passively managed vehicles). There may also be instances where, due to timing of strategic asset allocation reviews around the 31 March 2025 LGPS valuation, the March 2026 deadline for transition may not be achievable cost effectively. We would encourage some leeway, at the discretion of the Pool, to enable a cost/risk assessment of transition of listed assets into pool company vehicles – those that are not transitioned, should be managed as “under pool management” akin to legacy illiquid investments. Otherwise there is a real risk that an arbitrary deadline will be detrimental to Funds with no beneficial impact from an investment or cost perspective.

Question 8

Do you agree that administering authorities should be required to transfer legacy illiquid investments to the management of the pool?

Any transfer of illiquid assets must have regard to the costs and risks of transition. We welcome recognition that there may be unnecessary costs and implications in transferring legal ownership of legacy illiquid assets to the pool in the timescales proposed; it may be more appropriate that, while managed by the pool, illiquid assets remain in the direct ownership of the administering authority (AA), in order to facilitate an orderly and good value transition. It should be noted, however, that providing pool oversight may bring additional costs to the extent that the level of oversight increases. The benefits of being able to assess and report investment and operational risks holistically, to use specialist resource to deal with any issues, to manage target allocations to private markets, and to apply a consistent approach to stewardship, may outweigh such additional costs.

Question 9

What capacity and expertise would the pools need to develop to take on management of legacy assets of the partner funds?

The Border to Coast Pension Partnership has spent the last six years building significant expertise both within the pooling company, and across the Partner Funds whose endeavours have a presumption towards pooling. Border to Coast is now responsible for a £16 billion private markets programme.

While Border to Coast currently has the appropriate capabilities to manage legacy private market investments, additional capacity will be required to undertake oversight of these investments. The operating model to enable data sharing between Funds and Border to Coast will need to evolve (working with the Funds' custodians), and legal agreements to clearly set out roles and responsibilities and to enable Border to Coast to exercise management actions developed and agreed.

Question 10

Do you have views on the indicative timeline for implementation, with pools adopting the proposed characteristics and pooling being complete by March 2026?

The timeline outlined in the consultation is ambitious. Given the proposed timeline will coincide with the 2025 triennial valuation process, in order to manage risks and avoid costs, evidence that delivery of the policy intent is in process may need to be accompanied by flexibility over the precise implementation of all elements, particularly the transfer of illiquid assets.

The Border to Coast Pension Partnership has spent several years designing, launching, and building Border to Coast. This has been a significant collective effort which should not be underestimated in the context of either mergers or more fundamental changes in other pools which are less advanced in their pooling journeys. Our overall view is that the proposed timetable is too quick for changes to be implemented effectively, and Government should reflect on how to assure itself that changes can be delivered securely and with appropriate pace.

Over the last two years, the Border to Coast Pension Partnership has developed a plan for a second strategic phase. This anticipated many of the themes and issues outlined in the consultation. Our pool already meets most of the capabilities and characteristics outlined in the consultation, however there remain some areas where additional build is yet to be operational (e.g. strategic asset allocation advisory capability, and local investment structures as envisaged in the consultation).

Question 11

What scope is there to increase collaboration between pools, including the sharing of specialisms or specific local expertise? Are there any barriers to such collaboration?

The LGPS has a strong history of collaboration. The Border to Coast Pension Partnership has worked with several of the pools on areas such as investing in private markets and active stewardship and remains committed to working with the wider LGPS.

To avoid duplication and cost, there may be merit in one pool providing another service or capability to another pool. However, it needs to be recognised that there are several implications that need to be fully considered, and risks mitigated. These include issues such as:

1. Proposition development – Border to Coast's propositions are collectively designed with, and for, 11 Partner Funds who are both shareholders and customers, and who meet the costs of proposition development directly. Care will be required should an external pool customer(s) wish to evolve existing propositions. The existing governance structures and processes may need to be reviewed to overcome this challenge.

2. Niche strategies – certain investments may have capacity issues. For example, despite significant demand, Border to Coast's initial Climate Opportunities strategy was capped due to the immature state of the market. Care will be required in balancing the needs of shareholder customers vs external pool customers for capacity constrained investments.

3. Cost model – as shareholders, existing customers principally manage the financial implications of risk through Border to Coast's regulatory capital. As non-shareholders, external pool customers would be subject to different pricing to reflect operational risk.

4. Managing demand – in owning and building Border to Coast, there has been a structured approach to growth – building capacity and capability to reflect Partner Funds' long-term needs. This is likely to be absent with non-shareholder customers and, in accepting external customers, there is a risk of managing in- and out-flows, potentially reducing the ability to plan the required capacity in various functions of the business. There are also similar considerations regarding management of liquidity in certain propositions.

5. Additional complexity - management of additional shareholder customers customers who are not shareholder owners will require careful consideration, particularly noting the potential additional layer of due diligence costs that will be required as a regulated asset manager investing into another regulated asset manager's vehicle.

An additional challenge is Teckal, now covered by the Procurement Act 2023. Partner Funds are currently exempt from this through the 'Vertical Exemption', whereby they can demonstrate 'control' of Border to Coast by virtue of being a shareholder. For the Vertical Exemption to continue to apply, more than 80% of the activities carried out by the pool must be carried out for or on behalf of Partner Funds. If more than 20% of the activities of the pool are undertaken for third party customers (e.g. other authorities that do not meet the conditions of the Vertical

Exemption such as non-shareholders), then a Partner Fund procuring its services from the pool would no longer meet the requirements of the Vertical Exemption.

The exact definition of the 80%:20% rule is yet to be established, secondary legislation confirming this has not yet been delivered by Government. It may be appropriate that there is a clarification, such that any pool wholly owned by the LGPS can deliver any services for the ultimate benefit of the LGPS and such services would be deemed to fall within the calculation of the 80%'. This important point needs further clarification and should be an explicit consideration in the final policies brought forward by Government.

Question 12

What potential is there for collaboration between partner funds in the same pool on issues such as administration and training? Are there other areas where greater collaboration could be beneficial?

The partner funds of the Border to Coast Pension Partnership already collaborate extensively beyond investment implementation. Collaboration occurs across a range of areas including governance and accounting and there are plans to extend this further. This has been a real benefit of pooling to date.

The voluntary creation of genuine shared services (whether within or outside of a pool) would be more likely to realise benefits than any forced models, and this is an area where we see future potential as long as this is not forced.

Question 13

What are your views on the appropriate definition of 'local investment' for reporting purposes?

The LGPS is a global investor because this provides access to the widest opportunity set in order to meet fund objectives. However, the LGPS continues to invest a significant proportion of its assets in the UK – in aggregate, some £100bn of the c.£400bn of LGPS assets are invested in the UK.

We believe that the definition of "UK" should be as broad as possible in order to minimise the extent of any restrictions to opportunities being imposed on the LGPS and to simplify reporting requirements.

In the context of being a global investor, investing in the UK can be seen to be 'local'. On behalf of its Partner Funds, Border to Coast launched the 'UK Opportunities Fund' which is designed to deliver productive finance in the UK, and consistent with the outcome of the 2023 pooling consultation, takes a definition of "local" as being within the UK. For some Partner Funds, this strategy satisfies Fund appetite for UK investments, whereas for others – particularly those with larger local opportunity sets – it is supplemented through region-specific strategies which to date have been implemented by some Partner Funds (and who will wish to maintain this 'local' approach to investments).

One of the great strengths of the UK is how it has evolved a dynamic governance and governmental structure to reflect the needs and context of the nations and regions of the UK. Unless there is a clear and consistent approach for LGPS reporting, there is a danger that some localities are either excluded from such reporting, or may be subject to multiple reporting.

We note the publication of the Devolution White Paper, which is seeking to introduce a consistent approach to Strategic (Mayoral) Authorities. Nonetheless, we recognise that these new regions are unlikely to align with the regions of the 86 Administering Authorities.

Whether the definition is UK-wide or more region-based, we believe each Fund should retain the right to report on any investments made within their own administrative region in addition to any regulatory definition.

Finally, we fundamentally disagree with the suggestion in paragraph 68 of the consultation that "…it is in the interests of members that their investments support the prosperity of their local areas…". This does not follow and fundamentally compromises the purpose of the Pension Fund which is simply to pay pensions through effective investment to meet current and future needs, and a well-run pension administration function to support members and employers. The final proposals should not repeat this assertion.

Question 14

Do you agree that administering authorities should work with their Combined Authority, Mayoral Combined Authority, Combined County Authority, Corporate Joint Committee or with local authorities in areas where these do not exist, to identify suitable local investment opportunities, and to have regard to local growth plans and local growth priorities in setting their investment strategy? How would you envisage your pool would seek to achieve this?

We agree that to the extent that there is local investing that local organisations with an interest in economic development should be involved. However roles and responsibilities should be clear that ultimately Pension Funds decide upon local investing targets and decide upon the arrangements for their implementation. It is also absolutely critical that Mayors and/or Combined Authorities can only propose a pipeline of potential investments and that robust, independent due diligence takes place by Pools or Funds to assess whether an opportunity is investable or not. There is a significant risk of Mayors and/or Combined Authorities seeing the LGPS as a funding source for investments the market is not willing to back, and seeking to exert undue influence on investment decisions which have political salience but do not allow funds to meet their fiduciary duties..

Across all the Partner Funds in our pool, there are a broad range of local circumstances. Several of the Funds in our pool already work closely with both their Local, and Combined Authority (or equivalent). SYPA, for example, has a Memorandum of Understanding with its Combined Authority, which covers a local investment strategy. Equally, Durham and Tyne & Wear are in consultation with NEMCA.

The White Paper also includes proposals for Local Government Reform; great care will be needed to consider *the risk of potential additional complications for pension funds arising from any reorganisation of local government in addition to and at the same time as the proposals in this consulta*tion.

In April 2024 the Border to Coast Pension Partnership launched the ‘UK Opportunities Fund’ , which is a bespoke private markets strategy focused on delivering productive finance in local communities across the UK. A key element of this strategy is the development of close and effective relationships with local authorities and other interested stakeholders (e.g. British Business Bank, Homes England, National Wealth Fund, etc). This is to ensure a two-way flow of information and engagement between Border to Coast and our Partner Funds, investment managers, and local stakeholders to create an investment pipeline (e.g. through joint ventures, understanding and supporting local growth plans, etc.)

Border to Coast will need to expand its capacity to support the execution of Funds’ specific local / regional investment strategies. It is not possible to specify this by the consultation deadlines, how this will be developed will be subject to detailed discussions. This will require collaboration and partnership in the process given the combination of investment expertise, investment industry knowledge and relationships, and local knowledge and relationships, in order to be successful.

Question 15

Do you agree that administering authorities should set out their objectives on local investment, including a target range in their investment strategy statement?

The objective of a pension fund is to pay pensions correctly when they fall due, and to manage the affordability and stability of employer contributions by investing in such a way as to fund current and future liabilities. In developing any investment strategy, it is essential to prioritise these objectives. Any investment to support the UK or locally can only be justified where the investment supports achieving the pension fund’s strategic objectives.

Warwickshire Pension Fund has no issue in principle with the role of local investment in the LGPS but whilst targets may be set, LGPS Funds should never be required or expected to compromise on their core objectives in order to meet local investing targets for example if local investment is not the correct investment strategy for a particular Fund.

We are of the view that Funds should consider the widest opportunity set possible. If a target range is to be set, the definition of “local” investment should be as wide as possible (i.e. UK wide).

Any target should ultimately be determined by the LGPS Fund, not Government.

Question 16

Do you agree that pools should be required to develop the capability to carry out due diligence on local investment opportunities and to manage such investments?

Yes, we would expect to benefit from the additional expertise that the pool can bring, and also benefit from the pool being more removed from any particular location and so will have fewer potential conflicts of interest to deal with in managing local opportunities.

Border to Coast currently conducts due diligence on local investment opportunities through the 'UK Opportunities' private markets strategy. However, this is a limited strategy and does not replicate what currently takes place by several Partner Funds. As such, this capability and capacity will need to evolve to reflect how individual Partner Funds set their approach and target range for 'local' investment. This may include identifying, conducting diligence on, and overseeing suitable third-party managers with the requisite specialist expertise to deliver these investments. This could include working with managers with government mandates and capital to deliver local investment.

Question 17

Do you agree that administering authorities should report on their local investments and their impact in their annual reports? What should be included in this reporting.

It may be appropriate for Funds to report locally if they wish but that should be voluntary. Regarding a minimum reporting requirement, if pools are responsible for the sourcing of local investments, it may be more appropriate for each pool to produce a single report for all UK based 'local' investments. The Pool may be able to secure better pricing for delivery than individual Funds and reduce the demands on third-party managers by making a single data request.

We would caution against 'league tables' etc being used to state those Funds who have lower targets/allocations as they would not take into account the specifics of that Fund, their local economies and/or investment opportunities.

Question 18

Do you agree with the overall approach to governance, which builds on the SAB's Good Governance recommendations?

We welcome the decision to implement the Good Governance proposals.

We believe any reviews should encompass pooling.

Question 19

Do you agree that administering authorities should be required to prepare and publish a governance and training strategy, including a conflict of interest policy?

We agree that funds should maintain governance and training strategies and a conflicts of interest policy.

We recognise the difference in the current training requirements between Pension Committees and Local Pension Boards. We consider that it is appropriate that the training requirements for sitting on a Pension Committee should match that of membership of a Local Pension Board.

Question 20

Do you agree with the proposals regarding the appointment of a senior LGPS officer?

We note the consultation states (paragraph 95) “The senior officer would be expected to ensure that the LGPS function has sufficient resourcing to meet its duties, and so should be involved in the local authority’s budget-setting process”. However, the local authority budget setting process does not include all aspects of the pension fund and the pension fund is funded from employer/employee contributions and investment returns i.e. all costs are met from within the pension fund. Therefore, the senior officer should have autonomy from the local authority in setting the budget for the Pension Fund function.

We understand the rationale behind the suggestion of a Senior LGPS Officer, however we question making this requirement mandatory. It should be recognised that there are different ways of effectively achieving delivering a well governed pension fund, and prescribing a structural requirement is not necessary.

Question 21

Do you agree that administering authorities should be required to prepare and publish an administration strategy?

Yes.

Question 22

Do you agree with the proposal to change the way in which strategies on governance and training, funding, administration and investments are published?

Yes.

Question 23

Do you agree with the proposals regarding biennial independent governance reviews? What are your views on the format and assessment criteria?

We are concerned whether there is enough capacity to deliver biennial reviews, especially initially when there is no existing capacity and a biennial frequency may be less efficient than a longer interval given the nature of the reviews and associated action plans. We therefore question the biennial frequency and feel a longer review period would both be more appropriate and feasible to deliver to a high quality.

We believe that delivering these reviews through a peer led mechanism should be considered, in line with the way in which LGPS has historically developed and shared good practice.

A robust framework will enable a comprehensive assessment to be made of how effectively the AA is discharging its responsibilities towards the Fund. We believe this should not be a pass/fail assessment. All of these reviews will identify some areas for improvement as no fund will be perfect. However, where significant weaknesses are identified there also needs to be a view taken on whether there is the willingness as well as the capacity to address the issues, or if an alternative solution needs to be sought.

The reviews could be overseen by SAB and not be carried out by consultancies who would have an inherent conflict of interest.

We note that these reviews would have an associated cost and it would be important to ensure the overall costs/benefits are proportionate and justified.

Question 24

Do you agree with the proposal to require pension committee members to have appropriate knowledge and understanding?

Yes, we recognise the difference in the current training requirements between Pension Committees and Local Pension Boards. We consider that it is appropriate that the condition for sitting on a Pension Committee should match that of membership of a Local Pension Board.

We would request that Funds have enough flexibility to provide training within a reasonable time period in order to have regard to the practicalities of arranging and delivering training whilst still enabling the business of the Fund to be conducted in a timely manner.

Question 25

Do you agree with the proposal to require AAs to set out in their governance and training strategy how they will ensure that the new requirements on knowledge and understanding are met?

Yes

Question 26

What are your views on whether to require administering authorities to appoint an independent person as adviser or member of the pension committee, or other ways to achieve the aim?

We believe that pension fund committees should have access to independent advisers.

We believe Funds should have the use of independent advisers as part of the process of challenge and debate around the development of strategy and oversight of pools, together with working with them to frame the questions which any investment strategy review should address. The Warwickshire Pension Fund values the support and advice of its independent advisers, for example they may be present at training sessions as well as committee meetings.

The democratic accountability of the LGPS is an extremely important aspect of the scheme and care is required not to undermine this. While not opposed to the idea of an independent advisor being a member of a Committee, this can have disadvantages; and as such, the exact role of an independent advisor should be a matter for each administering authority to determine.

Question 27

Do you agree that pool company boards should include one or two shareholder representatives?

Effective oversight and governance of the pool by its shareholders is important. This is embedded in the Border to Coast Pension Partnership governance model by shareholders (Partner Funds) having nominated two non-executive directors on the pool Board. These non-executive directors are currently elected Partner Fund pension committee members, nominated by the Joint Committee and appointed by the Board following the requisite assessment required of an FCA-regulated entity (and then subsequently approved by Partner Funds as shareholders).

The role of a company is to oversee the effective running of the organisation in line with legislative and regulatory requirements. It carries significant personal responsibilities and liabilities, including those set out in section 172 of the Companies Act 2006. To deliver these responsibilities to the highest standard, a good degree of understanding of both corporate governance and the financial services sector is necessary.

CIPFA guidance suggests it is for an officer to undertake such roles, rather than an elected member. The Border to Coast Pension Partnership has not followed this element of the guidance but notes the rationale behind it which would apply to LGPS pools, including the challenges around election cycles and the impact on succession planning and corporate memory.

Question 28

What are your views on the best way to ensure that members' views and interests are taken into account by the pools?

The Border to Coast Joint Committee includes two Scheme Member Representatives, elected by members of the 11 Partner Fund Local Pension Boards, who contribute to the oversight of the pool company. Similarly, the pool company is typically represented at meetings of individual pension committees (through Border to Coast colleagues), at which it is exposed to the views of scheme members and, equally as important, employers (given the balance of financial risk).

The Border to Coast Pension Partnership Joint Committee is represented by LGPS committee members who also have regard to members' interests.

Question 29

Do you agree that pools should report consistently and with greater transparency including on performance and costs? What metrics do you think would be beneficial to include in this reporting?

We agree there should be consistency and transparency in pool reporting. However, we believe that the current focus on cost needs to be expanded to include net risk adjusted returns, performance, and the delivery of overall value for money to LGPS funds as customers. We believe value for money includes whether a pool is meeting the individual needs of client Funds.

As a pool, wholly owned by 11 LGPS funds, Border to Coast already operates in a highly transparent manner. Subject to FOIA, Border to Coast operates a Publication Scheme[1], which provides extensive information on its investments and other corporate information.

Any public reporting needs to be balanced with commercial confidentiality requirements and should reflect the different risk/return objectives of each of the constituent Partner Funds in each pool.

Referencing back to question 1 regarding minimum standards for pools, we believe there should be minimum reporting standards for pools, in terms of content and timeliness of reporting.

Question 30

Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so, please provide relevant data or evidence.

No