



PRIVATE AND CONFIDENTIAL

**Rishi Sunak MP
Ministry of Housing, Communities & Local
Government
1st Floor NW, Fry Building
2 Marsham Street
London
SW1P 4DF**

Chair of Local Pensions Board
Guardaman *Tony Downes* House
5 Manchester Road, Droylsden
Tameside, M43 6SF

Tel: 0161 301 7151
Fax: 0161 301 7001
Email: bill.fairfoull@tameside.gov.uk

Website: www.gmpf.org.uk

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Dear Minister,

**Local Government Pension Scheme: LGPS (Management and Investment of Funds)
Regulations 2016 (the "Regulations"). Draft Statutory Guidance on Asset Pooling**

I set out below the response of the Local Pensions Board of Tameside MBC ('the Board') to the informal consultation on the draft statutory guidance on Asset Pooling in the LGPS issued on 3 January. Tameside MBC is the administering authority of the Greater Manchester Pension Fund ('GMPF'), one of the LGPS funds participating in the Northern LGPS (formerly known as Northern Pool).

Throughout the pooling process the Board has worked closely with the GMPF Management Panel in considering the most appropriate means of meeting the regulatory requirements of LGPS pooling and the Board is fully supportive of the GMPF Management Panel's response to the consultation and the response of the Northern LGPS, having had the benefit of independent legal advice throughout together with the views of the independent advisors to the Fund.

In addition to the points raised in those responses, I would like to express the Board's concern regarding the informal consultation approach adopted by the Ministry. We believe that given the subject of the consultation, other key stakeholders such as LGPS employers and trade unions should have been expressly consulted with rather than via their representatives on local pension boards and/or the Scheme Advisory Board. For employer representatives in particular, given the numbers of employers they represent it is very difficult for them to accurately reflect the views of all employers.

Further, we do not believe it is reasonable to assume that relevant stakeholders views will all necessarily be reflected in the Scheme Advisory Board (SAB') response, and/or for the SAB's response to be independent given that we understand the Scheme Advisory Board secretariat was involved in the drafting of the guidance, which is the subject of the consultation, giving rise to conflicts.

We note that a key role of local pension boards is to ensure their administering authority is compliant with the requirements of the Pensions Regulator and in particular Code of Practice #14.

There is considerable focus in that document on how to manage potential conflicts of interest, which if not managed correctly could undermine confidence in public sector pensions. It would be helpful to understand how these conflicts have been managed and addressed with particular reference to the dual hatted roles of those involved in drafting and advising the SAB, MHCLG and the representative body of Local Government, the LGA.

Of particular concern to the Board was the apparent loss of the principles and purpose of pooling set out in the original 2015 Statutory Guidance and instead it now seeks to mandate a one-size fits all approach, which given the Northern LGPS's existing scale and achievements to date is clearly sub-optimal for the Northern LGPS funds and their members, employers and local taxpayers.

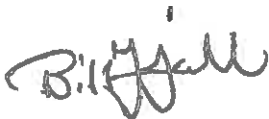
In particular as a Government Auditor, I was surprised and alarmed by the removal of the overall value for money criterion from the latest draft guidance, which surely is a fundamental and basic tenet of public sector and the premise for the LGPS investment reform.

As a Local Pension Board we cannot agree the mandation of the FCA pool company and would urge the Minister to retain the flexibility in the 2015 guidance, which ensures the at the Northern LGPS funds continue to deliver value for money and compliance with the necessary Financial Regulations. This is all the more important given the new guidance fails to evidence or explain why the prescriptive requirements of the new guidance are beneficial to stakeholders.

The assertion that individual funds should be prepared to suffer an increase in their costs in order to benefit other funds in the pool or the wider LGPS is clearly at odds with authorities' fiduciary duty in managing their fund and we do not believe can be sustained without primary legislation to do so.

We would urge the Minister to consider his latest Guidance, which we believe undermines the commendable principles set out in his 2015 Guidance and the purpose of what he is seeking to achieve in the interests of all stakes holders especially active members, employers and taxpayers nationally.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'B. Fairfoull', written in a cursive style.

Councillor Bill Fairfoull
Chair of GMPF Local Pensions Board