



## **£10 billion North-South ALM Partnership shows new way to manage Local Government Pension Scheme assets**

Lancashire County Pension Fund and the London Pensions Fund Authority today announced the first stage in the development of a ground-breaking Asset and Liability Management Partnership, which would pool combined assets of over £10bn to deliver cost savings and improve performance.

The ALM partnership would see each pension fund retain its separate identity and local accountability. It could also ultimately cover all areas of activity involved in the running of the pension funds, including pension administration.

The partnership will build on existing expertise and increase co-operation and collaboration between the pension funds. It will put into practice the views expressed by both pension funds in their responses to central government on the reform of the Local Government Pension Scheme.

The central proposal is to create a commonly managed, jointly invested pool of assets overseen by an FCA registered entity created by the two pension funds. This will provide the benefits of investment scale and ensure that industry-leading standards of governance will be achieved and maintained through the FCA registered vehicle.

The two pension funds each have a track record of innovation in a number of areas:

Lancashire County Pension Fund:

- Has won the Local Government Chronicle Investment Award for Quality of Service for its administration service twice in the last five years and has uniquely transferred an administration service for another LGPS fund from a private sector provider into a shared service arrangement.
- Won the British Renewable Energy Association's Pioneer Award for its innovative funding of a solar farm in Wiltshire.

London Pensions Fund Authority:

- Has been a pioneer in first assessing and managing its liabilities before concerning itself with assets. This has already produced lower risk improvements in its funding ratio.
- Set out a high illiquid asset allocation and has already made progress investing in brownfield housing, public private infrastructure and co-investing into direct private equity assets.
- Pioneered direct public equity investing and the use of synthetic exposures to optimise market exposure.



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Cllr Jennifer Mein, Leader of Lancashire County Council, said: "Taking a more proactive approach to managing the assets and liabilities of the Lancashire County Pension Fund has really paid off in recent years and this new partnership will enable us to build on the expertise we have developed.

"Facing the challenges of supporting an ageing population, the government should be using the good practice of funds like our own and the London Pension Fund Authority to drive up the performance of the Local Government Pension Scheme, rather than dumbing down to the average."

Edi Truell, Chairman of the London Pensions Fund Authority, said: "We are delighted to be working on the development of this partnership and believe, with a greater pool of assets, both pension funds will gain access to a wider range of investments. It is especially important to compete for desirable illiquid investments against the enormous international Sovereign Wealth Funds and pension investors.

"We firmly believe that large scale Asset and Liability Management Partnerships are the best way to deal with the challenges faced by UK pension funds."

Ends

**Notes for editors:**

The Lancashire County Pension Fund manages £5.2bn of pension savings on behalf of 150,000 scheme members working for around 270 different organisations across the County, including local authorities, police and fire authorities and schools which have become academies.

Lancashire County Council Deputy Treasurer George Graham is available for interview by contacting Andy Swain at [andy.swain@lancashire.gov.uk](mailto:andy.swain@lancashire.gov.uk) or 01772 532781.

The London Pensions Fund Authority administers a £4.9bn pension fund providing Local Government Pension Scheme benefits to almost 20,000 employees of 200 not for profit organisations and around 40,000 pensioners, many of whom used to work for the Greater London Council and the Inner London Education Authority.

LPFA Chief Executive Susan Martin is available for interview by contacting Equus Group:  
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